

## The complaint

Mr L (Mr L1) and Mr L (Mr L2) complain that Aviva Life & Pensions UK Limited (Aviva) unfairly delayed the surrender and payment of an investment bond, causing them financial loss.

## What happened

In 2001 Mr L1 and Mr L2 invested into a jointly held investment bond with Aviva. Recently they decided to surrender the bond and instructed Aviva to pay the proceeds into an account held with a firm I'll refer to as 'B'.

Prior to formally sending the surrender request, Mr L1 sent Aviva an email on 12 April 2024 containing the required form and supporting documents they intended to submit by post. Further exchanges and clarifications took place about the submissions with Aviva saying on 26 April 2024 that the pack should now be sent by post, which it received on 9 May 2024. Further communications took place and further information was sought by Aviva before it paid the surrender value of £155,948.95 into the designated account on 12 July 2024.

Because of the time it took Aviva to surrender the bond, Mr L1 complained that it had unfairly caused delays. In his view Aviva had asked for information he'd already provided and changed its policies about what it needed. He was also frustrated that Aviva had earlier told him it had everything it needed only to be told that it needed more information to complete the surrender.

Aviva considered the complaint and agreed in part that the complaint should be upheld. It explained that while it caused some delay at the end of the process, it was satisfied the surrender value paid was actually higher because it was delayed. It recognised it had caused them inconvenience in how the surrender was handled and offered an additional £50 as an apology.

As Mr L1 and Mr L2 remained unhappy with the situation they asked our service to look into what happened further. One of our Investigators considered their complaint but didn't find that Aviva needed to do anything more than it had already done. In his view while Aviva caused a delay and provided service below what should be expected, he thought how Aviva had already compensated the matter was fair.

Mr L1 and Mr L2 didn't agree explaining they felt that their concerns that Aviva refused the original documentation they'd sent when its procedures say it would accept originals hadn't been considered. They also questioned why after around 22 years of investing in this bond that Aviva were only now asking questions about the source of that money. They reiterated in their response they felt by having to provide copies of documents already sent and enquires around the sources of the money unnecessarily caused them to end up back at the beginning of the surrender process. Our Investigator considered their response but didn't change his view on this matter.

As an agreement wasn't reached the complaint was passed to me to decide. I reached a different outcome to our Investigator and issued a provisional to set out my conclusions.

In my provisional decision I said:

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

*When Aviva received Mr L1 and Mr L2's request to surrender their bond I would expect it to carry that out in a reasonable time. I must bear in mind when determining whether it did so that there are strict requirements on firms to carry out checks on the identity of those requesting such encashments, and the sources of that money. These requirements typically require checks to be carried out at certain trigger points, which commonly include encashment as Mr L1 and Mr L2 have experienced. This is likely why they haven't been asked for this information previously as no such event had yet likely occurred. It doesn't matter when the investment was made, if the surrender took place after they were implemented then Aviva is obligated to carry out sufficient checks on that money.*

*In response to the documents Aviva received on 9 May 2024, it wasn't willing to accept the proof of account for where the money was to go. It explained this was because it didn't show the names of the account holders. On the following day, 24 May 2024, Mr L1 provided further information from his personal banker at B confirming the account owners. But as Mr L2 wasn't named on this account, Aviva told Mr L1 on 31 May 2024 it needed to speak with Mr L2 to confirm the surrender. Mr L1 arranged a call between Aviva, himself and Mr L2, where Mr L2 agreed to the surrender being paid to the B account.*

*In my view I don't find Aviva's concerns around the proof of account were unreasonable. I say this because the bond was jointly owned by Mr L1 and Mr L2, but Mr L2 wasn't a named on the account the surrender was being instructed to be paid to. Until it had confirmed arrangements with Mr L2 given he wouldn't be in a position to directly access those funds, it wouldn't be unfair in my view Aviva chose not to progress the surrender until it was satisfied Mr L2 understood and consented to the arrangement. Upon reviewing the documentation provided by Mr L1 on 9 May 2024, I think Aviva ought to have identified the issue with the account names earlier than it did. I say this because the information submitted at that time was sufficient to highlight a discrepancy between account holders, as the full name corresponding to the differing initial was clearly visible on the accompanying statements. In my view that means Aviva ought to have recognised that further verification and clarification regarding the account were necessary.*

*But even if it did, once Aviva had realised it needed to speak to Mr L2 it wasn't until 7 June 2024, six working days after Aviva informed him this step was needed, that the parties were able to arrange a call between them. Given Aviva isn't solely responsible for that delay and there are matters outside its control, namely the availability of Mr L1 and Mr L2, I can't fairly conclude that Aviva unfairly caused a delay in the surrender by not identifying the account name issue earlier than it did.*

*There are however other steps in the surrender that I think Aviva delayed, and that those were reasonably avoidable.*

*The first of these is that Aviva took 10 working days from when it received the surrender request to when it emailed Mr L1 on 23 May 2024 asking for further information. I've not been provided with any evidence or explanation around what*

*steps Aviva was taking to progress the surrender during that time. I will add here that if Aviva has further information or evidence around this part of the timeline then I would ask that it provide that in response to this decision. With the evidence I do have, I think it's likely Aviva could've progressed this part of the surrender more quickly than it did, and by not doing so unreasonably delayed the surrender.*

*The second being that Aviva could've in my view queried the source of the invested money sooner than it did. I say this because Mr L1 and Mr L2 provided the same explanation from 12 April 2024 until Aviva's request for more information on 18 June 2024, that it had come from "life savings". It isn't clear to me why Aviva didn't ask for the further clarification it did around this on 23 May 2024 when it asked Mr L1 about the proof of account, instead waiting until 18 June 2024. In my view it ought reasonably to have had the same concerns in June that it did in April and queried that at the same time it did the proof of account. Had it done so then it would've had all the information Mr L1 provided in response to those queries, which satisfied its concerns, earlier than it did.*

*It follows then I intend to say that Aviva caused more of a delay than it has already acknowledged. It's difficult to be precise in these matters but when determining when it's most likely Aviva would've been able to send the payment had there not been the delays I've set out, I've considered what I think most likely should've happened. In doing so, I've considered Aviva's bond surrender guidance from September 2024 which says bond surrenders should be made within six days of having the information needed to do so and that it aims to complete surrenders as quickly as possible. I accept this guidance was issued after Mr L1 and Mr L2's surrender had completed but I think it's likely indicative of Aviva's approximate timescales at the time. I would add here if Aviva's literature from the time of Mr L1 and Mr L2's surrender said something else, then it should provide that in its response to my provisional decision.*

*When thinking about how long this surrender reasonably ought to have taken, I think it's fair to assign a few working days to Aviva being in a position to action the next stage of the surrender. I think this is fair when the administrative work required doesn't appear to be burdensome and that Aviva in the literature I cited portrays it dealing with matters as quickly as possible. I've also balanced that against the reality that Aviva likely would've had other surrenders in flow and wouldn't always be able to concentrate solely on Mr L1 and Mr L2's. If Aviva has further evidence to provide about its internal timescales, then it should do so in response to this decision.*

*Aviva in making its offer concluded that that transfer ought to have taken place on 26 June 2024 and an amount issued based the bond value three weeks prior, 3 June 2024. But given the conclusions I've reached above, I think the surrender was delayed by more than this alone – which acknowledged the time taken from receiving the information, time taken to decide it was sufficient and payment being made. But in my view the transfer incurred more delay than that, and more than I consider reasonable overall.*

*Aviva has already gone some distance to acknowledge that, as I've mentioned, but its reconstruction doesn't in my view include the additional delays I've found it likely caused. Taking into account what I've said above about how long I think Aviva ought reasonably have taken and when it ought to have carried out some*

*of the activity it did, I think it's more likely Aviva would've been in a position to release the funds on 10 June 2024, using the bond valuation date that would've applied had it done so. If either party has evidence to demonstrate that a different date would be more likely, that should be provided in response to this decision.*

*I understand Mr L1 and Mr L2 feel that Aviva caused more delay and inconvenience than I've set out by it asking for certified original bank statements after initially accepting the originals they'd provided. But overall, I'm satisfied Aviva did so as part of its source of wealth enquiries which as I've said above it would be entitled to do so. In my view although Aviva's policy does original or certified copies are acceptable, it also has a degree of discretion over what will satisfy itself it is complying with the regulatory checks it was carrying out. While that clearly caused frustration and inconvenience to Mr L1 and Mr L2, I'm satisfied given its enquiries about the source of wealth hadn't been sufficiently answered it wasn't unreasonable it wanted to carry out further checks on the documentation it had been provided already.*

*But Mr L1 did have to chase Aviva on a number of occasions when he shouldn't have needed to and was incorrectly told at times Aviva had what it needed to proceed. Those incidents were avoidable and caused Mr L1 unnecessary frustration and time to communicate with Aviva. I note Aviva has already offered and paid Mr L1 and Mr L2 a total of £50 for those problems, but I intend to say £100 more reflects the inconvenience caused.*

*It follows then I intend to say Aviva acted in a reasonable and proportionate manner around the checks it wanted to carry out, but I think overall that took longer than it ought to reasonably have.*

### **Putting things right**

*My intention is that Aviva put Mr L1 and Mr L2 in the position they would be in had the surrender completed on 10 June 2024.*

*To do that Aviva needs to calculate the amount due based on that date, along with interest, and offset anything already paid against that. In my view that means Aviva needs to calculate the amount, if any, due as follows:*

- *A = the value of the bond based on the valuation date had the surrender payment been ready to send on 10 June 2024.*
- *B = 8% simple interest on this amount between 10 June 2024 and 26 June 2024*
  - *i.e. the period from when I've said the surrender should've been paid until the date Aviva has already backdated the payment date to.*
- *C = A + B*
- *D = C less the surrender amount already paid – which I understand to be £155,948.95 which includes both the surrender proceed and late payment interest.*
- *If D is greater than £0 then Aviva should pay that amount to Mr L1 and Mr*

*L2 along with 8% simple interest on that amount to reflect the deprivation of use.*

- *If D is £0 or less then Mr L1 and Mr L2 haven't incurred a financial loss, and Aviva won't have anything more to pay in regard to the surrender payment.*
- *Separately and regardless of whether D indicates a financial loss or not, pay £100 compensation for the inconvenience caused – taking into account the £50 already offered.”*

Aviva responded to my provisional decision to say it had calculated the amount due, based on what I said above, and that resulted in a lower surrender value of £154,951.46, than what it had already paid to Mr L1 and Mr L2. It agreed to pay the additional compensation of £50.

Mr L1 and Mr L2 responded to say they should've received the policy value from 12 July 2024, £160,206.98, and have been paid that within three to five working days provided.

### **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.

Having reviewed the matter again in light of the responses from both parties, I've not seen to depart from the conclusions I set out in my provisional decision.

I understand the point Mr L1 and L2 make but for the reasons I explained above the surrender ought to have been completed on 10 June 2024 had the surrender proceeded as it ought to have. I'm satisfied by Aviva's explanation that it's delay actually caused Mr L1 and Mr L2 to receive a higher surrender value.

Mr L1 and Mr L2 have asked for the surrender value since their complaint was raised on differing dates, including 8 July 2024 and 12 July 2024, both figures around £160,000. But I'm not persuaded that is the amount due to them. I say this because I've not seen evidence that is the valuation this surrender ought to have completed against, or evidence that the bond was surrendered for that value.

Mr L1 and Mr L2 mentioned in their complaint they were given a “cash-in” value, but I'm not persuaded that alone demonstrates the policy had already been surrendered for that value. There are several reasons for this, that Aviva was still asking and sourcing information to allow it to complete the surrender at the time. And that when firms give “cash-in” values, those typically reflect the last valuation of the policy, which given this was a with-profits policy would include the unit value and the terminal bonus. It's possible Aviva may have given that information incorrectly or was mis-understood by Mr L1 and Mr L2, but in either event I'm satisfied the surrender to cash hadn't taken place at this time and wouldn't have had the delays not occurred.

My final decision then is the same as I reached in my provisional decision, that had the surrender taken place as it ought to have then it likely would've completed on 10 June 2024.

### **Putting things right**

The calculation Aviva has completed shows that Mr L1 and Mr L2 haven't incurred a financial loss, but it still stands that is the basis I think this complaint should be upheld –

although that appears to be for a sum of £0.

I'm still of the view that Aviva caused more inconvenience than its original offer to Mr L1 and Mr L2 recognised. My decision remains that Aviva must pay them £100 for the inconvenience caused, inclusive of any additional compensation it has already paid them in this matter which I understand to be £50.

### **My final decision**

For the reasons given above I uphold this complaint on the basis above and direct Aviva Life & Pensions UK Limited to settle this complaint as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L1 and Mr L2 to accept or reject my decision before 16 March 2026.

Ken Roberts  
**Ombudsman**