

The complaint

Mr B complains that Aviva Life & Pensions UK Limited (Aviva) has unfairly and disproportionately increased the charge applied to the cash holding within his self-invested personal pension (SIPP). He thinks the increased charge is excessive and doesn't believe it's in line with the recent increased administrative costs Aviva says it's incurred around managing SIPPs.

What happened

In March 2024 Mr B paid £3,600 into an Aviva SIPP. The money was invested wholly into the cash account. An illustration produced at the time noted there was an annual charge for administering the plan which in Mr B's case was 0.4% for first £50,000 of any total investment. There were no other charges applied to the cash account and at the time the annual equivalent rate (AER) of interest payable on the account was 4.53% - but this was variable, and the illustration noted "*interest rates can be positive, zero or negative.*"

The following year Aviva wrote to Mr B to give him notice of changes it would be making to the charges on his SIPP. The main change was to costs which covered investments, but Aviva also said it would replace the charge for holding money in a cash account in favour of retaining a portion of the interest earned on that cash. As an example Aviva said that in February 2025 this would see it retain just over 1% of interest earned from cash accounts.

Mr B didn't think the changes were fair. He noted this represented a 150% increase in costs from his cash account and, as his circumstances suggested that best advice was to hold his money in cash rather than investments – and Aviva didn't offer a no capital risk option such as fixed rate deposits – he wanted to complain about "*excessive increases in fee costs*".

Aviva said that its terms and conditions set out that it may introduce or vary the charges on an account. In this case it was to change the costs it incurs in carrying out the administration of such plans. It thought that overall most of its existing clients would pay around the same charges, but also that its changes to the cash interest rate were in line with other "*market leading providers.*"

It also suggested Mr B might wish to consider some of the investment options available to him as, while holding some cash was necessary to cover fees for example, the pension was generally accepted to be an "investment" product.

Mr B said the regulator had previously stated that fee structures should be "*fair and proportionate*" and Aviva's decision to increase the fee on holding cash from 0.4% to 1% was unfair.

So he brought his complaint to us where one of our investigators looked into the matter. He didn't think the complaint should be upheld making the following points in support of his assessment:

- Aviva is entitled to amend the terms and condition of its products – including charges. In this case there was no suggestion it hadn't given the required notice of the changes, so he had focused on whether the new charges were fair and reasonable.

- Aviva’s message throughout its communications and literature is that the SIPP is intended to be an investment product. It was reasonable to assume this premise would be considered when it reviewed its overall charging structure. So the move to retaining interest does need to be viewed alongside the reduction of the annual fixed charge which would mean most investors would benefit from this reduction.
- Although the new changes represent a higher overall cost for holding cash within the SIPP, this is only meant to apply to a small overall proportion of SIPP funds. So overall, when the funds within a SIPP are used (as intended) for investment purposes, the effect of the charges would seem to be fair and proportionate – especially in relation to other market competitors.
- Aviva has made a commercial decision to restructure the charges on its SIPP. Although this could result in higher fees for cash held, this needs to be considered in the reduction of fees on investments. As the SIPP is intended to be an investment vehicle, he thought the new charging structure was fair and reasonable.

Mr B didn’t agree. He said we hadn’t considered his position in respect of the new regulatory requirement of rules and guidance – known as the Consumer Duty. He thought Aviva’s new charging structure on his cash account breached the Consumer Duty because:

- He had been disadvantaged by the new fee structure, so it had caused him foreseeable harm.
- Aviva hadn’t explained which administrative costs had driven up the fees nor what added value they provided, so it hadn’t been transparent or provided understanding for its actions. Although the new interest rate was market driven it should reflect its administrative overheads, or the question of “profiteering” could be applied.
- Aviva had accepted that (primarily) cash account holders would be negatively impacted but had failed to provide justification for the change.
- He didn’t think there was any added value for him as a result of the increase in fees and thought Aviva’s actions had led to a poor outcome through Aviva’s “pricing practice.”

The investigator said that he had considered the Consumer Duty when making his assessment and remained of the same view. So the complaint was referred to an ombudsman and has been passed to me to 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 I’ve reached the same conclusion as the investigator which I imagine is an outcome that will disappoint Mr B – so I’ll set out my reasons below. In doing so, I’ve taken into account relevant law and regulations, Regulator’s rules, guidance and standards, codes of practice, and what I consider to have been good industry practice at the time. This includes the Consumer Duty, the Principles for Businesses (‘PRIN’) and the Conduct of Business Sourcebook (‘COBS’).

Was Aviva clear about its interest retention policy/changes in its fee structure?

When Mr B took out his pension plan Aviva provided an illustration which, in relation to *“interest on your pension portfolio cash account”* stated, *“cash within your pension will be held in one or more interest bearing client money trust account(s) with external account*

providers of our choice. This cash will be held in accordance with the FCA client money rules, as amended from time to time.

The interest rate payable is 4.53% annual equivalent rate (AER) and is variable.”

So I think this was clear about what interest Mr B would receive on his cash account and also provided a link to the current interest rate, should Mr B need to be aware of any changes that were made to the variable AER. In addition the plan also had an “Aviva charge” which was deducted from the fund each month for the cost of administering the SIPP. This was clearly set out on a tiered basis depending on the size of the fund and in Mr B’s case meant a charge of 0.4%. So I think this was clear too.

In March 2025 Aviva contacted its clients to make them aware of changes to the charges of certain products – which included the SIPP. I note the email was dated within the timeline that Aviva has previously said it would use to give notice of such changes – and Mr B hasn’t suggested he wasn’t given sufficient notice of them. Broadly the “Aviva charge” was removed from the cash account and only applied as a new charge to cover all investments. This was justified as simplifying overall costs.

In addition, instead of applying the Aviva charge to the cash account, a retention of interest from the headline interest rate would be introduced. The email set out an example where using the then current AER of interest of 3.87%, typically, after retention, interest of 2.81% would be added to the cash held. So I’m persuaded that Aviva was clear about its new interest retention policy and also about its new overall changes to the SIPP’s fee structure.

Was the change fair and reasonable?

The crux of Mr B’s complaint is that Aviva hasn’t treated him fairly in respect of the increased charges that have now been applied to the cash account within his SIPP. He says the increase – which he estimates to be around 150% in real terms – is excessive and doesn’t meet the regulator’s Consumer Duty obligation for the price, in this case the retention of interest, to be reasonable compared to the benefits he receives and to not cause him foreseeable harm.

I’ve carefully considered Aviva’s new retention of interest charge. I’m satisfied that its interest rate offering is broadly in line with other comparable providers. And although the retention of interest has been introduced, there are other charges within the product which have either been reduced or removed. Mr B might now need to pay more, but I’m satisfied that, when looking at all the charges and benefits and the nature of the service provided under the plan as a whole, Aviva has met its obligations under the Consumer Duty and Mr B hasn’t been treated unfairly.

I say that also because, although Mr B only uses the cash account within his pension plan, which he is entitled to do of course, Aviva has made a number of references to, and set out various warnings that, *“this product isn’t suitable for customers who: Want to hold a substantial cash holding, even in the short to medium term.”*

Therefore, I’m unable to conclude Aviva has acted unfairly, taking into account all its regulatory obligations, including the Consumer Duty.

My final decision

For the reasons that I’ve given I don’t uphold Mr B’s complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr B to accept or

reject my decision before 2 January 2026.

Keith Lawrence
Ombudsman