

The complaint

Mr S complains that Aviva Life & Pensions UK Limited failed to set up an annuity in a timely manner.

What happened

Mr S held pension savings with Aviva in a pension plan that he opened many years ago. His pension plan benefited from a guaranteed annuity rate ("GAR"). In January 2025 Mr S got in touch with Aviva to say that he wished to take his pension benefits on his 69th birthday - the following March.

Aviva accepts that it didn't deal with Mr S' request as well as it should have as I will discuss later in this decision. It sent Mr S several incorrect quotations for the annuity he could receive. So, Mr S' annuity wasn't in place as he had requested by March 2025.

When Aviva sent its final response to Mr S it told him that, when he took his pension benefits, it would look at whether any delays had caused him to lose out. And it paid him £100 for the inconvenience he had been caused. Unhappy with that response Mr S brought his complaint to us.

Aviva completed the set-up of Mr S' annuity in May 2025. It then completed an assessment to see whether he had lost out. It confirmed that the annuity Mr S was receiving was lower than if it had been paid to him from March 2025. So, it increased the amount of the monthly annuity. And it backdated the annuity income being paid to Mr S to March 2025. Aviva also offered to increase the compensation it had paid for Mr S' inconvenience. It offered to pay him a further £750 (making a total payment of £850). Mr S declined that offer and asked us to continue looking at his complaint.

Mr S' complaint has been assessed by one of our investigators. He thought that the compensation Aviva had paid in relation to the annuity would put Mr S back into the position he would have been had nothing gone wrong. And he thought that the compensation Aviva had offered for Mr S' inconvenience was fair and reasonable.

Mr S didn't agree with that assessment. He said that Aviva had offered to honour the highest of the quotations he'd received. So that meant the annuity he was now being paid was still much less than he had previously been offered. And he thought that a far higher payment was warranted for the inconvenience he had suffered. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process. If Mr S accepts my decision, it is legally binding on both parties.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that

have been made by Mr S and by Aviva. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words, I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead, this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

Aviva entirely accepts that it didn't deal with Mr S' request to put his pension benefits into payment as efficiently as it would have wanted. It doesn't dispute what Mr S has said about what went wrong. But I think it right that I should formally set out here the problems that Mr S faced. Specifically, Aviva has accepted that;

- incorrect information was provided to Mr S regarding the GAR on the policy.
- incorrect vesting quotes were issued to Mr S confirming an incorrect retirement date.
- Vesting quotes were issued without including Mr S' medical history.
- Documents were sent to Mr S outside its standard processing timescales.

I think that catalogue of failures underlines why Mr S was so disappointed with the service he received from Aviva. But as I've explained above, my role here isn't to punish Aviva for the failings it has set out. My aim in this decision is to ensure that Mr S hasn't lost out because of those failings. So, I will consider what should have happened had nothing gone wrong, and whether Aviva has taken sufficient steps to put things right.

I accept there were some communication difficulties between Aviva and Mr S. Mr S now lives in Australia meaning that the time window for telephone contact each day is relatively small. And information sent by post does take longer to arrive than if it were being sent within the UK. But I don't think those difficulties explain all of the delays that Mr S experienced, and most certainly don't excuse the repeated incorrect information that he was sent.

As part of putting things right Aviva told Mr S that it would ensure the annuity he received wasn't affected by the delay and its errors. But I don't agree with Mr S that means he should receive the highest of any quotations Aviva issued to him. As I have said above, for a number of reasons, the quotations Aviva sent were initially incorrect. But my intention here is to put Mr S back into the position he would have been had nothing gone wrong. If Aviva hadn't made any errors those incorrect quotations wouldn't have been issued – Mr S would simply have received details of the annuity to which he was entitled. I am satisfied, following the corrections Aviva has made, that is the amount that Mr S is now receiving each month.

Mr S' annuity is paid for the remainder of his life (and that of his wife if she outlives him). So, a late start to the annuity would represent monthly payments that Mr S would be unable to recover. So, I think it right that Aviva has recognised that its failings caused Mr S to miss out on the annuity payments between March and May. And, to put things right, Aviva has correctly backdated the start of the annuity and made a payment to Mr S for those missed months plus some interest for their late payment. I think that approach is fair and reasonable, and in line with what I would have expected Aviva to do.

There seems little doubt that Aviva's errors have caused some considerable distress and inconvenience to Mr S. He wished to take advantage of pension savings that he had accrued

over many years but found that Aviva's errors delayed his ability to do so for several months. When it first looked at Mr S' complaint Aviva paid him £100 for his inconvenience. But it has later offered to pay Mr S a further £750 (making a total payment of £850).

I have thought carefully about Aviva's offer both in terms of our general guidance for payments of this nature, and awards that I would expect to make in similar circumstances. Having done so I am satisfied that Aviva's offer is fair and reasonable. So, other than now making that payment to Mr S, I'm not going to be asking Aviva to do anything more to put things right.

I understand how disappointing this decision will be for Mr S. But I am satisfied that he is now in receipt of the annuity he would have received from Aviva had nothing gone wrong with the quotations he requested. And I think that by making the backdated annuity payments Aviva has ensured that its errors didn't cause Mr S to lose out. I think that the compensation Aviva has offered for Mr S' distress and inconvenience is fair and reasonable.

Putting things right

Unless it has already done so, Aviva should pay the additional £750 it has offered (making a total payment of £850) for the distress and inconvenience that Mr S has suffered as a result of the delays to the commencement of his pension annuity.

My final decision

My final decision is that I uphold Mr S' complaint and direct Aviva Life & Pensions UK Limited to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 December 2025.

Paul Reilly
Ombudsman