

Ombudsman's Determination

Applicant	Mr T
Scheme	Farmwell Ltd. Retirement and Death Benefit Scheme (the Scheme)
Respondent	Aviva

Outcome

1. I do not uphold Mr T's complaint and no further action is required by Aviva.

Complaint summary

2. Mr T has raised a complaint that Aviva supplied him with inaccurate pension benefit figures on two separate occasions, which he relied upon when making his retirement plans. However, when he received his final pension benefits illustration in 2023, the amounts quoted were substantially lower than those provided in 2015 and 2019.
3. Mr T would like Aviva to honour the pension benefit illustrations made in 2015 and 2019, which specified that he would receive £8,981.67 per annum.

Background information, including submissions from the parties

4. The sequence of events is not in dispute, so I have only set out the salient points.
5. Between 1982 and 1990, Mr T worked for Farmwell Ltd and was enrolled into the Scheme.
6. On 31 March 1994, the Scheme was wound up.
7. On 24 June 1994, Mr T was sent a Certificate of Benefits from AXA Equity & Law Life Assurance PLC (**the 1994 Certificate**) which confirmed he was entitled to a lifetime annual pension of £4,814.65 payable from his Normal Retirement Date (**NRD**). The letter also said:

‘The Scheme was wound-up on 31 March 1994, and your entitlements, including any previously notified to you by the Trustees, are replaced by the benefits which are summarised below’

'The amount of benefit is not negotiable, and you are not permitted to assign or attempt to obtain a loan on the strength of this contract'

8. On 7 January 2015, Mr T requested a quote from Aviva to confirm his entitlement to pension benefits in the Scheme.
9. On the same day, he received correspondence from Aviva which confirmed his NRD and his entitlement to an annual pension of £8,981.67 (**the 2015 Quote**). This also had the following under the paragraph 'what will be payable if I die before I retire':

'These benefits have been preserved for you in the form of a non-profit annuity. This means that the amounts quoted are guaranteed and therefore these figures represent the exact amounts you will receive when you reach NRD. As this is a guaranteed annuity the amount of benefits will not increase between today's date and your NRD. As a consequence, there will be no need for you to periodically monitor the progress of your annuity, in the interim period.'
10. On 25 March 2019, Mr T requested a quote from Aviva.
11. On 28 March 2019, Mr T received a letter from Aviva which reconfirmed his NRD and his entitlement to an annual pension of £8,981.67 (**the 2019 Quote**). This stated the following:

"These benefits have been preserved for you in the form of a non-profit deferred annuity. This means that the amounts quoted are guaranteed and therefore these figures represent the exact amounts you will receive when you reach your NRD. As a consequence, there will be no need for you to periodically monitor the progress of your annuity in the interim period."
12. On 11 May 2022, Mr T requested an early retirement quote from Aviva.
13. On 7 June 2022, Aviva provided Mr T with an early retirement quote which provided him with an annual pension of £4,299.48.
14. On 12 April 2023, Aviva contacted Mr T and requested he completed the enclosed 'Evidence of Entitlement' form. Mr T completed this and provided it to Aviva.
15. On 19 April 2023, Mr T requested a NRD quote from Aviva.
16. On 24 April 2023, Aviva wrote to Mr T and provided him with a pension benefits illustration (**the 2023 Quote**) This confirmed his entitlement to a full annual pension of £4,815.65 paid in monthly instalments of £401.23 for the rest of his life. It confirmed the first payment was due on 20 June 2023.
17. On 18 May 2023, Mr T emailed Aviva and complained about the discrepancy between the figures he received in the 2019 Quote and the 2023 Quote.
18. On 27 July 2023, Aviva emailed T and responded to his complaint. Whilst it did not uphold the complaint it offered Mr T £750 for the trouble and upset caused.

19. On the same day Mr T emailed and replied to Aviva's complaint response. He remained dissatisfied with the outcome.
20. On 3 August 2023, Aviva paid Mr T £750 for trouble and upset caused by the error.
21. On 31 August 2023, Mr T complained to The Pensions Ombudsman (**TPO**)

Summary of Mr T's Position

22. Mr T submits:-

- He took the figures in the 2015 Quote and the 2019 Quote unequivocally at face value when planning for his retirement. If he had been informed there was any doubt about this figure he would have changed his retirement plans and continued working as a teacher for a further two years. Mr T did not check the value of the pension more closely due to this explicit statement.
- The language in both the 2015 Quote and the 2019 Quote was clear and unambiguous that he would receive an annual pension amount of £8,981.67 and that this amount was 'exact' and 'guaranteed'.
- Unlike Aviva, he was not a financial expert so when he received such unequivocal information, from a respected institution, he accepted it as fact.
- Aviva said he should have challenged the figures when they differed from those on the 1994 Certificate. Given the amount of time between the 1994 Certificate and the 2015 Quote and the 2019 Quote, he thought that the figure of £8,981.67 reflected the buoyant financial markets of the 1980's and 1990's and that his pension had been well invested. He said this was particularly highlighted in the 2019 Quote.
- If he was told that the value of his pension was approximately £4,000 less than the 2019 Quote, he would not have retired. If the situation was not corrected his wife would have to consider delaying her retirement, causing them both a great deal of anxiety.
- Aviva's offer of £750 compensation for the worry caused is insulting and insensitive. It was not fair to allow an annual shortfall of over £4,000.
- Aviva confirmed that it had stated on two occasions that the annual sum was £8,981.67, was guaranteed and exact and that he did not need to enquire again.

Summary of Aviva's Position

23. Aviva submits:-

- While both the 2015 Quote and the 2019 Quote clearly stated the pension figure of £8,981.67 per annum was guaranteed, it was only prepared to pay Mr T the annual pension of £4,814.65 as this was the correct amount to which he was entitled.

- It felt there were reasonable grounds to question the figures in the 2015 Quote and the 2019 Quote as these were different to what was shown on the 1994 Certificate. The figure quoted on the 1994 Certificate matched Mr T's previous pensionable salary before the Scheme was wound up on 31 March 1994.
- It offered Mr T £750 compensation which took into account the loss of expectation and trouble and upset caused, which it felt was a sufficient amount.
- Both the 2015 Quote and the 2019 Quote stated the illustration was guaranteed and intact. However, the Scheme was a wound up Defined Benefit Scheme (**DB Scheme**) which meant the benefits payable were determined when Mr T left the Scheme and secured by the Trustees when the Scheme was wound up.
- At the time the Scheme was wound up, the Trustees issued the 1994 Certificate which showed Mr T had a preserved pension of £4,814.65 per year.

24. In the 2015 Quote and the 2019 Quote, the detail of benefits payable at the Scheme NRD and illustrations issued showed a larger figure. This was because pensionable salary rather than preserved benefit had been incorrectly quoted on these illustrations.

25. As the illustrations were issued prior to NRD these should not have been guaranteed.

- The final retirement illustration of 24 April 2023 correctly incorporated the preserved pension of £4,814.65 per year.

The Pensions Ombudsman's position on the Provision of Incorrect Information

26. The basic principle for negligent misstatement (in the absence of any additional legal claim) is that a scheme is not bound to follow incorrect information, e.g. retirement quotes, transfer values or early retirement. A member is only entitled to receive the benefits provided for under the scheme rules, i.e. those based on correct information accurately reflecting the scheme rules.
27. Broadly, the Ombudsman will provide redress if it can be shown that financial loss or non-financial injustice has flowed from incorrect information given. For example, the member may have taken a decision in the expectation of receiving the higher benefits which they would not otherwise have done, such as retiring early. The Ombudsman will also consider whether it is more likely than not that a member relied on the incorrect information to their detriment and that it was reasonable for them to do so. An example of this is where the member had already decided to take early retirement before receiving the incorrect information. In this case it is unlikely that any claim for financial loss would be upheld on that basis alone.
28. The above sets out the Ombudsman's views very generally on the application of, negligent misstatement. It is for guidance only; each case will turn on its own facts.

Adjudicator's Opinion

29. Mr T's complaint was considered by one of our Adjudicators who did not uphold the complaint. The Adjudicator's findings are summarised below:-

- The Adjudicator said that Aviva acknowledged incorrect figures were provided in both the 2015 Quote and the 2019 Quote and that these were clear and unequivocal representations.
- The Adjudicator then considered whether it was reasonable for Mr T to rely upon these representations. While the 1994 Certificate was received by Mr T, there had been a significant passage of time between this being issued and the 2015 Quote. There was no evidence to suggest he had retained the original paperwork to consider alongside the 2015 Quote. Therefore, in the Adjudicator's opinion, it was reasonable for him to have relied on these representations.
- In order to prove an actual financial loss, Mr T must have acted on the incorrect information and suffered an irreversible financial loss. The Adjudicator said the provision of incorrect information did not automatically entitle Mr T to a higher pension and he was only entitled to the amount confirmed in the 1994 Certificate.
- Mr T said he would have continued working for a further two years if there was any doubt about the amount of his pension benefit would receive. His wife would also need to consider delaying her own retirement. In the Adjudicator's opinion there was no compelling argument to suggest Mr T would have continued working had the correct information been available to him.
- In the Adjudicator's Opinion, if the financial detriment was so severe, he would have expected Mr T to have returned to work to make up the difference to mitigate the perceived loss. However, to his knowledge Mr T had not sought to do this which suggested he would have retired even if the correct information had been provided. There was also insufficient evidence provided to suggest his wife would not have delayed her retirement had the correct information been provided.
- The Adjudicator also considered whether Mr T was entitled to an award for non-financial injustice. Although Aviva had provided incorrect information on two occasions which amounted to maladministration, this had given rise to a loss of expectation. In his opinion, the £750 already paid by Aviva to Mr T was in line with TPO guidelines for non-financial injustice and the Ombudsman would be unlikely to award a greater amount.

30. Mr T disagreed with the Adjudicator's Opinion and raised further points which are summarised below:

- He decided to retire for the sake of his wellbeing, having planned to rely on his Teacher's Pension, his state pension at age 66, and his Aviva pension as shown in the 2015 Quote and the 2019 Quote.

- He had already decided to retire and felt unable to reverse that decision, which is why his wife remained in employment. He said that the fact his wife continued working was evidence of this.
- It was unreasonable for him to have checked the projected value of his pension more thoroughly as the 2015 Quote and the 2019 Quote categorically stated the annual pension figures he would receive.
- He did not accept the £750 as adequate compensation. He accepted this as a one off payment for non-financial injustice in settlement of his complaint as it was given without prejudice. He cashed this cheque due to financial need as he had outgoings to cover and suffered a shortfall as Aviva did not honour the figures provided in the 2015 Quote and 2019 Quote.

31. The complaint was passed to me to consider. I agree with the Adjudicator's Opinion.

Ombudsman's decision

32. Mr T has complained that Aviva provided him with incorrect pension benefit figures, and that he relied on these when planning for his retirement. When he received his final retirement pension benefit figures in 2023, the figures quoted were significantly lower than those in 2015 and 2019. Mr T would like Aviva to honour the quotes given in 2015 and 2019, which specified that his pension entitlement would amount to £8,981.67 per annum.

Representations

33. I agree with the Adjudicator and find that representations were made on two separate occasions, first in the 2015 Quote and again in the 2019 Quote. Both were clear representations.
34. In response to the Adjudicator's opinion, Mr T said it was unreasonable for him to have checked the projected value of his pension more thoroughly. The Adjudicator was satisfied that there were representations made by Aviva and, in his opinion, it was reasonable for Mr T to have relied on these representations. I agree with the Adjudicator that Mr T was entitled to place reliance on the representations made and Mr T's comments reinforce this.

Financial loss

35. In order to prove an actual financial loss Mr T must have acted on the incorrect information and suffered an irreversible financial loss.
36. In the Adjudicator's opinion, the evidence provided by Mr T had no compelling argument which suggested he would have continued working had the correct information been available to him. The Adjudicator said he would have expected Mr T to return to work to mitigate any perceived financial loss, however there was no evidence he did so, nor was there evidence his wife would have delayed her

retirement. The Adjudicator said this strongly suggested Mr T would have retired even if the correct information had been provided.

37. I have considered Mr T's response to the Adjudicator's Opinion. He said he had made the decision to retire based on the expected income from his pensions, which included the 2015 Quote and the 2019 Quote. He also said he did not feel able to reverse this decision which is why he continued to work. However, I agree with the Adjudicator's conclusion that Mr T has not sustained an irreversible financial loss.
38. I find that Mr T could have reversed his decision to retire and continued to work in these circumstances in order to mitigate the perceived financial loss. While I acknowledge his disappointment that his wife delayed her retirement, I agree with the Adjudicator. I find that the continuation of Mr T's wife's employment does not constitute sufficient evidence to show that she would have deferred her retirement had the correct information been provided from the outset.
39. I therefore agree with the Adjudicator's Opinion and find that the necessary elements have not all been satisfied for Mr T's claim for negligent misstatement to succeed.

Non-financial injustice

40. TPO will only provide redress if it can be shown that financial loss or non-financial injustice has flowed from incorrect information given. I have considered Mr T's response to the Adjudicator's Opinion where he says Aviva's payment of £750 in compensation was inadequate. I find that this was reasonable compensation given the circumstances and in line our guidelines¹ for non-financial injustice.
41. I do not uphold Mr T's complaint.

Camilla Barry

Deputy Pensions Ombudsman
24 October 2025

¹ <https://www.pensions-ombudsman.org.uk/publication/updated-non-financial-injustice-september-2018>