

The complaint

Mr R complains that Aviva Life & Pensions UK Limited (“Aviva”) failed to pay some pension benefits to him in a timely manner.

What happened

Mr R held pension benefits with Aviva. In October 2024 he asked that Aviva pay him all his pension benefits as a single lump sum. Mr R made a separate complaint to Aviva about what happened at that time – Aviva said it couldn’t proceed with his request until it had sent him some information that was stipulated by its regulator.

Mr R made his formal request to Aviva for the payment of the pension benefits on 30 October 2024. As I will discuss in more detail later in this decision there were a number of errors between Mr R and Aviva with regard to the information he needed to provide to authorise that withdrawal. At first Aviva told Mr R it could only accept certified identity documents. Then it later told Mr R that the bank statements he had provided didn’t meet its requirements as they didn’t show his full name. Ultimately Aviva only gave clear instructions to Mr R about the information it needed on 13 December. By then Mr R had already complained about the time his withdrawal was taking to complete.

Mr R says that it took some time for him to compile the identification information that Aviva required. He said he needed to change the name on his bank account to include his middle name. And he then had to create five day’s of transactions to meet another of Aviva’s requirements. So he says he wasn’t able to complete the identity requirements until 11 January 2025.

Around a week later Aviva told Mr R that it had been unable to read the bank statement that had been submitted as the image quality was too poor. But later Aviva accepted that was a fault of its scanning team and it had been able to obtain a better quality image. Aviva paid Mr R’s pension benefits on 24 January 2025.

Aviva told Mr R in response to his complaint that it accepted it had caused some delays to his withdrawal. But it said most of the delays were because Mr R hadn’t returned the signed instruction with the required identity information. Aviva paid Mr R £7.97 interest in respect of the delayed payment. And it paid him a further £150 for the inconvenience he’d been caused. Unhappy with that response Mr R asked us to look at his complaint.

Mr R’s complaint has been assessed by one of our investigators. In his assessment the investigator thought that the delay to Mr R’s pension benefits being paid that was caused by Aviva was longer than the firm had previously accepted. He thought that, had nothing gone wrong, Mr R should have been paid his pension benefits by 29 November. So, he asked Aviva to work out whether that additional delay had caused any fall in the value of Mr R’s pension withdrawal. The investigator also asked Aviva to pay Mr R some additional interest for the extended delay. But he thought that the compensation Aviva had already paid Mr R for his inconvenience was fair.

Aviva accepted the investigators findings and calculated that it needed to pay an additional £585 compensation to Mr R. But Mr R didn't think the assessment had fairly considered the delays he had faced, particularly at the early stages of his request. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process. If Mr R accepts my decision it is legally binding on both parties.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr R and by Aviva. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words, I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead, this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

Before he made this complaint, Mr R had previously complained to Aviva about what had happened before the pension illustration was sent to him on 30 October. As Aviva explained in its response to that complaint Mr R would have six months to refer his complaint to us if he remained unhappy with what had happened. Mr R didn't ask us to look at that complaint, so it isn't something I can consider here. So my consideration of this complaint will start at the point the illustration was sent to Mr R on 30 October.

Generally Mr R has responded quickly to Aviva's requests for information and identity documents. So that would lead me to conclude that any delays after the illustration was issued were the fault of Aviva. But there is one exception to that - a delay whilst Mr R says he needed to collate the information needed to verify his bank account.

I don't think Aviva's request of Mr R, for a bank statement showing his full name, address, and active transactions was unreasonable. But, at first, Mr R was not able to provide that statement to Aviva. His bank account did not show his middle name. So Mr R needed to take some time to add his middle name to the account, to make some transactions to meet that part of Aviva's requirements, and await the production of a statement by his bank. I accept that he was doing those tasks over the Christmas period, but after allowing for non-working days during that time, I don't think the time he took would have been greatly extended by the time of the year.

It took Mr R around 18 working days to send in the bank statement information once Aviva had made its requirements clear. So, had nothing gone wrong I think he might have sent that information to Aviva 18 working days after the illustration had been issued on 30 October. That means that, after allowing a reasonable period of five working days for Aviva to verify the information and process the instruction, his pension withdrawal should have been paid on 29 November 2024.

By taking this approach, I don't need to consider all that happened between Mr R and Aviva in the lead up to him being given the correct identification requirements on 13 December. My finding in that regard is that the delays caused, between 30 October and 13 December were

entirely the fault of Aviva. But I haven't seen anything to make me think that there would have been a material difference in the time it would have taken Mr R to compile the needed bank statement information had those requirements been made clear at the start.

Mr R's pension withdrawal was valued on 13 January. So, to put things right Aviva would need to ensure that the value of Mr R's pension savings hadn't fallen between 29 November and 13 January. The information Aviva has provided shows that Mr R would in fact have received more income had the payment been made at the earlier date. And Aviva would also need to compensate Mr R for the loss of use of the money in the period of the delay. As I said earlier Aviva has agreed to both those amounts of compensation, and confirmed the amount due to Mr R.

I appreciate Mr R's concerns that in calculating this loss Aviva could be considered to be "marking its own homework". But this Service isn't designed to perform those calculations. My decision will simply direct Aviva on the steps it needs to take to put things right. I am satisfied that the calculations Aviva has already performed are a fair reflection of the directions I am giving in this decision. I haven't seen anything to make me think that Aviva hasn't performed those calculations fairly and accurately.

Aviva has already paid Mr R £150 for the inconvenience he was caused by the late payment. I've thought carefully about what I would normally award in circumstances such as these. And having done so I am satisfied that the compensation Aviva has already paid for Mr R's inconvenience is fair and reasonable. So I will not be directing any further compensation be paid in that regard.

I hope that this decision allows Mr R to understand that the only delay in the payment of his pension benefits (following the issue of the illustration on 30 October) that I am not deeming the fault of Aviva is the time it took him to compile the bank statement information. I think the request for that information was reasonable and the time it would have taken for Mr R to comply can be fairly measured by the actual time he took. Otherwise I think the poor information Aviva gave to Mr R about its identification requirements caused a delay to his pension benefits being paid, and so he needs to be paid some additional compensation.

Putting things right

Aviva delayed the payment of Mr R's pension benefits between 29 November 2024 and 24 January 2025. So to put things right, Aviva needs to do the following;

- Work out what the value of Mr R's pension benefits would have been had they been paid to him on 29 November 2024. If that is greater than the value he actually received Mr R should be paid the difference as compensation. But the total amount should be reduced to notionally allow for any income tax that would otherwise have been paid. This is an adjustment to ensure the compensation is a fair amount – it isn't a payment of tax to HMRC, so Mr R won't be able to reclaim any of the reduction after compensation is paid.

The notional allowance should be calculated using Mr R's actual marginal rate of tax. I think it reasonable to assume that Mr R is likely to be a basic rate taxpayer, so the reduction should equal the current basic rate of tax. However, as Mr R would have been able to take some of that money as a tax-free lump sum, the reduction should be applied to 75% of the compensation, making an overall reduction of 15%.

- Aviva should pay simple interest at a rate of 8% per annum to Mr R on the total amount of compensation (less tax) that he should have received on 29 November. It should pay that interest for the period until the payment was actually made on

24 January. Aviva may deduct from that payment the £7.97 interest it has already paid to Mr R.

- I think the compensation Aviva has already paid to Mr R of £150 for his distress and inconvenience is reasonable so no further payment needs to be made in this regard.

My final decision

My final decision is that I uphold Mr R's complaint and direct Aviva Life & Pensions UK Limited to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 1 January 2026.

Paul Reilly
Ombudsman