

The complaint

Mr W complains about missing contributions he made to his pension with Aviva Life & Pensions UK Limited ('Aviva') and the service he has received from them.

What happened

Mr W has a personal pension ('PP') with Aviva which contains four plans. In around January 2021 Mr W contacted Aviva as he had asked them to increase his monthly contributions, which they had not done. This complaint was resolved by Aviva collecting backdated contributions from Mr W and allocating them to his PP as if they had been collected at the right time. Aviva also confirmed they had increased Mr W's selected retirement date to May 2026. I understand that Aviva awarded Mr W £75 compensation at the time.

Unbeknown to Mr W, from this point, whilst he was contributing the requested increased premium monthly, the contributions were not being allocated to his PP.

In March 2024 Mr W asked Aviva if he could change from making personal contributions to employer contributions. Aviva say they sent a direct debit mandate, which was completed and returned to them. On 8 May 2024 Aviva wrote to Mr W, they explained that they had received a direct debit mandate from his employer, but they also required Mr W to complete a direct debit mandate. Mr W completed and returned this to Aviva.

On 3 July 2024 Aviva let Mr W know they were unable to accept contributions from a third party into his plan.

On 19 July 2024 Aviva sent an internal memo which set out that there had been a system error which meant that whilst Mr W's contributions were being taken from him, the funds were not being allocated to the plan value for one of his plans.

On 30 July 2024 Mr W received a letter from Aviva. The letter was addressed to him and sent to his home address, but the policy numbers noted were not his. This letter explained that authorisation had been given to provide details to an unknown third party. It stated in bold:

"Your authority will cover the policies listed above with effect from 30 July 2024"

Concerned, Mr W complained to Aviva about this. On 20 September 2024 Aviva issued their final response letter. They said, in summary, that they would provide Mr W with a list of the contributions made to his plans. They also said they couldn't locate a letter sent to him which gave permission for an unknown third party to access his information.

Mr W didn't think Aviva had answered his complaint points fully, so he referred his complaint to this Service. He explained his complaint points, in summary:

- Aviva misinformed him about whether they could accept contributions from an employer. This has led to the contributions his employer was going to make being lost.
- Aviva have not credited contributions to one of his plans, he calculated around £10,000 had been taken but not applied to the fund value.
- Mr W received a letter from Aviva which gave his authority for information to be released to an unknown third party. He thinks there has been a data breach.
- Communication with Aviva has been poor whilst he has tried to resolve these matters. Aviva offered £250 compensation, but this didn't resolve the complaint.

The final response was followed up with a letter from Aviva offering a further £75 compensation to Mr W for providing him with misleading information about employer contributions.

An Investigator considered Mr W's complaint and upheld it. In summary they said Mr W had suffered a significant inconvenience and suggested a total of £500 compensation. They also asked Aviva to carry out a calculation to compare what Mr W's plan would be worth, had the correct contributions been applied to his plan and what it is now worth – and increase the plan's value by that amount. In addition, they asked Aviva to provide Mr W with a clear breakdown of his amended contributions to show them being allocated to his plan.

Mr W didn't agree with the assessment; he felt the compensation was too low considering the impact this complaint has had on him. He pointed to an award of over £1,500 based on this Service's information about compensation on our website. Mr W also said that he had lost the opportunity to receive a £3,000 contribution from his employer by the end of his employer's tax year.

Mr W asked for the complaint to be passed for an Ombudsman's consideration, and so his complaint has come to me. I issued my Provisional Decision, I said I intended to uphold Mr W's complaint in summary due to the error that Aviva had made followed by a lack of clarity which exacerbated the impact on Mr W. Aviva didn't add any further comments for consideration. Mr W said that he had put in place alternative arrangements to receive contributions from his employer with a different provider. And that he would like this matter to be resolved in order for him to move forward from it.

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.

Having done so I'm upholding Mr W's complaint, my reasoning is largely in line with my Provisional decision which I will go on to explain in detail below.

When considering what's fair and reasonable in the circumstances, I need to take account of relevant law and regulations, Regulator's rules, guidance and standards and codes of practice, and what I consider to have been good industry practice at the time. This includes the Principles for Businesses ('PRIN') and the Conduct of Business Sourcebook ('COBS'). And where the evidence is incomplete, inconclusive or contradictory, I reach my conclusions on the balance of probabilities – that is, what I think is more likely than not to have happened based on the available evidence and the wider surrounding circumstances.

Mr W has raised a number of complaint points, which I will address in turn.

Contributions

Mr W asked for his contributions to increase in around January 2021. There was an initial issue which meant they weren't taken from his account. Aviva took a one-off back payment and allocated the contributions as if they had been received on the correct dates. Whilst this issue appeared resolved from Mr W's perspective as the funds then began being deducted from his account, it doesn't appear from the evidence I have seen that the monies were being allocated to his plan.

Aviva's internal note explains that there was a system error which meant that the contributions weren't added to Mr W's plan. Based on the dates of the evidence, and with a lack of clear explanation from Aviva, it appears to me that the original issue with the increased premiums had not been completely resolved at the time.

I appreciate Mr W would like a full explanation about where those funds were going, partly because of his next complaint point, which I'll come to. However, my role is to make sure that any error Aviva makes is resolved in a way which means that Mr W is not financially disadvantaged. In this case I'm not able to say exactly where the funds were going, but it is not necessary for me to know where they were going because I will in any case be directing Aviva to put Mr W back into the position he would have been in had the funds been correctly applied to his pension plan.

Authorisation to an unknown third party

Mr W received a letter in July 2024 which said that he had given permission for an unknown third party to access information about the policies mentioned within the letter. I understand this was very concerning for Mr W to receive. And I can see why receipt of this letter, around the time Mr W realised his contributions had not been added to his plan for some time, would have increased the concern – as he was unclear where his funds were going.

Aviva have checked Mr W's account history and said that they have never added the third party to his account. And no information has ever been sent to them about Mr W's policies. Aviva provided a screen shot of Mr W's information page which shows that correspondence is to be sent directly to him. In addition, the pension plan numbers noted within the letter Mr W received were not his. Mr W has pointed out that there is someone of the same name as him linked to the third-party. Based on the above, I think it most likely that the error occurred on a third party's account. That's not to detract from the distress I appreciate receipt of this correspondence caused to Mr W. Rather, I'm giving my opinion on what I think was more likely than not to have occurred based on the evidence I have been provided with. I will take the impact of receiving this letter into consideration when awarding compensation.

Missed opportunity to receive employer contributions

Aviva gave Mr W incorrect information in March 2024. This led to him completing two different direct debit mandates as he was trying to change his regular contributions from his personal account to employer contributions. On 3 July 2024 Aviva told him they were unable to accept contributions from a third party.

I appreciate Mr W has said that he missed an opportunity to receive a £3,000 employer contribution. Mr W has explained he was trying to amend his regular monthly contribution from his personal account to employer contributions. I've not seen anything to evidence he contacted Aviva in order to make an additional contribution between March and the end of May 2024.

For clarity, I can only consider any financial losses Mr W has suffered due to Aviva's error here. So, I can't consider any financial losses of his employer. I will consider the impact of

the incorrect information provided to Mr W when awarding compensation. But, I've not seen any evidence of financial loss to Mr W which arose from this misinformation.

Putting things right

Aviva have not provided Mr W with clear information about the way they have rectified their error in allocating his contributions. So, in order to resolve this aspect of Mr W's complaint I direct them to:

- Calculate what Mr W's PP would be worth, had his monthly contributions been applied to his plan on the date they were received as at the date of my Final Decision.
- Deduct the actual PP value from this amount as at the date of my Final Decision.
- Increase Mr W's PP by this amount.
- Provide Mr W with a clear list of his monthly contributions from February 2021, to include the unit price, units purchased and fund value each month. So that he can see the contributions have been added as at the date they were received.

If payment of compensation is not made within 28 days of my Final Decision, interest must be added to the compensation at the rate of 8% per year simple on any amount Mr W's PP is increased by from the date of my Final Decision to the date of payment.

Income tax may be payable on any interest paid directly to Mr W. If Aviva deducts income tax from the interest, it should tell Mr W how much has been taken off. Aviva should give Mr W a tax deduction certificate in respect of interest if Mr W asks for one, so he can reclaim the tax on interest from HMRC if appropriate.

When thinking about what would be a fair and reasonable level of compensation, I've considered the impact Aviva's errors have had on Mr W. I appreciate the errors began in 2021 when contributions weren't set up to be correctly applied to Mr W's plan. But, Mr W didn't realise that until around July 2024. So, I am considering the impact on Mr W from when he realised there was a problem. And I've also considered if there will be any future impact on Mr W.

I also think that, after he realised in around July 2024 that his contributions weren't being applied correctly to his plan, Mr W was caused a significant amount of distress, which has been exacerbated by what I deem to be poor communication from Aviva. For example, I have been provided with internal communications in July 2024 which identifies the issue with Mr W's contributions. However, in none of their correspondence that I have seen do Aviva explain this to Mr W or reassure him in a clear way how they will rectify the issue. This meant that Mr W has worried for a longer time than he might otherwise have about where his funds are and if things will be put right. Further, the amount of monies that appeared to be 'lost' was significant. All in all, I don't think Aviva did enough to reduce the impact on Mr W of their error.

It's unclear how much compensation Aviva have offered to Mr W in total. Mr W has said that he received a cheque for £250, which he did not cash. But in any case, I have considered the impact of all of the errors detailed, and how Mr W has described he has been impacted. I award £750 compensation in total. To be clear, this does not include the initial award made for the error which occurred in 2021 – which I understand Aviva awarded £75 for.

I am satisfied this award is fair and reasonable based on the length and severity of the impact Mr W has described.

My final decision

I uphold Mr W's complaint and direct Aviva Life & Pensions UK Limited to carryout redress as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 8 October 2025.

Cassie Lauder
Ombudsman