

The complaint

Mr W complains that Aviva Life & Pensions UK Limited (Aviva) took too long to make his requested drawdown payment, which he needed to pay off credit card debts. He also complains that it delayed the transfer of his pension, leading to a financial loss.

What happened

Mr W has pension funds with Aviva. He has raised two separate complaints with it.

The first complaint

This related to Aviva causing delays to Mr W's request for a £10,000 drawdown payment on 17 May 2024. This meant it didn't make the payment until 28 June 2024.

Aviva issued its final response to the complaint on 1 July 2024. It acknowledged it'd caused delays to the £10,000 payment. And that Mr W had chased it several times for an update on that payment. It said that the claim had been paid on 28 June 2024. Aviva said if there'd been no delays, the claim should've been paid on 24 May 2024.

Aviva said it'd carried out a unit comparison which showed that Mr W was better off because of the delay. It also said it'd calculated late interest on the £10,000 to be £34.01. And that there was a further £0.02 for the interest on that. Aviva also acknowledged it'd caused Mr W distress and inconvenience. To apologise for this, it paid Mr W £75.

Aviva also said that as Mr W had told it he was going to use the funds to pay off some credit he owed, he could send it details if he'd incurred any additional charges or interest as a result of its delay. And it would see if it could cover that.

Mr W told this service that the delayed payment had caused him stress and anxiety due to owing money on his credit cards. He said he wanted Aviva to reimburse him for the credit card interest he'd incurred because of the late payment. He also told us that he'd been relying on the money to cover his credit card payments.

Mr W wrote to Aviva on 6 October 2024. In this letter, he confirmed he'd received the £168.69 Aviva had paid him towards the credit card interest he'd had to pay because of the payment delay. But said this was unacceptable as he'd had to pay more interest than this. Mr W said that to date, he'd incurred interest of £189.40, which already exceeded the amount Aviva had paid him.

Our investigator asked Mr W during a call with him in June 2025 if he'd paid off his credit cards in full once he'd received the £10,000 he'd requested in May 2024. He said he'd used part of the £10,000 (less tax) to pay off his credit cards in full.

The second complaint

This relates to Mr W's request to Aviva to transfer his Retirement annuity contract pension plan to a stakeholder plan.

Mr W contacted Aviva on 13 June 2024 as he wanted to drawdown his pension. To enable this, Aviva needed to carry out an internal transfer to a stakeholder plan. Aviva noted that Mr W intended to take £10,000 gross from the transferred funds.

Mr W chased Aviva for his transfer over the next few weeks. But as the transfer still hadn't happened, he complained to Aviva on 30 August 2024 about the delays.

Aviva issued its final response to Mr W's second complaint on 19 September 2024. It said it'd sent Mr W transfer forms with the plan numbers the wrong way round. It then caused delays in providing Mr W with the correct documents. Aviva explained that it still needed a Lifetime Allowance form to be completed, but that it had everything else it needed for the transfer.

Aviva said it would assess any potential financial loss caused by its delays once it'd received all its requirements and the transfer had been completed. It said it would also pay Mr W some compensation at that time to say sorry for the inconvenience and delays.

Aviva wrote to Mr W on 2 October 2024 about his transfer. The letter set out what he needed to do and what he could expect from it.

Mr W wrote to Aviva on 6 October 2024 about his transfer, which still hadn't happened. He said he'd lost interest. And he felt distress and inconvenience compensation was due for the delays as he said he'd made at least 25 calls between the end of July and the date of his letter. He said Aviva had caused him financial hardship.

Mr W was unhappy with Aviva's response and referred both of his complaints to this service.

Aviva wrote to Mr W on 7 November 2024 as it'd completed the transfer. It said it'd backdated it to 27 August 2024.

In January 2025, Aviva completed a loss assessment. This established that if it hadn't caused any delays, a larger fund would've been transferred and applied to Mr W's receiving pension on 12 August 2024. Aviva said the delays had caused a loss of £2,337.05. When this was adjusted for Mr W's marginal tax rate, the net loss was £1,986.49. Aviva offered Mr W this amount in respect of the financial loss. It also offered him £400 compensation for the distress and inconvenience the delays had caused him.

Mr W didn't think this was a fair offer for the impact the delays had on him. He said he'd made almost a day's worth of calls. And that he'd spent another day on paperwork. Mr W said that it'd been very stressful trying to get the transfer completed. And that it'd caused him to have poor sleep. He also said that he'd had to pay interest on his credit cards of £128.43 and £252.09, as he'd needed the transfers to pay those two cards.

Mr W said that Aviva had previously reimbursed him for credit card interest for the previously delayed drawdown payment completed in July 2024. He said it'd paid him £169.69, but his credit card interest had amounted to £189.69.

Our investigator felt that the complaint should be upheld. She didn't think that Aviva had done enough to put things right. For the first complaint, she noted that although Aviva had partially considered the interest during the time Mr W was without the £10,000, it hadn't fully reimbursed him for the additional interest he'd had to pay on his credit cards due to being without the funds. She felt that Aviva should reimburse the additional credit card interest Mr W had incurred between June 2024 and October 2024.

For the second complaint, our investigator acknowledged that Aviva had already undertaken

a loss assessment for the delays in transferring Mr W's plan. But she felt that it needed to undertake a new assessment based on the transfer taking place on 26 July 2024. She also felt that Aviva should pay Mr W 8% simple interest each year on the sum withdrawn on 7 November 2024 from 26 July 2024 to the date Mr W received the funds. This was because Mr W had been without the use of those funds over that period.

Our investigator considered the distress and inconvenience compensation Aviva had paid Mr W. She felt that the £75 it'd paid in respect of the first complaint, and the £400 it'd paid in respect of the second, was reasonable.

Aviva didn't agree with our investigator. It made the following points:

- It didn't agree with the credit card interest compensation our investigator had recommended. It said that Mr W had received the requested £10,000 in June 2024 and therefore could've paid off any debt that month. Had he done so, he wouldn't have had any interest to pay beyond the end of July.
- Aviva didn't agree with our investigator that the pension transfer could've happened sooner than 27 August 2024, the date it'd used for the loss calculation it'd already carried out. It said it'd followed the correct procedure when sending out the forms. And that as the transfer had been a full transfer, equivalent to an external transfer, it had to adhere to regulatory procedures to safeguard Mr W. It said the forms were issued at the correct times. And that the hypothetical timeline it'd used for its loss calculation was therefore the shortest possible time the transfer could've been completed in.

Aviva said it had taken into account the real time it took Mr W to return forms. And then used the shortest turnaround times for other actions. It said it wasn't correct to assume it would issue transfer in forms before it received the completed forms from the ceding scheme showing the request to transfer out.

As agreement couldn't be reached, the complaint came to me for a review.

I issued my provisional decision on 21 August 2025. It said:

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, while I intend to uphold the complaint, I don't agree with our investigator on some points. I agree with Aviva that the date it used for its original loss calculation for the second complaint was reasonable. I say this because I don't agree with our investigator that Aviva should've sent the transfer in forms before it'd received the completed forms from the ceding scheme showing the request to transfer out. I also don't agree with our investigator that Aviva needs to reimburse Mr W further for the credit card interest he said he's had to pay due to the delayed drawdown payment from June 2024. I know this will be disappointing for Mr W. I'll explain the reasons for my decision.

Based on everything I've seen, I consider that the only remaining point of disagreement for the first complaint is the amount of credit card interest Mr W feels Aviva should reimburse him for. So I've considered this point first.

Credit card interest incurred due to the late payment of Mr W's May 2024 £10,000 drawdown request

In its 1 July 2024 final response letter, Aviva said Mr W could send it details about any

additional credit charges he'd incurred because of its delay, which it would then consider. I'm pleased to see that Aviva acknowledged this point and made its offer at this time.

While Mr W has provided this service with some credit card statements, I've not been provided with any information about the credit card statements he's provided to Aviva. However, I can see from Mr W's 6 October 2024 letter to Aviva that he confirmed he'd received £168.69 reimbursement for credit card interest. But he also said that at that point, he'd already incurred interest of £189.40. He therefore felt that Aviva hadn't sufficiently reimbursed him.

However, the evidence also shows that Aviva wrote to Mr W on 3 November 2024 in response to him telling it about the interest he'd incurred on 11 July 2024. The letter said that Aviva had sent Mr W £59.66 to cover that interest.

Aviva said that Mr W received the £10,000 he requested in June 2024 and so could've paid off any credit card debt that month. It therefore didn't expect to see any further interest accrual after July 2024. I agree with this point, given Mr W told this service that he'd paid off his credit cards in full once he'd received the £10,000 he'd requested in May 2024. Therefore, in respect of this complaint, I wouldn't have expected Aviva to reimburse Mr W for any credit card interest after July 2024.

I'm therefore persuaded that Aviva has already reimbursed Mr W for more credit card interest than he said he'd incurred in respect of his first complaint. And I don't intend to require it to take any further steps in respect of Mr W's first complaint.

I next considered Mr W's second complaint. Aviva still felt that it'd used the correct dates for its loss calculation. But our investigator felt that it'd failed to consider the delays it'd caused by sending the incorrect forms. So I've gone on to consider when Mr W's transfer should've taken place.

When should Mr W's transfer have taken place, but for Aviva's delays?

Aviva said it'd followed the correct procedure when sending out the forms, for a transfer that had been equivalent to an external transfer. And that it'd issued the forms at the correct times. Aviva also said that the hypothetical timeline it'd used for its loss calculation was based on the shortest possible time the transfer could've been completed in, given the time Mr W had taken to return forms.

Having carefully considered the timeline of events from when Mr W contacted Aviva in June 2024, I agree with Aviva's assessment that the transfer should've been completed by 12 August 2024. I consider that the timeline is fair and reasonable and in line with one I would've myself constructed.

In light of this, I don't intend to require Aviva to carry out a further loss calculation using a different date.

However, I understand that Mr W wanted to drawdown £10,000 from his transferred funds. Aviva's delays prevented him from accessing those funds.

I therefore intend to require Aviva to pay Mr W 8% simple interest each year on the sum withdrawn (presumed to be £10,000) from his new pension, from 12 August 2024 to the date Mr W received the funds. That is because Mr W was without use of those funds over that period.

Aviva previously reimbursed Mr W for credit card interest given his financial situation. I

therefore intend to require it to also reimburse him for any further credit card interest he may have incurred from August 2024 to November 2024, due to the delayed transfer and its impact on his access to the £10,000 he wanted to drawdown. Mr W will need to provide Aviva with satisfactory evidence of that credit card interest first.

I finally considered the distress and inconvenience Aviva has caused Mr W.

Distress and inconvenience

Mr W didn't think the compensation Aviva has paid him for the impact the delays had on him was fair. He told this service about the inconvenience he'd been through trying to get the drawdown payment made and the transfer completed. And he explained how stressful the process had been and that it'd led to poor sleep.

As our investigator noted, Mr W was particularly stressed by the delayed transfers as he'd let Aviva know in August 2024 that he was in financial difficulties. I'm pleased to see that Aviva added a marker to his file. But I haven't seen any other evidence that Aviva took further steps to expedite Mr W's transfer. This meant he didn't have access to his funds until 7 November 2024. I can therefore understand why Aviva's delays caused Mr W anxiety and sleepless nights.

Aviva has paid Mr W £75 for the delays to his £10,000 drawdown payment and has also reimbursed him for his credit card interest. It's also carried out a loss assessment and paid him £400 to apologise for the distress and inconvenience caused by the transfer delays.

Overall, I agree with our investigator that this is reasonable under the circumstances of this complaint.

I intend to uphold the complaint. I intend to require Aviva to pay Mr W simple interest as outlined above. And, subject to suitable evidence, to reimburse him for credit card interest from August 2024 to November 2024.

Response to my provisional decision

Mr W made the following points:

- He wanted to know if I'd considered the delay caused when his funds were moved from his online account and he had no access to them. He said Aviva had failed to let him know where the funds had gone. He said his funds only became available in November 2024.
- He also wanted to know if I'd considered all of the points he'd made in his 6 October 2024 letter to Aviva.

Aviva asked me to confirm the following to ensure its understanding of my decision:

- That I agreed the dates and financial loss calculated and paid for the initial £10,000 payment, including the credit card interest.
- That I agreed the dates and financial loss calculated and paid for the transfer.
- That I agreed that the distress and inconvenience compensation already paid was fair.

I can confirm that I agree with all of these points.

Aviva said that although I'd proposed that 8% should be paid on the delay of Mr W taking a second £10,000 payment after the transfer from 12 August 2024, he hadn't taken another £10,000 payment. But he had taken TFC of £34,297.57 on 26 November 2024. It therefore felt it was fair that it should pay 8% on that sum from 12 August 2024 to 26 November 2024. Aviva said this would be £796.29.

Aviva also acknowledged my proposal for it to consider further credit card interest due to the delay in the TFC payment. It said it would pay this if Mr W could show that he'd incurred new debt between August 2024 and November 2024. Aviva didn't think this was the case based on the credit card statements it had seen.

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've considered Mr W's points. I can confirm that my decision has taken into account his delayed receipt of his TFC between 12 August 2024, when it should've been paid, and 26 November 2024, when it was paid. Aviva has calculated the amount of interest it should pay Mr W in respect of this delay to be £796.29. As this amount is based on 8% simple interest over the period of delay, I'm satisfied that this is fair under the circumstances.

I can also confirm to Mr W that I have considered all of the points he made to Aviva in his 6 October 2024 letter.

I've also considered Aviva's comment about any credit card interest Mr W may have incurred due to the late payment of his TFC. I agree with Aviva that it should only be required to reimburse him for any additional credit card interest if Mr W can evidence that the only reason he incurred that interest between August 2024 and November 2024 was because of the late payment of his TFC.

Putting things right

Aviva Life & Pensions UK Limited must pay Mr W £796.29 to compensate him for the late payment of his TFC.

In addition, subject to suitable evidence, Aviva Life & Pensions UK Limited must reimburse Mr W for credit card interest between August 2024 to November 2024 if this interest wouldn't have been paid if his TFC had been received on time.

My final decision

For the reasons explained above, I uphold the complaint. Aviva Life & Pensions UK Limited must take the steps detailed in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 13 October 2025.

Jo Occleshaw
Ombudsman