

## The complaint

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

## What happened

Mr K held pension savings with Aviva. In May 2024 Aviva wrote to Mr K to remind him that he would need to take the benefits from his pension policy before his 75<sup>th</sup> birthday in May 2025. It invited Mr K to get in touch with Aviva to discuss his retirement options.

Mr K wrote to Aviva on 9 September 2024 to explain that he was hoping to take his retirement benefits immediately. He asked for confirmation of the amount of pension commencement lump sum (“PCLS” – otherwise known as tax-free cash) that was available on his plan, and for a quotation to use the remainder of his pension savings to purchase a level annuity with a ten-year guarantee.

On 28 October 2024 Aviva sent Mr K a retirement options pack (“ROP”). But that pack didn’t include the quotation that Mr K had requested for an annuity with a ten-year guarantee. So, Mr K wrote back to Aviva on 18 November to request a revised quotation. Aviva failed to respond to that request. So, Mr K asked Aviva to raise a complaint about what had happened when he wrote to the firm on 17 January 2025.

Aviva sent a new ROP to Mr K on 19 February and also attempted (unsuccessfully) to speak with him by phone the following month to complete some risk questions in relation to the annuity purchase. Aviva issued its final response in relation to Mr K’s complaint on 14 March. It apologised for the delays he had experienced and paid him £175 for the inconvenience he had been caused.

Mr K spoke again with Aviva on 2 April. Aviva said that it would send a new quotation to him. But when that quotation was again not received, Mr K wrote to Aviva on 18 April. Aviva logged a further complaint in relation to the delays at that time. Unhappy with the delays, and Aviva’s responses, Mr K brought his complaint to us.

Aviva issued a correct quotation to Mr K on 27 June. And it appears that Mr K was paid a further £250 by Aviva although he didn’t receive the letter Aviva said it would send explaining the reason for the payment. Mr K has said that he has accepted Aviva’s most recent quotation and was happy for the annuity to be set up on that basis.

Mr K's complaint has been assessed by one of our investigators. She explained that she had asked Aviva for some more information about how it had dealt with Mr K's complaints, but a response hadn't been provided. She thought it reasonable that both complaints Aviva had logged should be dealt with together. The investigator thought that Aviva hadn't treated Mr K fairly. She thought that, if nothing had gone wrong, Mr K's annuity should have been set up by 12 November 2024. So, she asked Aviva to work out whether the annuity Mr K would have received at that time would be greater than he was now receiving. And she asked Aviva to pay Mr K some interest to reflect the delayed start of the annuity. The investigator noted that it appeared Aviva had already paid Mr K £425 across the two complaints for the inconvenience he had been caused. She thought that Aviva should pay a further £125 (making a total payment of £550) for Mr K's inconvenience.

Mr K accepted the investigator's findings. But disappointingly, Aviva has failed to respond to her assessment. 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 K 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 K 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.

It has been disappointing that Aviva has failed to provide some of the information that our investigator has requested, and that it has failed to respond to the assessment that she made on the complaint. I am sure I don't need to remind Aviva of its responsibilities under the regulator's DISP rules, or that those rules permit me to proceed with my consideration of the complaint in the absence of any requested information.

Our investigator set out in some detail the timeline that she thought might have been appropriate had nothing gone wrong with Mr K's requests. I have reviewed those findings in detail and find them both fair and reasonable. So, in this decision, I do not intend to repeat all the detail that our investigator provided.

I am satisfied that the letter Mr K sent to Aviva on 9 September 2024 clearly set out the basis of the annuity quotation that he wished to receive. Allowing for a short period of time for that letter to be received and a response to be issued, I think that a correct quotation should have been issued to Mr K by 19 September.

It seems that, following receipt of the information Aviva initially sent, Mr K did ask Aviva to update its quotation to take account of his medical history. So, allowing a similar timeframe for that request to be made and responded to, I think a new quotation should have been with Mr K by 22 October. I am satisfied that Mr K would have accepted that quotation within five working days so, allowing for Aviva processing the application and completing its risk assessment, I think Mr K's annuity should have been set up, and his PCLS paid, by 12 November 2024.

I think it is clear that Aviva hasn't dealt with Mr K's relatively straightforward request in any semblance of a timely manner. I appreciate that Mr K's preference for written contact might have slowed things down a little, but I don't think that provides any mitigation for the excessive time that has been taken for this request to be completed.

So, following the same approach our investigator outlined, I think that Aviva needs to work out whether the delays have caused any loss to Mr K. I understand that, since he turned 75 years of age in May 2025, the quotations he accepted will have been based on the value of his pension savings at that date. But as I've explained above, I'm satisfied that, had nothing gone wrong, the annuity would have been set up around six months earlier.

To put things right, I will ask Aviva to work out what annuity (and PCLS) would have been paid to Mr K had things progressed more quickly. If either the annuity or PCLS would have been higher, then Aviva will need to put things right. And Aviva will also need to pay the annuity payments Mr K will have missed out on due to the delay, and some interest to reflect the later payment of the PCLS.

Although, as I have explained above, some of the information I have is incomplete, it seems that Aviva has paid Mr K a total of £425 to compensate him for the inconvenience he has been caused by the delays in putting his pension benefits into payment. As I will now go on to explain I don't think that amount is sufficient.

Mr K had saved carefully over his working life to provide for his retirement. As he approached the point at which he needed to use those pension savings he was not given the support by Aviva that he rightly expected. He was left very concerned that he might be unable to benefit from the tax advantages that a PCLS payment offered. So, it is understandable that he was very distressed by what happened, and the lack of communication from Aviva.

I think that a higher compensation payment than £425 is warranted here. Our investigator recommended that Aviva should pay Mr K some further compensation to make a total payment of £550. Having considered that recommendation, and what I would award in similar circumstances, I think our investigator's assessment is fair and reasonable.

From the limited information we have it isn't entirely clear whether Mr K's annuity has now been put into payment. But if not, I would urge Aviva to progress matters quickly to avoid any further complaints being necessary.

### **Putting things right**

I think that, if nothing had gone wrong, Aviva would have been in a position to commence payment of Mr K's annuity, and PCLS by 12 November 2024. So, to put things right Aviva should;

- Calculate the PCLS that would have been payable to Mr K on 12 November 2024. Should that be greater than the PCLS Mr K has received, he should be paid compensation equal to the difference.

- Calculate the annuity that would have been payable to Mr K from 12 November 2024. Should that be greater than the annuity Mr K has received, he has lost out and should be paid compensation. Aviva should either increase the amount of Mr K's annuity or provide him with an additional annuity (on the same terms as the original annuity) for the difference.
- Mr K's annuity should have started from 12 November 2024. So, he will have missed out on annuity payments from that date to the actual start of his annuity (that I understand would be his 75<sup>th</sup> birthday). Aviva should pay Mr K compensation equal to the net value of the annuity payments he has missed (so after the deduction of income tax.)
- Aviva should add simple interest at a rate of 8% per annum to both the delayed PCLS payment, and to any other compensation payments I am directing above to reflect any delays from when they should have been paid, to the actual date of payment or settlement of this complaint. HM Revenue & Customs requires Aviva to take off tax from this interest. Aviva must give Mr K a certificate showing how much tax it's taken off if he asks for one.
- Aviva should pay additional compensation to Mr K for the distress and inconvenience he has been caused so that the total amount he receives (including any compensation already paid) equals £550.

### **My final decision**

My final decision is that I uphold Mr K'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 K to accept or reject my decision before 26 January 2026.

Paul Reilly  
**Ombudsman**