

The complaint

Mr B complains that Aviva Life & Pensions UK Limited (Aviva) system errors around his available pension tax-free cash sum, have prevented him from accessing the maximum allowed under the legislation. He wants the shortfall paid.

What happened

With the assistance of his IFA, Adler Financial Planning (AFP) Mr B consolidated his pensions to a new Personal Pension Plan with Aviva in 2018 and crystallised £800,000 of benefits receiving £200,000 in tax-free cash (TFC). In October 2024 Mr B says he wanted to access the remaining TFC available to him, which his IFA said under the new overall Lump Sum Allowance (LSA) limit of £268,275, would be £68,275, which would require £273,100 of funds to be crystallised. He says that AFP advised that Aviva's system was, incorrectly showing the previous TFC payment as £214,620 and that only £53,655 was now available. Mr B says it was decided to proceed with the request and take the difference once Aviva had corrected its system. AFP submitted the request through the Aviva platform for a further £273,100 of funds to be crystallised and £53,655 TFC, on 23 October 2024.

APF then contacted Aviva on 28 October 2024 asking it to provide a transitional tax-free amount certificate (TTFAC). This is a complex area, but a TTFAC might allow someone who has previously crystallised benefits and taken TFC to have their remaining LSA adjusted to reflect the actual TFC received previously. But Aviva said the rules around TTFAC required the certificate to be in place before any benefits had been taken after 6 April 2024 and it was now too late to issue one. APF raised a complaint with Aviva in December 2024 about the amount of TFC paid which it said should have been £68,275 given that £273,100 had been crystallised.

Aviva didn't uphold this complaint. It said it had paid the amount input onto the system by AFP, and if this was less than had been expected it should have applied for a TTFAC first. AFP said the Aviva system should have flagged that the TFC figure shown wasn't 25% of the amount to be crystallised. Mr B separately contacted Aviva and it reopened the complaint and issued a further final response. It said it didn't feel it had made an error as the payment request had been completed by AFP and Aviva's system had made an adjustment to the TFC and presented a summary screen to AFP, asking it to check all the details before completing the declaration to proceed. It said it believed it had acted in line with the instructions received.

Mr B referred his complaint to our service and our investigator looked into it, but she didn't uphold it.

Our investigator said Aviva was correct in saying any TTFAC needed to be applied for before any benefits were taken after 6 April 2024. She said it did appear that Aviva's system contained an error and was overstating the TFC paid in 2018 as being £214,620, when only £200,000 had been paid. But despite being aware of the error there was no evidence that Aviva was contacted about this before Mr B and AFP had decided to proceed with the instruction. She said it was reasonable that consumers should take steps to minimise their

losses and Aviva had acted on the instructions it received and it wasn't fair to say it caused an error leading to Mr B receiving less TFC than he could have.

AFP said its complaint was that it had entered that TFC of £68,275 was to be paid, but without notification Aviva's system had changed this to £53,655. It said had notification been provided it would have reviewed the situation and applied for the TTFAC first. Mr B also didn't agree. He said Aviva's system clearly showed an error around the TFC taken in 2018 and it was clear from the £273,100 figure entered to be crystallised he wanted to take £68,275 TFC and matters should have been queried first. He said as there was a clear error Aviva should just correct the mistake and pay the balance TFC due.

As Mr B doesn't agree it has come to me to decide.

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 not upholding the complaint.

I know my decision will disappoint Mr B, but I don't think Aviva has made an error. I'm only considering Aviva's actions here not AFPs. Aviva wasn't providing Mr B with advice; it administers the pension product in line with legislative and HMRC requirements, which are relevant here. Unfortunately, it seems several factors combined to create this problem. I think key amongst these was the urgency that Mr B wanted to access his TFC. There was considerable speculation that changes in the coming Budget would reduce the amount of TFC that could be taken, so that urgency was understandable. I understand that there might also have been concerns about how promptly Aviva would be able to investigate the matter had this been queried before the instruction was placed. Or whether Aviva would have been able to provide a TTFAC in time. But I think it is relevant that Aviva wasn't approached first and it wasn't Aviva's fault that Budget concerns presented timing issues.

Recent changes in pension rules around the new LSA and the interaction with benefits taken before 6 April 2024 were also relevant, given the possible need to apply for the TTFAC before any further benefits were taken. I asked Aviva for further details about what happened and whether its system showed an error in overstating the previous TFC taken in 2018. It said its technical team had confirmed the records were correct as they reflected the default position applying under the new HMRC rules for the calculation of remaining LSA by reflecting the amount of Lifetime Allowance (LTA) used by previous benefit crystallisations. In Mr B's case when he took benefits in March 2018 the LTA then applying was £1,000,000 and he crystallised 80% of this (£800,000) receiving 25% (£200,000) as TFC. The default LSA calculation applies the 80% of the LTA used against the £268,275 LSA limit, and this equals the £214,620 correctly reflected in Aviva's records.

As Mr B hadn't received that much TFC in 2018, applying for a TTFAC before completing the request in October 2024 potentially allowed this to be reflected, increasing the remaining TFC back up to £68,275. Aviva also provided emails confirming that once the request had been submitted, AFP had contacted it querying the available TFC. This email was timed at 10.33 a.m. And Aviva replied at 11.57 a.m. the same day, confirming that the £214,620 figure shown on its system was correct based on the 80% of LTA calculation noted above. This suggests that had the issue been queried first, the problem could have been avoided and when the request was keyed on 23 October 2024 the Budget was still a week away. And the wording of the email does suggest AFP knowingly accepted the lower TFC figure without changing the crystallisation amount requested,

I've tried to do a crystallisation for £273,100 to get £68,275 tax free cash but because of an error on the system it will only let me pay tax free cash of £53,655.

I've paid this out to the client but you need to amend his records to show the correct amount of tax-free cash that has been previously paid."

So, whilst it doesn't appear Aviva's system had a specific warning around the figures entered, all the information was there before the request was submitted. Aviva says it had written to all advisers using its platform about these legislative changes before they were implemented. It's likely that the terms of use of Aviva's system set out responsibilities between the parties and the declaration accepted by AFP is clear,

"I accept on behalf of my advisory firm that I am responsible for checking the accuracy of all information and instructions I pass to Aviva, including this online application. If an error is made by me, I am responsible for ensuring it is corrected. My advisory firm shall be responsible for any loss incurred to my client and/or Aviva as a result of my error ...

I have informed my client that Aviva shall treat any instructions that I've passed to them as fully authorised, accurate, and binding. I understand that Aviva shall rely upon all the information I have provided to them without any further enquiry."

HMRC confirmed in December 2024, following many people seeking to cancel TFC payments made in anticipation of changes in the Budget, that this wasn't possible and "member's lump sum allowances will not be restored". So, it does appear Aviva wouldn't be able to unwind the request that was submitted to it and it was now too late to make the TTFAC request.

So, taking everything together. I don't think Aviva was at fault and I can't uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 February 2026.

Nigel Bracken
Ombudsman