

The complaint

Mr B complains that Norwich Union/Commercial Union, now Aviva Life & Pensions UK Limited, applied a mis-sale compensation payment to his existing policy in 2000. He says he was told at the time he couldn't have the redress paid to another policy. Mr B also says he wanted to change his whole pension policy in 2000, but was told at the time this wasn't possible.

What happened

Mr B was sold a personal pension policy with Norwich Union in 1991 by an independent financial adviser. In 1994 the regulator started an industry-wide pension review exercise (Pension Review) and asked firms to review any advice that had been given between 1988 and 1994 to transfer from, opt out of or not join a workplace pension scheme.

Mr B's financial adviser had gone into liquidation, so the sale of the pension policy was reviewed by the Investors Compensation Scheme (ICS). They decided Mr B was due compensation of £6,697.86. This was paid into Mr B's Norwich Union policy in 2000.

Mr B says he spoke to either the ICS or Norwich Union or both in 2000 to see whether the payment could be made elsewhere. He says at the time he also wanted to change the whole policy, but was told this wasn't possible.

In 2009 Mr B used his pension policy to buy an annuity. He raised a complaint in 2024 that he wasn't properly informed about alternative options like drawdown. This complaint has been decided by an ombudsman already and not upheld in Mr B's favour.

Mr B considers what happened in 2000 and 2009 is linked, so he raised a complaint about the information he was given in 2000 which is what this decision covers.

He says he has now been told by the Financial Services Compensation Scheme that he likely could have changed his policy in 2000. He says if Norwich Union had told him this at the time and recommended him to take financial advice, he would have done this. As a result he might have changed funds and his policy might have been worth more in 2009. However, his main point is that if he had worked with a financial adviser in 2000, he would have contacted the same person again in 2009 when it came to taking benefits and the adviser would have then informed him about the drawdown option.

Aviva responded to his complaint about what happened in 2000. They said they were only allowed to pay the compensation payment to Mr B's existing policy. This was what had been offered by the ICS and had been accepted by Mr B. However, they said once the compensation had been paid into the policy, Mr B could have transferred his policy elsewhere. They explained that they didn't have any records showing that Mr B contacted them in 2000 to query a possible change in policy or that the redress payment should be directed elsewhere. They say they have records that Mr B contacted them in 2006 to enquire about a transfer and was sent paperwork, but he didn't follow up on this.

Our investigator looked into the complaint about what happened in 2000. He said as a

service we couldn't look at a complaint about where the redress payment was paid to as we couldn't consider complaints about the outcome or the conduct of a consumer redress scheme unless it was established under Section 404 of the Financial Services and Markets Act. The redress payment for Mr B was the outcome of the regulator's Pension Review which wasn't a Section 404 redress scheme.

Mr B then clarified that his complaint wasn't just about the fact the redress payment went into his existing policy but mainly that he was told he couldn't change his whole policy or the investments within it. The investigator explained that Aviva didn't have any records showing that Mr B had contacted them in 2000 and so we couldn't say if and what exactly was discussed at the time.

Mr B asked for his complaint to be decided by an ombudsman, so it's been passed to me for a decision.

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.

I have listened to the phone calls between Mr B and the investigator and I understand that Mr B feels he might not have put his complaint points forward clearly or precisely enough. However, I can assure Mr B that I do understand his concerns and hopefully my summary above goes someway to give him confidence about this.

I consider that we can look into Mr B's complaint. It's correct that we can't consider complaints about the conduct or outcome of the Pension Review. However, this is not what the complaint is about in my view. The complaint is how Norwich Union applied the compensation payment once they received it from ICS which is part of the administration of Mr B's policy and that he says he was given wrong information.

So whilst I can consider the complaint, I'm afraid I'm not going to uphold it which I appreciate will be disappointing for Mr B. The ICS would have told Norwich Union to apply the compensation to the existing pension policy. This would have been common practice. So I don't think they did anything wrong when they did that.

The next issue is to consider whether Mr B was given incorrect information about being able to change his policy. Mr B wasn't sure whether he spoke to Norwich Union or the ICS at the time or both. And Aviva wasn't able to locate any records showing that Mr B was in contact with them in 2000 asking about changing the policy.

Mr B says he didn't want to stay in a policy that had been mis-sold and I can see the logic of why he might have asked about changing his policy at the time. However, whilst I don't doubt that these are Mr B's honest recollections, there simply isn't enough evidence to establish whether he actually spoke to Norwich Union or whether he only spoke to the ICS. And if he did speak to Norwich Union what exactly was discussed. So there simply isn't enough for me to say they gave him the wrong information in 2000.

I also would note that from what I have seen Mr B was invested in a with-profits policy. These were typical policies in the 1990s and were suitable for many investors. I don't know the exact background and reasons why Mr B was compensated. However, given that the Pension Review mainly covered advice which related to missing out on different employer benefits (for example by transferring from a defined benefit scheme or not being advised to join a employer's workplace pension instead of a personal pension), it's quite possible that there was nothing wrong with Mr B's Norwich Union policy as such. The mis-sale or

unsuitability of advice was possibly relating to the fact that an alternative employer's pension would have been better for Mr B, not necessarily that the investments in the personal pension policy were generally unsuitable.

I recognise that Mr B thinks if he knew that he had the option to change his policy in 2000, he would have instructed a financial adviser to help him make this change (if the adviser thought that was necessary) and in 2009 he would have then already known an adviser who he could have contacted. Mr B thinks this would have ultimately led him to taking out a drawdown plan instead of an annuity in 2009.

I want to be clear that even if had enough evidence to say Norwich Union gave Mr B wrong information in 2000, I don't think this automatically means Mr B's hypothetical version of events in 2009 would more likely than not have happened. Even if he had appointed a financial adviser in 2000, he still would have needed to pay the adviser in 2009 if he wanted advice or assistance from a financial adviser. And whilst in hindsight Mr B says he would have contacted an adviser that he already knew from previous interactions in 2000, it's uncertain whether that adviser would still have been available nine years later or whether Mr B would have been prepared to pay for any assistance. And even if he had asked for advice, he might have been recommended to take the annuity. I appreciate Mr B thinks he would prefer a drawdown plan, however these aren't suitable for everyone and carry a lot more risk and cost, so it's possible an adviser might have recommended against it.

As I said I don't have enough here to say Norwich Union did anything wrong in 2000. However, even if they did, I don't think any mis-information would have more likely than not led to Mr B ending up in a drawdown plan in 2009.

My final decision

I don't uphold Mr B's complaint about the events which happened in 2000.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 22 December 2025.

Nina Walter
Ombudsman