

The complaint

Mr W has complained on the basis that Aviva Life & Pensions UK Limited has declined the transfer request for one of the policies he holds with it. Mr W has said that this has impacted his ability to transfer to his chosen receiving scheme, as it requires the consolidation of all three pensions held by Mr W to accept the transfer.

What happened

The investigator who considered this matter set out the background to the complaint in her assessment of the case. I'm broadly setting out the same background below, with some amendments for the purposes of this decision.

Following advice, Mr W decided to transfer all three of his policies with Aviva to an IFGL self-invested personal pension (SIPP). This was a UK SIPP designed for international clients with at least £75,000 to transfer into a pension and the combined transfer value of his Aviva pensions was £80,000.

On 29 January 2025, IFGL Pensions sent transfer requests for all three of Mr W's pension policies with Aviva, but on 30 January 2025 Aviva sent an email to explain the transfer request for one of them was declined. This was because the value of the transfer funds was lower than the cost of providing the guaranteed minimum pension (GMP) attached to that policy.

Mr W was unhappy about this because he felt that he'd met all the requirements necessary to transfer his funds and this meant that he may not be able to complete the transfer of his other policies. Mr W raised a formal complaint to Aviva on 2 April 2025.

Aviva responded on 28 April 2025 and acknowledged the supporting documents he'd provided outlining his understanding of the risks in transferring, but Aviva said the decision to decline the transfer was due to the rules set out by HMRC, rather than rules set out by Aviva itself.

It said that if it allowed the transfer whilst the policy was underfunded, it would be contractually liable to make up the shortfall required to pay the GMP. And so it declined to change its position on the matter.

Unhappy with the response, Mr W referred the complaint to our service on 6 May 2025.

Having considered the matter, our investigator thought that the complaint shouldn't be upheld, saying the following in summary:

- The aim of our service is to take an impartial approach to determine whether complaints are settled between consumers and businesses fairly. But we are not the regulator - this is the Financial Conduct Authority ("FCA").
- The FCA is responsible for setting the rules for businesses to follow and for checking that these rules are being followed. It isn't within our service's powers to ask a

business to change or adapt its processes. So, we're unable to make recommendations in relation to its processes.

- Aviva must ensure that the retirement benefit which Mr W receives is at least the amount specified in his policy, which becomes payable beyond age 65. So, in line with most other provider practices, Aviva may restrict a policyholder's ability to transfer their pension funds to another provider if the value of the pensions is lower than the cost of meeting the GMP.
- Mr W considered that he'd met all the requirements to transfer his pension from Aviva. This was because the transfer value was more than £30,000, and he'd received financial advice in line with Aviva's terms and conditions. And he'd said to Aviva that he accepted he would be losing some benefits of his policy by transferring away from it.
- Aviva understood that Mr W would be willing to lose some benefits of his policy, but it was a legislative requirement that the GMP be covered, so Aviva is obliged to follow this.
- In its submission to our service, Aviva referenced the relevant part of the legislation it was obliged to follow in order to be compliant with the Contracting-out (Transfer and Transfer Payment) Regulations 1996 and Section 97 of the 1993 Pension Schemes Act. Aviva felt that it had acted in line with the 1996 regulations, specifically: Section 5 (d) which said the following:

"The transfer payment (whether or not it forms part of a larger payment in respect of both guaranteed minimum pensions and other rights) is of an amount at least equal to the cash equivalent of the earner's accrued rights to guaranteed minimum pensions, as calculated and verified in a manner consistent with regulations made under section 97 of the 1993 Act."
- Based on this, Aviva said it couldn't allow the proposed transfer because the transfer value of the policy in question wasn't sufficient to meet the cost of providing the GMP. And Aviva's analysis of the legislation was correct in that the transfer couldn't proceed unless the GMP liability was met.
- Mr W had said that, at the time he reached his nominated pension retirement age, on 8 December 2024, the plan transfer value was greater than the stated GMP. But the cost of providing the GMP wasn't fixed, and was revalued on a regular basis. These calculations were completed by actuarial experts and were affected by several external economic factors.
- So, Aviva had based its decision on the transfer value and the cost of providing the GMP at the time it received the pension transfer request, rather than the transfer value at the date Mr W reached his nominated retirement age.
- At the time of the transfer request, in January 2025, the transfer value of the policy was £41,700.21 and it needed to be £66,219.80 to meet the GMP. So, although the transfer value in December 2024 exceeded the GMP at that time, Aviva acted reasonably in basing its decision on the current transfer value and GMP at the time of the transfer request.
- Therefore, Aviva hadn't acted incorrectly in declining the transfer request.

Mr W disagreed, however, and requested that the matter be referred to an ombudsman for review. He said the following in summary:

- He provided background details, in that he was an overseas resident, and wished to move his UK pension benefits to access them so that he could spend more time with his wife who suffered from ill health.
- He accepted the legislative position on the transfer requirements around the GMP, but there were financial implications for his overseas pension situation if he wasn't able to transfer to the IFGL SIPP.
- He considered that Aviva hadn't acted honestly and fairly with the processing of his transfer. He provided details of plan information and policy statements from 1991 up to 2025. But Aviva didn't provide an anniversary certificate or maturity statement upon reaching the nominated retirement date in December 2024, when Mr W reached age 65. This would have provided details of the maturity value and retirement options by way of bonus information.
- No bonuses had been added since 2008, despite Aviva reporting positive investment returns over the plan's long term investment term. Aviva had also extended the vesting date to age 75 two days after Mr W had turned 65, but it had provided no updated information about additional regular or final bonuses which may have been applicable at age 65.
- This plan value in December 2024 of £39,681.43 had only increased from the plan value of £37,760.05 on 20 June 2024 which indicated that very little or no final regular and final bonuses were actually added.
- Aviva hadn't provided the valuation method for arriving at the cost of providing the GMP of £66,219, and so this couldn't be evaluated. Nor had it provided a likely projection as to when the plan might have sufficient funds to cover the cost of providing the GMP.
- Other providers were known to have offered cash values, or cash equivalent transfer values (CETVs) in respect of the cost of the GMP, even if the actual fund value didn't support this.
- Aviva had acknowledged that he's sought financial advice, and that he had no intention of taking his benefits before age 65.
- Aviva's customer service had been poor, with posted documents regularly taking weeks to arrive and a reluctance on Aviva's part to employ digital form exchange and signatures.
- Aviva had also shown a lack of professionalism in its formal communications, having only promoted the need to transfer out of his current plan to be able to access greater flexibility of retirement options.
- Aviva had a history of not acting fairly in honouring the transfer of section 32 with profits pension benefits, as per a different case which had been decided by this service.

As requested, the matter has been referred to me for 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.

And having done so, whilst I know this will come as a disappointment to Mr W, I've reached the same overall conclusions as the investigator, and for broadly the same reasons.

Given the fairly narrow basis of the complaint submitted to both Aviva and this service, which related to Aviva declining to transfer the policy in question, I'm afraid I wouldn't be able to comment on much of what Mr W has said in his response to the investigator's assessment. This is because Aviva would need to first be afforded the opportunity to respond to issues such as the bonuses applied to the policy over its term, the lack of a maturity statement when Mr W reached 65, and the valuation method used and the lack of a projection as to when the pension fund might exceed the amount required to fund the GMP. Nor would I be able to make a determination on Aviva's alleged poor service or its requirement of a "wet signature" for transfer documentation until it's been able to comment upon this.

What I can consider here, though, is whether Aviva has acted fairly in denying Mr W the facility to transfer the policy with the GMP, but it seems that Mr W has accepted that Aviva is bound by legislation which requires it to provide that GMP. What Aviva is not obliged to do, however, is increase the pension fund so that it has the cash equivalent value of the cost of providing that GMP.

It may be the case that other providers have unilaterally decided to increase policy values so that policyholders can transfer the GMP liability, but this wouldn't mean that Aviva is bound to offer the same concession. And the disparity here between the policy value and the amount required to fund the GMP is significant, with the former being around 63% of the latter.

I do appreciate what Mr W has said about his situation, and I sympathise with his predicament, but I do need to be fair to both parties, and it wouldn't be fair or reasonable to either Aviva, or other Aviva policyholders, to require Aviva to increase the policy value so that Mr W is then able to transfer his policy.

As I've said above, I haven't considered within this determination how Aviva has valued the cost of the GMP, or matters relating to the performance and bonuses over the years. If that's something which Mr W does wish to raise, along with the other issues set out above, then he should refer this to Aviva in the first instance and, if he remains dissatisfied with the response, may then refer to this service.

My final decision

For the reasons given, my final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 23 December 2025.

Philip Miller
Ombudsman