DRN-6075554

The complaint

Mr F has complained about the actions of Aviva Life & Pensions UK Limited when he tried to surrender a policy. He says Aviva caused the process to become protracted, causing him financial and emotional distress as a result.

What happened

I have already issued a provisional decision in which I set out, in detail, the background to this complaint and my preliminary findings. Both parties have been sent that provisional decision, so I won't repeat what I said here. My provisional decision is, however, attached and forms part of this final decision.

I provisionally decided Aviva wasn't at fault for all the delays experienced during the surrender process. But I thought it had caused *some* unnecessary delays so I upheld Mr F's complaint. I set out what Aviva needed to do to put things right for Mr F which was, in brief, to calculate the surrender value Mr F would have received but for Aviva's delays, add interest to that figure for the cumulative duration of those delays and subtract Mr F's actual surrender value from the result of that calculation. If the comparison produced a positive figure, then that was the loss Mr F suffered. I said Aviva should compensate Mr F for that loss. I didn't think there was anything else for it to do as I thought the £250 it had already paid for the distress and inconvenience it had caused was sufficient.

Aviva responded to my provisional decision to say it agreed with my findings "in theory" but that its calculations didn't result in a financial loss to Mr F. It provided details of those calculations. Mr F didn't respond to my provisional decision.

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.

Neither party has provided me with any substantive reasons to depart from my provisional findings. So my final decision is broadly along the same lines as outlined in my provisional decision.

I note here that Aviva has said my proposed redress formula doesn't result in a financial loss for Mr F. In one of its responses to Mr F's complaint, Aviva said Mr F hadn't suffered a financial loss because it had assumed the surrender should have happened on 9 October 2024, at which point the surrender value would have been significantly lower than the amount Mr F actually received in January 2025.

For the reasons given in my provisional decision, I took the view that 9 November 2024 was a more realistic date for when the surrender would have happened but for Aviva's delays. But the same principle applies – according to Aviva's calculations, the surrender value Mr F ought to have received at that point would have been lower than the one he did receive. And even adding 8% interest to the lower surrender value for the cumulative period of Aviva's delays doesn't tip the balance the other way.

In short, according to Aviva's calculations, Mr F wasn't financially disadvantaged by its delays, even if following the approach set out in my provisional decision. I've no reason to doubt Aviva's calculations.

Putting things right

With the above in mind, I'm satisfied Mr F didn't suffer a financial loss.

Nevertheless, Mr F can still ask Aviva to complete a loss calculation for him. If he does request this, Aviva Life & Pensions UK Limited should take the following steps:

Step 1 – Establish the surrender value of the policy on 9 November 2024.

Step 2 – Add on 8% simple interest to the surrender value established in Step 1 for the period from 9 November 2024 to 30 January 2025.

Step 3 – If the value calculated in Step 2 is more than the actual surrender value of £140,300, there is a loss and the difference between these two figures is the compensation Aviva Life & Pensions UK Limited should pay to Mr F. If Mr F's actual surrender value of £140,300 is more than the value established in Step 2, there is no loss and no compensation is payable.

Step 4 – Provide Mr F with the details of its compensation calculation in a clear and simple format.

As Aviva has already paid what I consider to be a fair and reasonable amount for the distress and inconvenience it caused (which was £250), there's nothing further for it to do in this respect.

COPY OF PROVISIONAL DECISION

The complaint

Mr F has complained about the actions of Aviva Life & Pensions UK Limited when he tried to surrender a policy. He says Aviva caused the process to become protracted, causing him financial and emotional distress as a result.

What happened

Mr F held a policy with Aviva which he wanted to surrender in order to alleviate some significant financial concerns. The policy was jointly held with his now ex-wife although the terms of the divorce meant she had committed to transfer her interest in the policy to Mr F.

In December 2023, Mr F contacted Aviva in order to surrender the policy. It wasn't until February 2025 that the process was completed. In the meantime, a significant amount of correspondence has been generated by the parties. I don't consider it necessary to revisit everything again in my decision. The investigator assigned to this case has summarised events in a comprehensive manner and, in any case, the parties will be familiar with what has happened. Suffice to say, Mr F's complaint is relatively straightforward: he thinks Aviva put unnecessary barriers in the way of him completing the surrender.

The main point of contention between the parties is the extent to which it was fair for Aviva to require certain documents in order to allow the surrender and the extent to which it was fair for it to not accept some of the documents sent in by Mr F as being correctly certified. Mr F also thinks that Aviva wasn't clear in its requirements, changed its mind as to what it needed and caused additional confusion by not providing a consistent point of contact.

Aviva's position, in brief, is that its requirements were reasonable and the surrender process took so

long because Mr F was unable to, or chose not to, comply with those requirements. By way of background, Mr F lives overseas and spends significant periods of time working in other countries which meant he wasn't always able to respond to Aviva's requests.

Our investigator upheld Mr F's complaint. He thought Aviva should have been clearer in its communications and been more flexible in what it considered to be a correctly certified document, especially given Mr F's working arrangements and financial pressures. He concluded Aviva had caused undue delay. He asked Aviva to pay the surrender without further delay (the policy not having been surrendered at that point) and to compensate Mr F for the interest and other costs he said he incurred as a result of Aviva's actions. The investigator also recommended a distress and inconvenience payment of £500.

In response, Mr F provided a calculation showing his losses. Our investigator forwarded this to Aviva. Shortly afterwards, the policy was surrendered. Mr F was paid in two tranches, in January and February 2025. The second payment was made to correct the earlier payment which had been based on a wrong valuation date. Aviva accepted its mistake in this respect. It also accepted it had caused *some* delays during the surrender process. However, it didn't accept it should pay the compensation outlined by the investigator and later quantified by Mr F. Its position remained as it was before: it didn't cause most of the delay here. It asked for an ombudsman to decide on the matter.

What I've provisionally 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.

Broadly speaking, the process can be divided into four main periods, which I will address in turn.

1. <u>Initial contact and submissions – 7 December 2023 to 23 April 2024</u>

To begin with, it's worth noting that when Mr F first contacted Aviva about surrendering his policy, he had little information about it. All he had was a policy number and a statement from more than six years previously. Furthermore, his postal address and email address didn't match Aviva's records, Mr F having moved house a number of times in the interim. He was living overseas and in a country designated as higher risk by Aviva from a money laundering perspective. The policy was valuable and was being surrendered in full. And it was in joint names – Mr F and his now ex-wife, with Mr F indicating early on that his ex-wife wouldn't likely cooperate with Aviva's requirements. Mr F was also often working away and, understandably, unable to always respond to Aviva particularly quickly.

Whilst I appreciate Mr F's needs were urgent, I think it was reasonable for there to have been a number of administrative hurdles for Mr F to clear before the policy could be surrendered. And I think a few "false starts" were to be expected here. Whilst that doesn't mean Aviva necessarily acted as quickly as it could have done (more on which later), I think it's important context for some of what follows, especially in relation to the beginning of the process. In short, the surrender was never likely to be quick and straightforward.

Mr F first contacted Aviva about the surrender on 7 December 2023. He provided the policy number and a statement from more than six years previously. Aviva responded promptly with some follow-up questions to help confirm Mr F's identity – reasonably so. It offered to speak to Mr F to help move things forward. That conversation did, indeed, move things forward with Mr F sending in a number of documents by email and post on 22 December and on 12 January, the latter in response to an email from Aviva outlining the documents it needed, which were:

- proof of identity for all policyholders;
- proof of residence for all policyholders;
- a completed customer information form for all policyholders; and
- a completed source of wealth form and supporting documentary evidence.

The original intention was to have Mr F's ex-wife assign her rights to the policy to Mr F. Mr F told Aviva on 16 January that his ex-wife wouldn't likely be cooperative and asked Aviva to find "alternative ways" for him to be paid given it was, in effect, his policy under the terms of the divorce agreement (a copy of which was provided in the documents sent in by Mr F). On 23 January, Aviva said Mr F could surrender the policy without an assignment from his ex-wife, but it said the documents it had previously asked for would still be required.

On 30 January, Aviva emailed Mr F to let him know that it required a certified copy of his proof of address. On 1 February, Mr F responded saying his address was in the UK but he wouldn't be able to get certified proof of that address because he was rarely in the UK and, in any event, about to work in a different part of the world for six to eight weeks. He complained about the obstacles he thought Aviva were putting in his way and the number of different people he had been in contact with at Aviva.

Aviva responded on 7 February saying it had lodged Mr F's complaint. It also said it had checked with its technical team about precisely what was required in order to process the surrender which involved, in effect, two steps – recording a change in the policy's details and then a subsequent surrender of the policy. The list of requirements was as above with the addition of a completed form for Mr F's bank details (for the surrender payment) and certified proof of that bank account. Mr F responded the next day with the same message as before – that it would be impossible to provide certified copies of *anything*. He said he was about to hit a "financial brick wall" and requested Aviva find a way through his predicament. On 15 February, Aviva emailed Mr F to say it had checked but its requirements remained the same – a message it repeated on 19 March, albeit with an additional note about being unable to contact the person (a commissioner of oaths) who had certified his ex-wife's identity.

Concluding thoughts on this period: Aviva's messages weren't entirely consistent in this period. But, as I said in my introduction to this section, I don't think that was ever likely given the circumstances of Mr F's claim. On balance, however, I don't consider Aviva's actions were unreasonable. It was responsive to Mr F and it found a way through the issue of having to get his ex-wife to agree to an assignment of her rights to Mr F. Its requirements were reasonable. And it set out those requirements clearly and repeatedly.

2. <u>Further submissions but proof of residency still outstanding – 25 April 2024 to 11 July 2024</u>

Mr F sent in further documents on 25 April. It wasn't until 28 May that Aviva responded, which was too long. Aviva has accepted this. After further emails between the parties, Aviva wrote to Mr F on 17 June to outline its outstanding requirements, which were:

- certified proof of residency for Mr F relating to his actual country of residence (which wasn't in the UK, despite having family and a bank account there); and
- a completed customer information form.

Mr F responded the same day, expressing his frustration at having to provide certified proof relating to his main country of residence which he said he could have provided earlier in the process had he been asked for it. This is a reasonable point – it should have been evident to Aviva that Mr F wasn't really resident in the UK from early on in the process. Aviva accepted this.

Mr F sent the requested documents on 11 July.

Concluding thoughts on this period: It is at this point that Aviva's service dropped somewhat. There's evidence that it emailed one of Mr F's obsolete email addresses. It didn't respond to the documents Mr F sent on 25 April as quickly as it should have done. And when it did respond, it asked for verification of Mr F's address in his main country of residence rather than the UK, which is something that could have been requested far sooner. Aviva has accepted all this.

3. <u>Problems with Mr F's certifiers – 23 July 2024 to 31 December 2024</u>

On 23 July, Aviva emailed Mr F to say it couldn't contact the certifier of his (non-UK) address. That certifier was a commissioner of oaths (a different one to the one that had previously certified his ex-

wife's identity, who also couldn't be contacted). Mr F got his dentist to perform the role instead. But Aviva said a dentist wasn't an acceptable person to do this. Mr F then tried to use his bank to certify his address. That was also to no avail, with Aviva initially unable to contact the person used by Mr F because the branch had been going through a refurbishment. Subsequently the branch manager, who also certified Mr F's address, wanted Aviva to send in the documents in question before confirming anything – which Aviva wouldn't do for data protection reasons. It also transpired that the commissioner of oaths Mr F had used had left the company she had been working for so she wouldn't have been an acceptable certifier in any case.

Furthermore, when Aviva contacted Mr F's ex-wife, she had no recollection of having had any of her documents certified or of having met any certifier in person, both of which caused Aviva concern. This was reasonable, especially given concerns about contacting the certifier of her documents had been raised with Mr F as early as 19 March. Aviva told Mr F about its latest concerns on 31 December. The result of this was for Aviva to put in place more stringent requirements in relation to Mr F's ex-wife, which involved her having to call Aviva and a restricted list of who could certify her documents. Aviva set out its updated requirements in an email on 17 January 2025. Again, I don't consider its actions to have been unreasonable in the circumstances.

This period saw a significant amount of email traffic, with Aviva trying to contact various certifiers and informing Mr F of its lack of progress and Mr F insisting on the credentials of those certifiers whilst also trying to find replacements for them. It wasn't until January 2025 that the impasse was broken. It's not clear from either party's submissions what caused that, although I can see the policy was surrendered shortly after Aviva emailed Mr F on 17 January 2025 with its final requirements so that might have been the trigger for the surrender finally going through.

Concluding thoughts on this period: Aviva wasn't unreasonable in its approach to Mr F's certifiers. It isn't inherently unreasonable to restrict who can perform that function – which is why Mr F's dentist wasn't deemed acceptable. And it isn't unreasonable for it to have wanted to contact the people in question – which accounts for a lot of the other problems the parties faced here, including those relating to at least two of the commissioners of oaths that Mr F used. It was also reasonable for it to have treated the information provided by his ex-wife as concerning given she told Aviva she didn't recall having had any documents certified or having met any certifier in person. I also note Aviva made numerous attempts over several months to contact the various certifiers and let Mr F know what was happening throughout that process.

4. The current position and concluding thoughts

The policy has now been surrendered. So, on that front at least, the matter has been resolved. The question now is the extent to which Aviva caused delays.

Aviva accepts it caused *some* delays. I've referred to the main ones previously, specifically those caused by not promptly reviewing documents sent in by Mr F in April 2024 and not spotting earlier on that it wouldn't be good enough for Mr F to certify a UK address given his home base was clearly elsewhere. Aviva has also pointed to smaller scale delays – for instance, several days delay in contacting the certifiers in November. But its view is the substantive delays were not its fault but rather a function of Mr F not fulfilling its requirements – requirements it had every right to insist upon.

Mr F's view is that Aviva put unnecessary obstacles in the way of him surrendering his policy and that caused him to suffer emotional and financial distress. Our investigator thought Aviva should pay £500 for the former. For the latter, Mr F calculated his losses as being just under £10,000, the result of loan and credit card borrowing, postage costs and solicitor fees. He also pointed to missing out on investment gains although those losses weren't quantified.

Our investigator forwarded Mr F's calculation to Aviva. It wasn't willing to pay Mr F the losses he quantified. And its view on the distress and inconvenience award was that £250 would be fair and reasonable. My understanding is that the £250 award has already been paid. In total, Aviva's latest position (following our investigator's assessment) is that it caused approximately three months of delays.

Having reviewed each stage of the process, I'm satisfied Aviva didn't cause the substantive delays here. Its requirements were specific, but hardly unreasonable. Likewise, trying to contact the people who had certified Mr F's documents wasn't unreasonable. It would seem somewhat remiss for Aviva to have not verified what Mr F had sent in and it was, generally, proactive in trying to contact the people in question. It wasn't surprising that Aviva found it concerning that Mr F's ex-wife couldn't recall having had any of her documents certified. And Aviva was, generally, clear in its requirements and as pragmatic as it could have been in the circumstances.

With regards to the delay in the run-up to the surrender, Aviva has calculated that it caused three months of delays. This is based on an analysis of each step of the process and what a reasonable response time would have been when the matter was with Aviva to move things forward. The sum total of this leaves us with a hypothetical, and idealised, timeline for the surrender assuming no mistakes on Aviva's part. In its letter to Mr F dated 13 March 2025, Aviva told Mr F that this would have meant the policy should have been surrendered in full on 9 October 2024. It also told Mr F that he would have received a lower surrender value on that date, meaning he didn't suffer a financial loss even after interest is taken into account (although it didn't say what interest rate it used, a point I will return to shortly).

In itself, Aviva's approach is reasonable. However, I think there are additional considerations here. The substantive problem here was more than just a cumulation of small delays on Aviva's part – it was because Mr F wasn't in a position to have certain documents certified by an appropriate person. A few extra days' notice of that at various points in the process wouldn't likely have made that any less of an intractable problem for Mr F than it already was. Similarly, whilst Mr F ought to have been told sooner that certifying a UK address wasn't sufficient, the impact of this was somewhat diminished by the fact that because Mr F was concurrently sending in incomplete documentation. In that light, certifying a UK address didn't necessarily cause a material delay to the overall process although it did, of course, cause Mr F inconvenience which should be recognised.

With that in mind, Aviva should base its redress on the assumption that Mr F would have surrendered the policy two months earlier (rather than three months earlier). The hypothetical date of surrender would therefore be 9 November 2024 (rather than 9 October 2024). I recognise this isn't an exact science. That's inevitable given the nature of the delays here and the difficulties in establishing the impact of the feedback loops they create. But I think it's important to recognise that the three months of delays established by Aviva wouldn't likely have translated into the surrender actually happening three months earlier in this particular case. I think using two months goes some way to recognising this whilst simultaneously recognising the value in Aviva's more idealised timeline.

Aviva should also use an interest rate of 8% simple when calculating redress. Again, this isn't an exact science. But whilst it's reasonable to recognise delays on Aviva's part may have caused Mr F to take on some additional borrowing at certain points, or missed out on investment returns, in practice Aviva's delays were sporadic and for differing durations. In that light, it strikes me as being very difficult to isolate the precise financial implications of those delays. Furthermore, even if Mr F didn't incur interest or investment losses, it is indisputable that he was denied access to his funds for a period, the impact of which would have to be accounted for whatever other costs he incurred. The 8% figure is a useful proxy for all of these considerations, a proxy that is often used by the Financial Ombudsman Service in situations such as this.

The surrender value was paid in two tranches. Aviva emailed Mr F on 27 January 2025 to confirm the first payment (which was £123,805.62). It said it would take 3-5 days for Mr F to receive the funds so I will assume they were received on 30 January. Unfortunately, Aviva mistakenly paid too little at this point so it corrected this by sending a second payment of £16,494.71. It sent an email to Mr F to confirm this on 12 February 2025. The total surrender value was therefore £140,300, with Mr F able to use the majority of his surrender value for whatever purpose from around 30 January 2025. This informs my approach to redress below. As this is a provisional decision, the parties have the opportunity to correct any factual inaccuracies with the above should there be any.

With all the above in mind, and subject to any further comments, I will likely be asking Aviva to take the following steps in order to put things right for Mr F:

Step 1 – Establish the surrender value of the policy on 9 November 2024.

Step 2 – Add on 8% simple interest to the surrender value established in Step 1 for the period from 9 November 2024 to 30 January 2025.

Step 3 – If the value calculated in Step 2 is more than the actual surrender value of £140,300, there is a loss and the difference between these two figures is the compensation payable to Mr F. If Mr F's actual surrender value of £140,300 is more than the value established in Step 2, there is no loss and no compensation is payable.

Step 4 – Provide Mr F with the details of its compensation calculation (even if there is no loss) in a clear and simple format.

I don't propose adding to the £250 Aviva has already paid for the distress and inconvenience it caused. I recognise how frustrated Mr F was with the surrender process, and the money pressures he was facing. But, for the reasons given above, Aviva's requirements weren't unreasonable. And it didn't cause the substantive delays here. So much of the distress and inconvenience was either unavoidable or not of Aviva's making. I therefore think an award of £250 is fair and reasonable and in line with our approach to making such awards.

END OF PROVISIONAL DECISION EXTRACT

My final decision

For the reasons given above, my final decision is to uphold this complaint. The steps Aviva Life & Pensions UK Limited should take to put things right for Mr F are outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 10 February 2026.

Christian Wood
Ombudsman