

The complaint

Mr O has complained that Aviva Life & Pensions UK Limited delayed the transfer of his pension funds and that, as a result, he's lost out financially.

What happened

In April 2024, Mr O began the process of transferring two pension policies he held with Aviva to Scottish Widows for the purpose of buying an annuity. He contacted Aviva on 2 May 2024 for an update on his pension transfers as he expected Scottish Widows to have set up his new policy and annuity from 29 April 2024.

Mr O's financial adviser was dealing with this on his behalf, but Aviva said that it hadn't received any of the required forms. Aviva explained it hadn't been notified of the transfer so it arranged for the necessary forms to be completed. These were sent on 3 May 2024 and received back on 8 May 2024.

Aviva received the transfer request for both policies on 9 May 2024 via the Origo electronic payment system. The transfer sum for policy ending 410 was sent on 10 May 2024 and that for policy ending 010 was sent on 20 May 2024, both sent within Aviva's service standard of ten working days.

Scottish Widows contacted Aviva on 21 May 2024 and Aviva confirmed the payment was made on 20 May 2024 but would take three to five working days to clear. On 28 May 2024, Scottish Widows attempted to take receipt of the funds, but Aviva hadn't updated the Origo system correctly resulting in Scottish Widows not being able to access the payment.

For policy number ending 010, it wasn't until the 5 July 2024 that Aviva confirmed the amount of £215,731.21 was correct and the funds were accessed some time after by Scottish Widows.

Mr O complained and Aviva issued its final response letter on 27 June 2025 acknowledging its error, but only explained the timeline up to 28 May 2025, the point at which Scottish Widows contacted it to say it couldn't access the payment. Aviva agreed to check with the receiving scheme to see whether a loss had been incurred. It also paid Mr O £200 in respect of the trouble and upset caused by the matter.

On 5 November 2024, Aviva wrote to Scottish Widows acknowledging that it had caused a delay and requested information to assess whether there had been any loss. Scottish Widows responded on 11 November 2024 saying that Mr O hadn't been financially disadvantaged.

On 17 December 2024, Aviva provided its second final response confirming the outcome of its checks and that no loss had been incurred.

Dissatisfied with the response, however, Mr O referred his complaint to our service.

Aviva then contacted us to confirm that it was prepared to offer Mr O a further £200 in respect of the time it took it to log the transfer and complete the loss assessment.

The investigator put this offer to Mr O, who responded as follows:

- Aviva was wrong to say that there'd been no financial loss. To evade responsibility, Aviva had sought to divert the matter (and the calculation) to Scottish Widows. But the latter wasn't in a position to assess the financial loss – and it neither caused nor rectified the loss.
- Scottish Widows had simply said that *“the start of our annuities is when the funds are received”*. The annuity wasn't backdated by Scottish Widows to compensate for the delay by Aviva.
- In April 2024, Scottish Widows offered an annuity, payable monthly in arrears, the terms of which were guaranteed for a limited period. Irrespective of the annuity rate, the funds were not received within the guaranteed period because Aviva made administrative mistakes.
- Aviva had claimed that the loss calculation would be complex, but this wasn't the case. His requested vesting date was 29th April 2024 (his 72nd birthday) and his funds totalled £271,941.51. The required documentation was in place but despite his best efforts, access to his funds was blocked by Aviva. The funds weren't transferred to Scottish Widows until 23rd May.
- The delay therefore deprived him of the use of his funds for almost a month before being applied for annuity purchase by Scottish Widows. This loss hadn't been compensated.
- Our published guidance said that *“In most cases, we think a rate of 8% simple per year is appropriate to reflect the cost of being deprived of money in the past”*. Mr O said that he would be prepared to accept an amount calculated on this basis, in addition to the offered £400 payment for the considerable delay, distress and inconvenience caused to him in pursuing this matter.

Having considered the matter, our investigator thought that the offer made by Aviva was fair, saying the following in summary:

- The first annuity payment was made on 1 July 2024, which seemed to have included a backdated payment as £1,071.32 was paid, compared to the following payments of £861.72. However, it wasn't clear what date this was backdated to.
- Aviva's letter to Scottish Widows asking for any loss calculations included the following:

“On the 8th May 2024 we received the transfer requests for both policies. On the 10th May 2024, for policy [ending 410] we transferred £56,210.30 and you should have received this by the 15th May 2024.

For policy [ending 010], we had also transferred within the correct timeframe however, there were concerns with the value detailed on Origo to what had actually transferred. It wasn't until the 5th July 2024 we confirmed the amount of £215,731.21 transferred was correct.

We will need to understand if this had had an effect on an investment date or an effective date for an annuity or was this back dated to when the funds were received.

Information Required

If the effective date for the annuity was moved, or the investments made late, I have detailed below our requirements for us to assess any potential loss. If this effected [policy ending 410] as well, please supply information for both plans.

If the member claimed a one-off lump sum payment:

Please confirm this using the contact details provided below. No further action is required.

If the member purchased units in an investment:

- *The investment amount the customer is receiving with the date/s of the late investment.*
- *The investment amount (with date/s) the customer would have received if the payment amount had been correctly confirmed on Origo without causing a delay and invested shortly after the money had been received by you.*
- *If the current investment is less, please provide the following information on headed paper:*
 - *Can an additional payment be accepted into the pension?*
 - *If an additional payment can be made, what amount would be required to increase the investment to the level it would have been if payment had been made at the earlier date*
 - *Details of where to send additional funds*
 - *Details of the investments made, which shows:*
 - *Date of investment*
 - *Amount invested*
 - *Full name of the investment fund including SEDOL/ISIN codes*
 - *Number of units purchased*

If the member purchased an annuity:

I would be grateful if you could confirm the pension income that Mr O is now receiving and what they would have received had the amount been confirmed correctly on Origo.

If the amount currently being paid is less, please could you also confirm if additional payments can be accepted into the annuity and what value would be required in order to increase the annuity to the level it would have been had payment been sent at the earlier date. I have included a form which you may find useful.

We need a response in the next 28 days please, this will help us to calculate any loss and put things right as soon as possible. Otherwise, we will have to consider capping our liability to this point.”

- Scottish Widows responded to this to say there was no loss. Scottish Widows had also confirmed the same to Mr O by way of a letter saying that it didn't request a specific date for the start of the annuity, and that the start of the annuity was when funds are received.
- But Mr O had provided a copy of his annuity schedule which set out a start date of 23 May 2024 with income starting 23 June 2024 covering the value of both plans, so Scottish Widows should have been clear in explaining to which date the payment had been backdated.
- Given that Mr O's first income date was 1 July 2024, this suggested there was a delay. As Mr O had said, this didn't need to be complex, and Scottish Widows may need to revisit the request and calculate which date the annuity could have been set up had it accessed the funds on 28 May 2024, which was the point in time it tried to access the funds once cleared, and when the error came to light. If Scottish Widows completed this and confirmed there was a loss, then Aviva had said they would put that right.
- Whilst there had been an error on Aviva's part, which it acknowledged and accepted, it requested the correct information from Scottish Widows to determine whether there had been a loss. This would have put Mr O as close to the position he would be in had the correct information been submitted on the Origo system, so Aviva hadn't done anything wrong in trying to establish loss.
- Scottish Widows confirmed to Aviva that there was no loss, so Aviva hadn't needed to do anything further. For the error, and the consequent trouble and upset caused, Aviva had offered an amount of £400 which was fair, reasonable and in line with the guidance provided by this service.

In response, Mr O commented as follows:

- A summary of the actual dates was now known. The annuity start date was 23 May 2024 as shown on the schedule. The first tranche of funds was available with Scottish Widows for annuity purchase on 15 May 2024. Aviva had all the necessary documentation for both policies on 9 May 2024 but delayed sending the second tranche until 20 May 2024. This was why the annuity began on 23 May 2024.
- But for the delays, the annuity could have commenced on 15 May 2024. He was therefore deprived of the use of funds totalling £271,941.51 for eight days.
- Furthermore, the tax free cash of £67,985.37 was paid by Scottish Widows on 25 June 2024, but it should have been paid on 23 May 2024, the annuity commencement date. It was delayed because Aviva hadn't confirmed the correct transfer amount on the Origo system. Therefore, he was deprived of the use of the cash payment of £67,985.37 for a further 33 days.
- There was no issue with the annuity payments. Scottish Widows paid the first annuity instalment on 1 July 2024. This was due on 23 June 2024 (monthly in arrears), hence slightly delayed. He'd assumed that this was a gross payment because a tax code hadn't yet been obtained. Subsequently, the annuity payments appeared to have run correctly.
- He had no communication from either organisation for over six weeks from the initiation of the process, and so he had no idea what was happening to his pension

funds. This represented a total failure in customer service and created a rational concern on his part that he would never see the benefit from these hard-earned funds.

- In response to his concerns, Aviva had issued a largely standardised stock response without taking full account of the impact that its inaction and error had had on a long-term policyholder.
- Aviva had obfuscated and claimed complexity when, in fact, no such complexity existed. The offer was derisory and the matter had been a dismal long running saga of denial.
- Mr O said that he would, however, be prepared to finalise matters if Aviva would increase its offer to £750. Aviva would then not need to take any other remedial action.

The investigator put this to Aviva, but it declined to increase its offer, saying that the loss assessment had already been completed and the “no loss” outcome communicated to Mr O.

As agreement couldn't be reached on the matter, it was referred to me for review.

I issued a provisional decision on the matter on 18 September 2025, in which I set out my reasons for upholding the complaint. The following is an extract from that decision.

“I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

And having done so, I have some sympathy with Mr O's position and the way in which he's framed it. To clarify, as far as I can tell, Aviva's loss assessment request to Scottish Widows dealt solely with the matter of whether, but for the delays, Mr O would have been receiving higher annuity payments.

But it didn't address the matter of Mr O having been deprived of both his tax-free cash and his first annuity payment for an amount of time due to those delays.

Aviva hasn't commented specifically on the timeline quoted by Mr O, and although the principle seems reasonable to me, I think there need to be some date amendments as set out below.

Putting things right

My aim is to place Mr O in the position he would otherwise now be, but for Aviva's delays.

Aviva should therefore determine (by requesting this information from Scottish Widows) when the tax free cash could have been paid to Mr O, had the unnecessary delays not been incurred. I don't think this will be 23 May 2024, as suggested by Mr O, as the second policy was transferred slightly later than the first, albeit still within Aviva's service standard. The delays should specifically relate to Scottish Widows' inability to access the second tranche of funds due to the problem caused by Aviva.

To the tax free cash payment should be applied 8% pa simple interest from the date that it should have been paid, as identified above, until the date that it was paid. And to that amount of interest should then be added 8% pa simple interest from the date of the payment up to the date of settlement, following Mr O's acceptance of any final decision along these lines.

Similarly, Aviva should determine from Scottish Widows the date at which the first annuity payment would have been made, but for the delays incurred. And interest should be applied to the first annuity payment in the same way as set out above.

Aviva should also pay Mr O a total of £400 in respect of the trouble and upset caused to him by this matter, and as already agreed.”

In response, Mr O said that he agreed with my findings. Aviva didn't respond.

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.

My conclusions remain the same as those set out in the provisional decision, and for the same reasons.

Putting things right

My aim is to place Mr O in the position he would otherwise now be, but for Aviva Life & Pensions UK Limited's delays.

Aviva Life & Pensions UK Limited should therefore determine (by requesting this information from Scottish Widows) when the tax free cash could have been paid to Mr O, had the unnecessary delays not been incurred. The delays should specifically relate to Scottish Widows' inability to access the second tranche of funds due to the problem caused by Aviva Life & Pensions UK Limited.

To the tax free cash payment should be applied 8% pa simple interest from the date that it should have been paid, as identified above, until the date that it was paid. And to that amount of interest should then be added 8% pa simple interest from the date of the payment up to the date of settlement, following Mr O's acceptance this final decision.

Similarly, Aviva Life & Pensions UK Limited should determine from Scottish Widows the date at which the first annuity payment would have been made, but for the delays incurred. And interest should be applied to the first annuity payment in the same way as set out above.

Aviva Life & Pensions UK Limited should also pay Mr O a total of £400 in respect of the trouble and upset caused to him by this matter, and as already agreed.

My final decision

My final decision is that I uphold the complaint and direct Aviva Life & Pensions UK Limited to undertake the above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 5 November 2025.

Philip Miller
Ombudsman