

The complaint

Mr K has raised a complaint with Aviva Life & Pensions UK Limited on the basis that, following his request to claim his pension benefits, his fund reduced in value by around £1,100.

What happened

The investigator who considered this matter set out the background to the complaint in her assessment of the case. I'm broadly setting out the same background below, with some amendments for the purposes of this decision.

On 24 February 2025, Aviva sent Mr K an illustration from Aviva for his Personal Pension Plan ("PPP"). The illustration confirmed that the value of Mr K's units was £12,463.97 and had an estimated plan value of £12,460.94. On 25 February 2025, Mr K signed the declaration to confirm he wished to withdraw his entire pension pot.

Mr K turned 55 in April 2025 and on day following his birthday, Aviva disinvested Mr K's pension fund and processed the claim. Aviva then wrote to Mr K to confirm a payment of £8,979.38 had been made to him.

Mr K called Aviva to complain about the fall in value of his pension funds on 7 May 2025. As well as complaining about the fall in value, he was unhappy that Aviva didn't switch his funds to a more profitable investment fund, prior to the disinvestment.

Aviva issued its final response letter on the same day. Aviva didn't uphold the complaint and said it understood the disappointment Mr K must have felt, but as Mr K's funds were invested in government and corporate bonds, market movements affected the value of funds held in these investments. Aviva gave specific examples of global factors which would have had an impact, such as the US Government's decisions regarding international trade policies and the UK Government's announcements about tax cuts.

The letter also confirmed that Aviva wasn't authorised to switch consumers' funds without their consent, and could only do so if it received an instruction from Mr K, which it didn't.

Unhappy with the response, Mr K referred his complaint to this service.

Having considered the matter, our investigator didn't think that the complaint should be upheld, saying the following in summary:

- She didn't underestimate the shock the reduction in the value must have caused Mr K when he learnt of it. Understandably, he would have been hoping the fund would increase in value, not decrease.
- But in terms of Aviva's role here, it was the administrator of Mr K's pension fund. It wasn't authorised to offer any advice and could only manage the fund based on the instructions it received.

- Poor performance alone wouldn't be a reason to uphold a complaint. As Mr K had acknowledged in his complaint form, investments can go up and down and quotes aren't guaranteed. In order for the complaint to be upheld, there would need to be evidence of fund mismanagement or that there was an error with the administration of Mr K's pension.
- Aviva's role was to set up and manage the plan in accordance with the instructions it was given. This meant Aviva wasn't permitted to change or switch Mr K's investments without his prior instruction. Mr K didn't submit an instruction to switch his funds, and therefore, Aviva didn't make any switches. This is what would be expected of an administrator of a pension fund, because Aviva had no authority to carry out a switch. Instead, it was for Mr K, or an appointed adviser, to request any fund switches or change the investment strategy if he so wished.
- Aviva had correctly overseen Mr K's pension, regardless of the performance of the underlying investments, so it wouldn't be fair or reasonable to ask it to do anything to put things right for Mr K.

Mr K disagreed, however, saying the following in summary:

- He remained disappointed as he'd lost £1,142.09, and Aviva hadn't informed him about the loss in advance. It had apologized for it and admitted its fault in a letter to him. The loss represented a significant financial hit for him and his family.
- On 10 February 2025 he had £12,472.63 in his pension pot and his fund was increasing, but as soon as he submitted the online form to have access to his pension pot, it started decreasing and ended up at £11,330.58 by the time he turned 55. He'd received £8,979.38 after tax.
- He understood that the quoted values could go down as well as up and weren't guaranteed, but he'd lost too much money within weeks, and this was unfair. He didn't lose that much money with different pension providers.

Mr K also attached the final response letter from Aviva, which he asked the investigator to read.

As agreement hasn't been reached on the matter, it's been referred to me for review.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

And having done so, whilst I know this will disappoint Mr K, I've reached the same overall conclusions as the investigator, and for similar reasons.

There's in fact little which I think I can meaningfully add to what the investigator has said. But to summarise, the funds in which Mr K was invested declined due to the effect of various domestic and global factors, as set out by Aviva in its complaint response.

I understand that Mr K may feel that Aviva should have taken action to mitigate against the loss, but as set out by the investigator, Aviva wouldn't have been able to change the funds within which Mr K was invested without his instruction to do so.

Mr K has also said that he didn't lose that much money with other pension providers, but the

makeup of the funds may have been different to those in which Mr K was invested with Aviva. And so that would likely explain the difference between them.

In terms of the apology offered by Aviva, I can see that this was with regard to Mr K possibly not being informed that the “effective date” for the encashment of his pension funds would be after his 55th birthday. But even if this had been made more explicit to Mr K, I don’t think that it’s more likely than not that this would have changed what happened here. Mr K has himself said that up to the point at which he confirmed that he wanted to take the value of his pension pot, he’d witnessed his pension funds increasing in value. And so, on balance, it seems more likely than not that Mr K would have left them as they were, pending the encashment once he’d turned 55.

It was unfortunate that domestic and global events resulted in a reduction in the fund value, and I sympathise with Mr K’s position and the effect that this has had on him. But in order to uphold this complaint, I would need to conclude that Aviva has in some way been at fault here, and that if it has, it’s resulted in Mr K’s loss.

But on the basis of the available evidence, and for the reasons given, I don’t think this is the case.

My final decision

My final decision is that I don’t uphold the complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr K to accept or reject my decision before 5 February 2026.

Philip Miller
Ombudsman