

The complaint

Mrs W complains that Aviva Life & Pensions UK Limited (Aviva) failed to follow her clear instructions before her 75th birthday to pay the Tax-Free Cash (TFC) she'd requested from her pension. Instead, it set up an annuity for her with effect from her 75th birthday. As Mrs W doesn't want this annuity, she'd like Aviva to reverse the annuity purchase and follow the instruction she gave it during the call on 17 October 2024.

What happened

Mrs W had a stakeholder personal pension with Aviva. Under the terms and conditions of that pension, the benefits had to be taken no later than her 75th birthday, which was in late 2024.

In May 2024, Aviva sent Mrs W a retirement pack. This provided information about the choice she needed to make about her pension. And explained what would happen if she didn't make any choices before her 75th birthday. The pack stated the following:

"What if I don't make a choice by my 75th birthday?"

You can't continue this plan with Aviva beyond the age of 75. If you don't want to take the benefits on or before your 75th birthday, you'll have to move your money into another plan or product, either with Aviva or with another provider.

Because of this it's really important you speak to us before your 75th birthday.

If we don't hear from you by your 75th birthday, we'll have to assume you don't have any lifetime allowance left. This means we'll take a 25% tax charge from your fund value and pay it to HM Revenue and Customs. We'll then use the rest of your fund to buy an annuity, which you won't be able to change later on."

Aviva wrote to Mrs W again on 19 September 2024 about how she wanted to take her pension benefits. This letter again explained what would happen if Aviva didn't hear from her before her 75th birthday.

Aviva also wrote to Mrs W on 14 October 2024, as her 75th birthday was approaching. It explained that it needed to know what she wanted to do with her pension savings by the date of that birthday, noting that there was no option to remain invested in the current plan past the age of 75. Aviva asked Mrs W to let it know what she wanted to do. And again explained what would happen if she didn't make a choice by her 75th birthday. It said that it would have to use the fund to buy an annuity which would:

- *pay you a monthly income for your lifetime only*
- *be guaranteed to be paid for at least five years*
- *have no yearly increases*

- *be paid in arrears*

Aviva also stated that once such an annuity had been set up, it couldn't be changed at a later date.

Before reaching age 75, Mrs W called Aviva on 17 October 2024 to tell it that she wanted to take 25% of her pension as TFC, while leaving the remaining fund invested.

Aviva told Mrs W that it would post her a quote which she'd need to sign and return. It said it would also need a copy of a photo identity document and bank statement with the application, noting that a photocopy was acceptable. Mrs W explained that she wasn't very technical. Aviva suggested that she might be able to access copying facilities at her local post office or library.

Later on 17 October 2024, Aviva sent Mrs W information about the option she'd requested. It also explained the next steps she'd have to take so that it could progress her claim. It said she'd have to complete and return the relevant form in the reply-paid envelope. And that it needed her to send the following:

- *Copy of your current passport or photo card drivers licence*
- *Copy of a paper or online bank statement in your name, for the account money is to be paid to.*

Aviva wrote to Mrs W on 18 December 2024. It reissued the application form it'd first sent in October 2024. The letter confirmed that if Aviva didn't receive the paperwork it needed before 18 January 2025, it would set up an annuity.

As Mrs W hadn't responded to Aviva, it wrote to her again on 21 January 2025. The letter said that if Aviva didn't hear from Mrs W by 18 March 2025, it would set up an annuity with her funds. It said it was required to do so under the terms of the pension given Mrs W had now passed her 75th birthday. The letter asked her to contact Aviva as soon as possible if she wanted to take a different option.

As Aviva didn't receive the information it'd requested from Mrs W, it wrote to her on 19 March 2025. It said it'd set up an annuity for her. The income payments under the annuity would be £40.83 each month, (£489.96 annually) with effect from Mrs W's 75th birthday, with the first payment being made one month after that birthday.

Aviva said that as it didn't have bank account details for Mrs W, the payments would accrue unpaid until it received them.

Aviva also sent Mrs W annuity documentation which stated that she'd receive an income for life starting with effect from her 75th birthday. And that the annuity wouldn't increase in payment but was guaranteed for five years.

Mrs W didn't want an annuity. So she called Aviva to complain on 24 March 2025. She said she'd been struggling to get her driving licence copied, noting that she had health issues that made this difficult. She also said that she'd been trying to speak to Aviva for the last two weeks. Mrs W said she'd asked Aviva on a call if she could take her identity documents to an Aviva office to copy. But before she'd been able to do that, an annuity she didn't want had been set up.

Mrs W felt she'd made her instructions clear during the 17 October 2024 call. Aviva apologised and explained that it'd followed the terms and conditions of the pension when it'd

set up the annuity as it hadn't known that Mrs W had wanted to proceed with the TFC withdrawal she'd discussed as she didn't send the documentation back.

Aviva issued its final response to the complaint on 28 May 2025. It felt it'd followed its correct process and couldn't therefore uphold the complaint. It acknowledged that Mrs W had called it about the option she wanted to take on 17 October 2024. It'd then sent her the application by post, noting that she'd need to sign and return that with a copy of her photo identification.

While Aviva accepted Mrs W had said she wasn't technical during this call, it said it'd suggested methods she might be able to use to get that copy. But it didn't agree that she'd explained that she might have difficulties providing a photocopy during this call. And it also rejected Mrs W's claim that it'd assured her it wouldn't take any further action about buying an annuity because of the call.

Unhappy, Mrs W brought her complaint to this service. She said she'd explained during the 17 October 2024 call with Aviva that her health issues meant it would be difficult for her to get a copy of the required photo identification document. Mrs W also said that she'd asked Aviva for the address of one of its offices so she could attend to provide the documentation needed, but this was never provided.

Our investigator asked Aviva to provide copies of any communications it'd received from Mrs W since it issued the May 2024 retirement pack. It said the only communications it'd received in this time were the calls from October 2024 and March 2025. It shared those calls with this service. Our investigator also asked Mrs W what communications she had with Aviva over this time. But she didn't reply.

Our investigator asked Aviva to provide the terms and conditions for Mrs W's pension. It provided the Policy Conditions and the Scheme Rules.

Our investigator felt that Aviva had done what it should've done. She felt that the reminder letters that it'd sent Mrs W before she'd reached age 75 all explained that her pension couldn't continue after age 75. And unless properly confirmed otherwise, the funds would be used to buy an annuity.

Our investigator acknowledged that when Mrs W called Aviva on 17 October 2024, she'd clearly stated that she didn't want an annuity, but wanted to take 25% TFC. But she also felt that Aviva had made it clear that certain paperwork was needed for that option to be put in place. And that Mrs W hadn't provided that paperwork, despite Aviva's chaser letters.

Our investigator acknowledged that Mrs W had said Aviva had failed to respond to her request to go to one of its offices so she could provide the documentation required for the option she wanted to take. She said Mrs W hadn't explained when or how she'd made this request. But she hadn't made such a request during the October 2024 call. She also felt that there was no evidence that Mrs W had made Aviva aware – before her March 2025 complaint call – that she was having difficulties providing the required documents. She therefore felt that Aviva hadn't been given the opportunity to provide further assistance. She also noted that she'd not seen any evidence that Aviva ever told Mrs W that it wouldn't set up an annuity without her returning the paperwork.

Our investigator felt that as there was no evidence that Mrs W had completed or returned the application form, Aviva had never received her written instructions.

Mrs W didn't agree with our investigator. She felt that she'd only receive her annuity for five years, which she felt was unfair.

Mrs W felt that she might've spoken to Aviva again in November 2024, but she wasn't sure and couldn't provide any evidence.

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

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 going to uphold it, for largely the same reasons our investigator outlined. I know this will be disappointing for Mrs W. I'll explain the reasons for my decision.

I first considered if Aviva acted fairly and in line with the terms and conditions of the pension when it bought the annuity for Mrs W.

Terms and conditions of Mrs W's stakeholder pension

Aviva's letters to Mrs W in May, September and October 2024 explained that it would use her fund to buy an annuity, which she wouldn't be able to change later on, if it didn't hear from her before her 75th birthday.

The terms and conditions of the pension stated that the benefit start date couldn't be later than the member's 75th birthday. And that if a member hadn't chosen how they wanted their fund to be used in writing by then Aviva would use that fund to purchase a lifetime annuity. I'm therefore satisfied that Aviva acted in line with its terms and conditions.

I've also considered whether Aviva acted fairly when it took the action it did. Having done so, I'm satisfied that it provided Mrs W with sufficient and clear warnings before it set up the annuity for her to have taken action to prevent that purchase.

I next considered if there's any evidence, other than her testimony, that Mrs W told Aviva during the 17 October 2024 call that her health issues meant it would be difficult for her to get a copy of the required photo identification document.

Did Mrs W tell Aviva it would be difficult for her to provide the required photo identification?

Aviva told this service that although Mrs W had said she wasn't technical during the 17 October 2024 call, she hadn't said she might have difficulties providing a photocopy. It also said that there was no evidence that Mrs W had written to it about this or mentioned this on a different call before March 2025. It therefore felt that there was no reason for it to have understood that she couldn't comply with its requirements.

While I don't doubt Mrs W felt she'd told Aviva she'd have difficulty providing the photocopied document it needed, having listened to the 17 October 2024 call, I can't fairly agree that she did. She simply explained that she wasn't "techy". But then seemed to accept Aviva's suggestion of going to her local post office or library to get the copy she needed.

I can also see that Aviva sent Mrs W its clear requirements for the option she'd chosen shortly after the 17 October 2024 call. The letter explained what Mrs W would have to do to progress her claim. And included a reply-paid envelope for her to use to send the documents needed. If Mrs W felt that she wouldn't be able to provide any of those documents, I would've expected her to have sent what she could provide back to Aviva, with her explanation about why she couldn't provide everything it'd asked for. And I would've expected her to do so before she reached age 75, given all of the earlier letters Aviva had

sent had made it clear that that age was a deadline.

I do appreciate that Mrs W doesn't have a computer. And I understand her frustration that the places she thought she might be able to get the copy she needed had shut down. But I've not been provided with any evidence to corroborate Mrs W's point that once she had tried and failed to get a copy printed locally, she asked Aviva if she could come to an office. I say this while acknowledging that Mrs W felt she might've spoken to Aviva again in November 2024, while at the same time noting that Aviva has no record of such a call. Therefore, while I appreciate that Mrs W feels that Aviva failed to respond to her request for the address of one of its offices, I can't fairly agree that it did.

I can also see that once Mrs W had explained her health difficulties to Aviva during the March 2025 complaint call, it asked relevant questions to help understand how she was impacted. And offered its support. I'm therefore persuaded that it would've taken the same steps if Mrs W had explained her health issues to it earlier than March 2025.

I finally considered the time that Mrs W will receive her annuity for.

The length of the annuity

Mrs W understood that she'd only receive her annuity for five years. As she felt this meant the total payments would add up to considerably less than the value of her fund, she felt this was unfair.

The evidence shows that Aviva's 14 October 2024 letter to Mrs W provided details of the type of annuity that would be set up for her if she failed to act in time. It said a monthly income would be paid for Mrs W's lifetime. But it also said that it would be guaranteed for five years.

The annuity documents Aviva sent Mrs W on 19 March 2025 also confirmed that the annuity was a lifetime annuity with a five-year guarantee.

I can understand why Mrs W felt the way she did, given the five-year guarantee was mentioned in all the paperwork. But I can see from the annuity documentation that the annuity Aviva set up for her was a lifetime annuity, as required by the terms and conditions of the pension. I therefore can't reasonably say that Aviva has acted unfairly here.

While I expect Mrs W will be disappointed with my decision, I hope it helps her to understand the reasons Aviva acted as it did. I'm satisfied that it acted fairly and in line with the terms and conditions of the pension. And I can't uphold the complaint.

My final decision

For the reasons explained above, I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 21 November 2025.

Jo Occleshaw
Ombudsman