

## The complaint

Mr N complains that Aviva Life & Pensions UK Limited (“Aviva”) failed to make him aware that his pension savings would effectively be uninvested, from the date of his 75<sup>th</sup> birthday until they were transferred into a new self-invested pension plan (“SIPP”).

## What happened

I issued a provisional decision on this complaint last month. In that decision I explained why I thought the complaint should be upheld and what Aviva needed to do in order to put things right. Both parties have received a copy of the provisional decision but, for completeness, I include some extracts from it below. In my decision I said;

*Mr N held pension savings with Aviva that had accrued in a workplace scheme that he opened in August 2013. Mr N turned 75 years of age in May 2025 and under the terms of the scheme he needed to take his benefits at that time. Aviva wrote to Mr N in the lead up to his birthday to warn him that if he took no further action it would be required to purchase an annuity on his behalf with his accrued pension savings.*

*Mr N had a number of conversations with Aviva around that time. He agreed with Aviva that he would transfer his pension savings into a new SIPP he'd opened with the firm. And Aviva told Mr N that he would be allowed a grace period of two months following his 75<sup>th</sup> birthday for the transfer to be completed before he would be required to purchase an annuity instead.*

*In a series of further phone calls with Aviva Mr N asked about the timeline for the transfer and was particularly concerned to mitigate any risks of his pension investments being out of the market for an extended period of time. Aviva reassured Mr N that, although the transfer might take between four and six weeks to be processed, his pension savings would remain invested until the point of the transfer. And it told him that any investments he chose in his new SIPP would then be backdated to the same date as his previous investments were sold.*

*But the information Aviva had given Mr N was incorrect. Under the terms of his original pension plan, its value was frozen at the date of his 75<sup>th</sup> birthday. And the new investments would not be processed until the transfer had completed. Mr N says that he took some time to carefully plan his new SIPP investments since he had been reassured that his pension savings would remain invested and he had a two month grace period to instruct the transfer.*

*Mr N complained to Aviva about what had happened. He said that its online reporting showed that his original pension investments had grown in value by between £15,000 and £20,000 during the time that they had been frozen. Aviva agreed that it had given Mr N some incorrect information. But it said that it had correctly interpreted the plan terms and conditions by valuing Mr N's transferred pension savings at the date of his 75<sup>th</sup> birthday. Aviva offered Mr N £250 compensation for the inconvenience the incorrect information had caused him. Unhappy with that response Mr N brought his complaint to us.*

*Aviva accepts that it gave incorrect information to Mr N about how his pension savings would be treated after he reached his 75<sup>th</sup> birthday. I have listened to recordings of some of the calls that Mr N had with Aviva and it is clear from those calls that he was very concerned about his pension savings being uninvested for a period of time whilst they were being moved into his new SIPP. On multiple occasions Aviva reassured Mr N that the disinvestment and reinvestment would be effectively simultaneous – with the new investments being backdated to the time that his original investments were liquidated.*

*But as Mr N is now aware, that information was incorrect. The terms and conditions of his pension plan set out what would happen when he reached age 75. Those say;*

***The value of retirement benefits available***

*The value of the benefits payable is the cash value obtained by cancelling units allocated to each selected arrangement.*

*The cash value will be calculated and payable at the unit price fixed on:*

- the next valuation day after we've received your instruction to pay benefits and all our reasonable requirements have been met; or*
- your 75th birthday, or the previous valuation day if that day isn't a valuation day.*

*So I am satisfied that Aviva has fairly calculated the value of Mr N's pension savings that should have been transferred to his new pension plan. I have considered Mr N's comments that he thinks the terms of the plan might have been reasonably considered to be extended by the two month period Aviva gave him to complete the transfer. But I don't agree. That two month period wasn't something required by the plan's terms and conditions. Instead it was a goodwill gesture from Aviva to allow Mr N to take his pension benefits in a form of his choosing.*

*The pension plan terms I have set out above appear to have been designed with good intentions. The plan might provide an annuity at age 75. So it would be important for a consumer to have some certainty about the amount of their pension savings, and that its value wouldn't be adversely affected by market movements, in the lead up to the annuity being purchased.*

*But, as I've explained earlier, purchasing an annuity wasn't what Mr N intended. He agreed with Aviva that he would move his pension savings into a new SIPP and leave them invested. So he was keen to make that transition as smooth as possible. But, given the assurances he'd been given by Aviva about the ongoing investment of his pension savings he also didn't appear to consider that he was facing any undue time pressure to complete the transfer – he was working to the two month period that Aviva had told him it would apply.*

*Mr N ultimately asked Aviva to transfer his pension savings to the new SIPP in the early part of June 2025. Aviva confirmed that the transfer had been completed on 27 June. And that timescale appears to mirror the time it took for Mr N to transfer a smaller Aviva pension plan into the new SIPP – that took around two weeks.*

*Mr N was first given the incorrect information by Aviva about his original pension plan remaining invested on 14 May – that was just before his 75<sup>th</sup> birthday. But if he had been given correct information I am sure that Mr N would have progressed his transfer request much sooner. I haven't seen anything to make me think that Mr N couldn't have requested the transfer take place around the time of that call.*

*I think that would still have left Mr N's pension savings uninvested for a period of time. And I appreciate that would have been disappointing for him. But I think the time between his 75<sup>th</sup> birthday and the transfer being completed and his pension savings reinvested would have been significantly shorter. And it is on this point that I have reached a different conclusion to our investigator about how things should be put right.*

*I don't know the exact date that Mr N gave his transfer instruction except for his comment that it was in the early part of June. But I think, had nothing gone wrong in the information Aviva gave to him, it is most likely that his transfer instruction would have been provided on 14 May. So Aviva's error has caused a delay in the reinvestment of Mr N's pension savings. So I intend to direct Aviva to calculate whether that delay in the reinvestment has caused Mr N to lose out – and if it did, to add appropriate compensation to his pension plan.*

*Mr N appears to have been diligent in the discussions he had with Aviva to mitigate any losses he might experience as a result of his pension savings being uninvested. So it seems clear that he would have suffered some distress and inconvenience as a result of finding out the information he'd been given, on more than one occasion, was incorrect. But I do need to balance that somewhat against the disappointment Mr N would have felt had he been given correct information – that would still have left his pension savings uninvested for around two to three weeks.*

*Aviva offered Mr N £250 for the inconvenience he had been caused. Having thought about what happened here, and considering the awards I would normally make in similar circumstances, I don't think Aviva's offer is sufficient. I currently think an award of £400 would be fair and reasonable.*

*So in summary, I currently think that the incorrect information Mr N was given by Aviva caused a delay to the transfer and reinvestment of his pension savings. So Aviva needs to calculate whether that has caused Mr N to lose out, and if so pay him some compensation.*

I invited both parties to provide us with any further comments or evidence in response to my provisional decision. I have received responses from both Mr N and Aviva. Although here I am only summarising what has been said, I want to reassure both Mr N and Aviva that I have read, and carefully considered, their entire responses.

Mr N has said he is pleased that I provisionally upheld his complaint. But he has asked me to consider some further representations about the redress I set out. Mr N has repeated that he still considers Aviva's actions to have effectively extended the term of his pension plan past his 75<sup>th</sup> birthday. So, since Aviva left his pension savings invested, Mr N thinks that he should reasonably benefit from all the investment growth they enjoyed up to the point they were disinvested. He says my proposed redress leaves Aviva retaining some of the growth on his pension investments.

Aviva has said that it doesn't agree with my provisional findings. It says Mr N's original complaint was about the incorrect information he was given, rather than any delays in his

transfer. It says that it has correctly calculated the value of Mr N's pension savings under the rules of the pension plan.

### **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.

As I set out in my provisional decision, 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 N 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.

And I repeat my reflections 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.

Having carefully considered what has been said by both parties I am not minded that I should change my provisional findings on this complaint. But I would like to take this opportunity to provide some further thoughts on the matters that Mr N and Aviva have raised.

I am still minded that Aviva's actions in extending the period of time that Mr N had to make his decision was nothing more than a gesture of goodwill – it didn't confer any extension to the terms and conditions of the plan and so the point at which Mr N's pension savings should be valued. I understand why Mr N finds this situation confusing. His pension savings did remain invested past his 75<sup>th</sup> birthday. And he was able to review their performance using the data that Aviva provided on its online reporting.

So Mr N has a very clear idea of the investment performance of his pension savings in the weeks following his 75<sup>th</sup> birthday. But as I've set out above Mr N had no entitlement to those investment returns. The terms of his pension plan fixed the value of his pension savings being transferred as either that on his 75<sup>th</sup> birthday, or the valuation day after Aviva had received his transfer instructions. I accept that means that Aviva is likely to have benefitted here from some investment returns. But the rules make it equally likely that Aviva might have lost out – had the value of Mr N's pension investments fallen in the weeks following his birthday. I think the rules of the scheme provide a fair and consistent method for the valuation of the pension benefits at the end of the plan's term.

I don't agree with Aviva that I have misconstrued Mr N's complaint. My decision focusses on the impacts of the incorrect information Mr N was given. I haven't made any findings that Aviva took too long to make the transfer. My findings are simply that, because of the incorrect information Mr N was given, he didn't feel under any time pressure to complete the transfer of his pension savings to the new SIPP. I entirely agree that it was Mr N's lack of action, rather than any delays caused by Aviva, that set the timetable for the transfer. But, had Aviva not given incorrect information to Mr N, I think he would have proceeded far more quickly in providing his instructions.

So I think the loss that Mr N suffered, due to the incorrect information he was given by Aviva, was over the extended period of time following his 75<sup>th</sup> birthday during which his pension savings were not invested. As I set out in my provisional decision I think, if he had been given the correct information, Mr N would have instructed the transfer to the new SIPP immediately. Whilst that would still have left a period of time when the pension savings were not invested – whilst the transfer was being processed – that would have been unavoidable. Aviva now needs to calculate and pay Mr N the compensation I set out in my provisional decision and that I repeat below for clarity.

### **Putting things right**

My finding is that, had Aviva provided Mr N with accurate information, he would have provided his instruction for the transfer of his pension savings to the new SIPP on 14 May 2025. Aviva should compare that date to the actual date Mr N instructed the transfer to calculate the delay its incorrect information caused. Using that delay Aviva should then calculate whether Mr N has lost out by doing the following;

- Under the plan rules any normal transfer would be valued the day after the instruction was received. So I am satisfied that the transfer instruction would have been valued at 15 May 2025. I understand that the date Aviva actually used for Mr N's transfer was the following day (16 May) so Aviva should calculate what the transfer value would have been had Mr N given his instruction on 14 May.
- Using the delay and value calculated above Aviva should consider whether an earlier investment of Mr N's transferred pension savings would have a higher nominal value (as at the date of this final decision) than the actual value of Mr N's pension savings (ignoring any additions or withdrawals to those pension savings that took place subsequently). If the nominal value is greater than the actual value Mr N has lost out and should receive compensation equal to the difference.

Aviva should pay into Mr N's pension plan to increase its value by the total amount of the compensation. The amount paid should allow for the effect of charges and any available tax relief. Compensation should not be paid into the pension plan if it would conflict with any existing protection or allowance.

If Aviva is unable to pay the total amount into Mr N's pension plan, it should pay that amount direct to him. But had it been possible to pay into the plan, it would have provided a taxable income. Therefore 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 N won't be able to reclaim any of the reduction after compensation is paid.

The notional allowance should be calculated using Mr N's actual or expected marginal rate of tax when he would take his pension income. I think it reasonable to assume that Mr N is likely to be a basic rate taxpayer at that time, so the reduction should equal the current basic rate of tax. However, if Mr N would have been able to take a tax-free lump sum, the reduction should be applied to 75% of the compensation.

The compensation should be paid to Mr N within 28 days of Aviva being notified of his acceptance of this final decision. Should the compensation not have been paid by that date Aviva should add simple interest at a rate of 8% per annum to the compensation amount from the date of this final decision to the date of settlement.

- Aviva should pay Mr N an additional £400 for the distress and inconvenience he has been caused.

### **My final decision**

My final decision is that I uphold Mr N'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 N to accept or reject my decision before 15 April 2026.

Paul Reilly  
**Ombudsman**