

## **The complaint**

Ms B is unhappy that Aviva Life & Pensions UK Ltd (“Aviva”) closed her pension plan whilst her employer was still making payments into it.

## **What happened**

The material facts of this complaint are known to both parties, and essentially not in dispute. Accordingly, I don’t need to go into detail here about the history of this complaint, and will instead summarise the key points, as follows:

- Ms B contacted Aviva in September 2024, as she wanted to access all of her remaining pension funds at that time. There was a separate complaint made about this process, which our Service has already addressed. I don’t need to comment any further on it here.
- During the above process, Ms B told Aviva that she wanted the pension to remain open, to allow continued payments from her employment to be received.
- Ms B eventually received the remaining pension funds on 13 November 2024, but Aviva had mistakenly closed her pension account, rather than keep it open as she’d requested. Ms B became aware of this on around 14 January 2025.
- Ms B raised a complaint with Aviva about this, via our Service in January 2025. She had continued to have pension deductions made from her salary during the period in question, but it wasn’t clear where these payments had gone.
- Following exchanges between Aviva and this office regarding whether Aviva had acknowledged and dealt with the complaint, Aviva explained the pension was closed due to a system fault. They advised this had been fixed by May 2025, allowing all future employer contributions to be added to Ms B’s pension.

One of our Investigators sought further information from Aviva, to better understand if Ms B had experienced any financial detriment because of the error, but no information was received. In the absence of this, our Investigator issued a View upholding Ms B’s complaint. He said that Aviva should provide her with clear evidence to show her contributions had been correctly applied to her pension, and if they hadn’t, they needed to make further enquiries with her employer to rectify the situation. Aviva should also run a loss calculation, and reimburse any loss identified. And, finally, they should pay Ms B £150 compensation for the distress and inconvenience (D&I) their actions caused her. Ms B accepted this outcome.

Ms B subsequently advised us that she would be officially retiring, on medical grounds, in July 2025, and so no further pension contributions would or could be made after this date. She also expressed confusion regarding what had happened – referring to the fact that pension contributions had disappeared from her payslips a few months ago, which showed a balance (employer contributions as well as hers) of over £600.

On 17 June 2025, Aviva provided their ‘final response’ to Ms B’s complaint. They agreed to pay her £250 compensation (rather than the £150 our Investigator had awarded). They also accepted their system was responsible for the continued errors in closing her pension account when it should have remained open. They confirmed her policy was again ‘live’.

Ms B then wrote to us to say, on reflection, the amount Aviva had offered (and paid) wasn’t enough – it wasn’t in line with compensation they’d paid on her earlier complaint, which she

felt was less serious (in terms of distress experienced) than this one. She asked for her complaint to be escalated for an Ombudsman review, and so it's been passed to me to consider the matter afresh and issue a Decision accordingly.

I issued a Provisional Decision ("PD") on this complaint on 15 September 2025, upholding it. In summary, I didn't think Aviva had done enough to ensure Ms B's pension hadn't experienced any financial loss as a result of their actions/mistakes (and more precisely that they hadn't provided me with sufficient information to show this hadn't happened).

I also said they'd need to undertake an exercise to ensure that all pension contributions had been correctly applied to Ms B's pension and undertake an appropriate loss calculation. I also felt they should increase the amount of compensation they should pay to Ms B. The relevant parts of my PD said as follows in this regard:

*My Provisional Decision:*

*In deciding this complaint, I need to consider whether Aviva has done all it needs to do – having accepted fault for closing Ms B's pension account against her wishes, and their acknowledged IT issue preventing it from being reopened – to ensure she hasn't experienced any financial loss. Secondly, I need to consider if the amount they've paid her as compensation for the distress their actions have caused her is fair.*

*In respect of the first consideration, and despite my requests for clarification from Aviva on this issue which went unanswered, I can't be sure Ms B has been properly redressed. And on the second, I think a higher degree of D&I compensation is warranted here. In respect of both, I'll explain why.*

*The closed pension account*

*Aviva have already admitted they mistakenly closed Ms B's account. Further, they admit an IT system issue meant Ms B's pension account appeared to go through a pattern of closure, followed by being 're-opened' on a few occasions until a permanent fix was applied at the end of May 2025.*

*Our Investigator asked Aviva to confirm that any 'missing' pension payments had been located and properly applied to Ms B's pension. Aviva then provided an excel calculation showing twelve employer and employee pension contributions, dated between April and September 2024, listed as having been 'paid' between June and October 2024, but with all having been 'applied' to the pension on 21 May 2025. This coincides with the approximate date on which the IT system was fixed, and Ms B's pension was made 'live' again.*

*However, I don't think this adequately answered our Investigator's questions. The payments that this excel referred to were all in respect of the period before Ms B's pension account was accidentally closed. Ms B drew down the remaining balance of her pension (just over £1,000) in September 2024, with this amount being paid to her on 14 November 2024 – which is when the account was accidentally closed.*

*It's not clear whether these sums were included in the above-mentioned final drawdown payment that was processed in November 2024. If they were, then why were they included in Aviva's answer to our Investigator, suggesting they were only applied to the policy once it had been reopened in May 2025. Further, what has happened to the pension contributions that Ms B's employer had continued to make after October/November 2024? I'm aware that Ms B had been signed off on sick-leave by that time, but employer contributions were apparently continuing to be made – Ms B told our Investigator that her payslips for December 2024 and January 2025 (at least) showed pension deductions had been made.*

*I asked Aviva for an explanation in relation to the above questions, but no response has been received. Accordingly, it hasn't been possible for me to ascertain whether (a) all Ms B's pension contributions (employee and employer, up to the point of her medical retirement when contributions would have naturally ceased) have been properly applied to her pension*

*account. Also, Aviva's above-mentioned response to our Investigator didn't make any reference to potential loss calculations in respect of any contributions that were applied late to the policy.*

*Taken together, I've not seen evidence that satisfies me Aviva have taken all appropriate steps to ensure Ms B hasn't experienced any financial loss as a result of their mistake in closing her pension account, and that all the contributions have been appropriately applied to the policy once the IT issue had been fixed.*

#### **Distress and Inconvenience**

*Aviva have paid £250 compensation for D&I caused to Ms B by their actions. I've thought very carefully about whether I think that is a fair amount in the circumstances here, conscious of the health and financial issues she has experienced. And I think, on balance, a higher amount would be a fairer reflection of the distress caused. I'll explain why.*

*As referred to above, Ms B has experienced several serious health and financial issues during the past few years. Clearly I can't hold Aviva responsible for the distress these have ordinarily caused Ms B on a day-to-day basis, but I can hold them responsible for the distress their actions have caused her, aggravated by these health conditions, in mistakenly closing her pension account.*

*Here, Ms B's health and financial struggles were already known to Aviva, following detailed exchanges that occurred when she first tried to access the full pension amount. And so the importance of her pension remaining open, and the 'missing' contributions being located and applied to her plan, was a significant issue for Ms B. And yet, this matter wasn't rectified for many months (and may still not have been), necessitating multiple attempts being made by Ms B to chase the matter up, and repeated instances of her pension account being closed.*

*Conscious of that, I've considered our guidelines on D&I awards, which can be found on our website. I must begin by explaining the amounts this Service awards for D&I are, generally, relatively modest in value. They are not designed to punish a business, but rather to put a monetary value on the distress a business' actions have caused.*

*However, having done so, I think a total award of £500 better reflects the distress that Aviva's actions have caused Ms B. Their mistake caused distress lasting over many months and required a lot of unnecessary effort to sort out. So, as Aviva have already paid Ms B £250, I'll be asking them to pay her a further £250 compensation.*

#### **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.

Both parties have responded to my PD. Ms B has accepted it in full. Aviva have accepted the increased D&I that I'd said should be paid. And, in short, they also confirmed they were continuing to undertake internal enquiries to address the remaining elements of the PD.

Aviva did suggest that they should be given further time to undertake those enquiries, which may be assisted by Ms B providing them with copies of all payslips she received in the months referred to above (showing employer pension contributions that appear not to have been applied) suggesting up to two weeks, before any Final Decision was issued – or even to avoid the need for one to be issued.

However, having given the matter careful thought, I think it's appropriate that I issue a Final Decision straight away.

Ms B has waited a long time for her problems with her pension account, as detailed above, to be rectified. She has experienced health struggles which have culminated in early medical retirement (obviously, not Aviva's fault), which have directly caused her some financial difficulties over recent times.

There is an element of financial vulnerability here, which Aviva will be aware of through their various exchanges with her over the period. Aviva are aware how important Ms B's pension is/was to her financial wellbeing, even allowing for its likely minor value (if any, at all) following any redress exercise that needs to take place.

Providing certainty to Ms B with regard to these issues, and in a timely manner, is something that I think she deserves. And I think that a Final Decision will give Ms B that certainty, rather than her be expected to wait even further for a satisfactory outcome that may drag on.

However, I agree with Aviva that the provision by Ms B of copy pay slips will likely assist them in locating and applying specific contributions that were made – and help speed up the redress process - and I think Ms B should provide these to Aviva (via this Service if necessary) at the earliest opportunity should she choose to accept my Final Decision. I have slightly amended the proposed redress obligations, as set out in my PD, to reflect this.

### **Putting things right**

There remains uncertainty regarding the contributions made to Ms B's pension, and the dates on which they should have been applied. Accordingly, Aviva needs to do the following:

- Upon receipt of copy pay-slips from Ms B, for the period after September 2024 as available (or confirmation from Ms B that she's no longer in possession of such), Aviva must undertake a detailed calculation to ensure that every one of Ms B's employer and employee contributions has been identified, and properly applied, to her pension on the date it *should* have been applied – had the pension not been mistakenly closed by Aviva in November 2024.
- Note - Ms B must be aware that Aviva are obliged to undertake this redress calculation only after she has addressed the provision of pay slips as detailed above.
- The above exercise should cover every payment due/made from 1 January 2024. This covers the period when Ms B was working, and later when she was signed off, and includes periods when she drew down on funds within her pension account. Whilst the issues only appeared to surface after the pension account was mistakenly closed in November 2024, I think this longer period is of an appropriate length to provide comfort to Ms B that all contributions, and activity, have been properly applied and accounted for.
- A loss calculation will also need to be undertaken to reflect any loss of growth that each 'late' contribution, if any, may have experienced.
- Aviva must also provide Ms B with a detailed statement containing all of the above calculations, in a clear and understandable format – which will naturally include the full amount of all drawdowns she's made during this subsequent period – so providing a full picture of all activity on the account.
- Aviva must ensure that the above redress calculations are completed, and any missing funds and/or loss calculation amounts applied to Ms B's pension account (and allowing access to such funds) within 28 days of her providing the 'pay slip' information as detailed above.
- Finally, as indicated, I require Aviva to pay Ms B a further £250 compensation for D&I caused.

### **My final decision**

I uphold Ms B's complaint against Aviva Life & Pensions UK Ltd and require them to put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 28 October 2025.

Mark Evans  
**Ombudsman**