

Ombudsman's Determination

Applicant	Mr N
Scheme	Aviva Master Trust (the Trust)
Respondents	Trustees of the Aviva Master Trust (the Trustee) Aviva

Outcome

1. I do not uphold Mr N's complaint and no further action is required by the Trustee or Aviva.

Complaint summary

2. Mr N has complained that:-
 - Aviva failed to complete the transfer of his Standard Life Additional Voluntary Contribution (**AVC**) fund into the Trust within a reasonable timeframe.
 - This delay caused him to cancel the transfer and incur a financial loss by taking the AVC benefits as a lump sum instead.
 - The Trustee offered him an award in recognition of his financial loss, then withdrew the offer.

Background information, including submissions from the parties

3. On 5 April 2018, Mr N telephoned Aviva to say that he wished to transfer his Standard Life AVC (**the AVC**) into the Trust. He had been quoted a transfer value of £5,964.01.
4. On 10 April 2018, Aviva posted the relevant transfer forms to Mr N.
5. On 11 May 2018, Aviva received Mr N's signed transfer form. Part F of the transfer form, which needed to be completed by the transferring scheme, had not been completed.
6. On 16 May 2018, Aviva contacted Standard Life to request completion of Part F of the transfer form.

7. On 19 June 2018, Aviva received the completed transfer form from Standard Life.
8. On 14 August 2018, Mr N telephoned Aviva to request an update on the transfer. Aviva told Mr N that the completed transfer form had not yet been received from Standard Life. Mr N agreed to contact Standard Life in order to chase that document.
9. On the same day Mr N telephoned Aviva to say he had been in contact with Standard Life and had received confirmation that the completed transfer form had been sent to Aviva on 15 June 2018.
10. On 17 August 2018, Aviva contacted Standard Life to request payment of the transfer.
11. On 4 September 2018, Standard Life notified Aviva that disinvestment of the AVC was still in progress and this would take 5 to 10 working days. Aviva put the transfer on hold.
12. On 17 September 2018, Aviva reactivated Mr N's transfer, having implemented a new workflow system, but the transfer was not processed.
13. On 31 October 2018, Mr N telephoned Aviva and said he no longer wished to proceed with the transfer. He complained that the delay had caused a financial loss of thousands of pounds and that he had instead taken his AVC benefits as a lump sum.
14. On 4 December 2018, Aviva responded to Mr N's complaint and said:-
 - Mr N's transfer form was received on 11 May 2018 but following receipt of transfer correspondence from Standard Life on 19 June 2018, errors were made which meant that the transfer was not processed as normal.
 - Mr N telephoned on 14 August 2018, for a progress check on the transfer and it was at this point that a delay in completing the transfer was accepted by Aviva.
 - Payment of the transfer was requested on 17 August 2018, to which Standard Life replied that the AVC was being disinvested and that the process could take 5 to 10 working days, before the transfer could be finalised.
 - Despite no payment being received within that timescale, Aviva failed to chase Standard Life.
 - An award of £300 to Mr N was appropriate in recognition of the poor service he had received.
15. The Trustee treated Aviva's letter of 4 December 2018, as the conclusion of stage one of the Trust's Internal Dispute Resolution Procedure (**IDRP**).
16. On 11 December 2018, the Trustee received a complaint from Mr N under stage two of the IDRP.

17. On 12 December 2018, Aviva posted a cheque for £300 to Mr N in respect of the award that had been offered on 4 December 2018.
18. On 1 February 2019, Mr N returned the cheque to Aviva.
19. On 24 May 2019, the Trustee responded to Mr N's complaint under stage two of the IDRPs and requested further information on how he had calculated his financial loss.
20. On 4 June 2019, Mr N replied and said:
 - His financial loss, of approximately £2,000, was because he took his AVC benefits as a lump sum of £3,799.92, whereas the transfer value of the AVC would have been £5,964.01.
 - He had incurred a further financial loss of £12,000, had the transfer been completed, in investment growth in the Trust of the £5,964.01 transfer value growing over the following 11 years until his retirement.
21. On 11 June 2019, the Trustee wrote to Mr N under stage two of the IDRPs and offered an increased award of £700 in recognition of the distress and inconvenience caused to him. A declaration was included for Mr N to sign in acceptance of that award. The Trustee also asked Mr N for further clarification on the basis of his claim for financial loss.
22. On 19 June 2019, the Trustee received Mr N's signed declaration accepting the £700 award. Mr N had also written in response to the Trustee's letter of 11 June 2019 and said:-
 - He chose to take the AVC fund as a lump sum, because he had believed the value was £3,799.92 and that it would not achieve much growth if it was not transferred into the Trust.
 - Following the disinvestment of the AVC, he had instead received £5,964.01, less tax, from Standard Life as a lump sum, which was the same as the transfer value.
 - He had previously believed that he was losing approximately £2,000 because he had thought the lump sum value would be £3,799.92 but that the transfer value was £5,964.01. This turned out not to be the case.
 - He had still hoped to transfer that sum into the Trust but due to Aviva's poor service this would not be the case.
23. On 10 July 2019, the Trustee telephoned Mr N to discuss his claim for financial loss and request further information to investigate the matter. The Trustee says that during that conversation, Mr N said that he could have retained his benefits in the AVC with Standard Life, and that his decision to take a lump sum instead was due to frustration with the transfer process.
24. On 29 July 2019, the Trustee contacted Aviva to request calculations on Mr N's hypothetical benefits in the Trust, had the transfer been processed promptly. The

Trustee also asked Standard Life to provide an estimate on the growth of Mr N's fund value by retaining it in the AVC for comparison.

25. On the same day, the Trustee telephoned Mr N to provide an update on the calculations being undertaken to establish whether, or not, he had incurred a financial loss. The Trustee's notes of that telephone conversation state:-

"[The Trustee] called [Mr N] to give him an update on the potential loss calculations that were being done by Aviva.

[The Trustee] noted that Aviva had provided some information to [the Trustee] regarding this but that [the Trustee] did not think it was sufficient so had asked for Aviva to go back and revisit the calculations before presenting them again to [the Trustee]..."

26. Aviva used the figures that had been provided by Standard Life to complete an analysis based on hypothetical transfer dates of 22 June 2018 and 13 December 2018.
27. On 16 August 2019, the Trustee sent its final response to Mr N under stage two of the IDRPs and said:-
- In his letter, received by the Trustee on 19 June 2019, Mr N said his alleged financial loss of £2,000 was due to the fact that the lump sum value of his AVC was £3,799.92.
 - In that letter Mr N also stated that when the AVC was disinvested, the amount he received was £5,964.01, less tax. That figure does not amount to a financial loss.
 - In relation to Mr N's claim of a £12,000 financial loss, the Trustee had asked Aviva to perform some approximate calculations by comparing the fund he had been invested with under the AVC to the fund he would have invested in had the transfer been completed.
 - That analysis showed that Mr N would have been better off financially by retaining his benefits in the AVC rather than by transferring into the Trust, due to the performance of the two funds.
 - This calculation was based on the earliest date the transfer could have been completed on, which was 22 June 2018.
 - Aviva's processing of Mr N's transfer request was not of the standard expected by the Trustee. So, a £700 award was paid to Mr N in recognition of the distress and inconvenience caused to him.
 - Neither the Trustee nor Aviva could reasonably be held responsible for Mr N's decision to claim a lump sum instead of completing the transfer.
 - In a telephone conversation with the Trustee on 10 July 2019, Mr N said that he could have retained his benefits in the AVC with Standard Life, and that his

decision to claim a lump sum instead was due to frustration with the transfer process.

- Consequently, the Trustees would not be offering an award in recognition of any financial loss to Mr N.

28. On 28 August 2019, the Trustee received a letter from Mr N regarding that response. Mr N said he was confused as to why no award had been offered in recognition of financial loss, because the Trustee had previously told him during a telephone conversation on 29 July 2019 that Aviva had made an offer, which was “rejected” by the Trustee for being insufficient.

29. On 20 September 2019, the Trustee wrote to Mr N in response and said:-

- Having reviewed the notes of the telephone call to Mr N on 29 July 2019, it was established that the Trustee did not confirm Aviva had offered an award to Mr N in relation to a financial loss.
- The Trustee had been referring to the analysis that Aviva was conducting into whether Mr N would have been in a better financial position by staying with Standard Life and not transferring to Aviva.
- In terms of the rejection of what Aviva had provided, the Trustee was referring to the calculations that Aviva had initially prepared, which the Trustee asked Aviva to check in order to establish any potential financial loss to Mr N.

Mr N's position

30. Mr N says:-

- He had wanted to transfer his AVC benefits from Standard Life into the Trust in order to consolidate the relevant fund value with his occupational pension.
- This would have provided more growth than by leaving the two investments separate, as has been suggested by Aviva.
- He cancelled the transfer because it had been delayed and his AVC fund was not achieving any growth as a consequence of that.
- He did not incur a financial loss in relation to any difference between the transfer value quotation that he provided to Aviva on 5 April 2018 and the lump sum he claimed from Standard Life after cancelling the transfer.
- In a telephone conversation with the Trustee on 29 July 2019, he was offered an award in respect of growth on the AVC fund value that he would have received, if the transfer had been completed. The Trustee unreasonably withdrew that offer in the IDRPs response letter of 16 August 2019.

The Trustee's position

31. The Trustee says:-

- During Mr N's failed transfer, Aviva had high volumes of work and was moving towards using a new workflow system for allocating tasks.
- The transfer was delayed due to Aviva failing to take ownership of the overall process and by instead seeing it as a series of steps.
- Aviva failed to process the transfer appropriately, due to higher than usual work volumes causing a delay in dealing with Mr N's transfer request until August 2018.
- Mr N was initially offered an award of £300 by Aviva during its complaints process but he returned the cheque on 1 February 2019. But the Trustee and Aviva jointly paid Mr N an increased award of £700 for distress and inconvenience as part of the IDR process.
- No award has been offered to Mr N for financial loss, because calculations were performed which indicate that the fund value of his AVC would have achieved more growth invested with Standard Life than it would have, if transferred into the Trust.

Aviva's position

32. Aviva say:-

- There was a delay in completing Mr N's transfer for which it was at fault. But it was in a position to proceed on 31 October 2018, when Mr N decided to cancel the transfer.
- Instead of proceeding with the transfer Mr N withdrew a lump sum from Standard Life, which made it difficult to quantify any financial loss.
- However, basic calculations indicated that there was no financial loss to Mr N, and he was in a better financial position by continuing to invest in his AVC with Standard Life.
- Neither Aviva, nor the Trustees can reasonably be held responsible for Mr N's decision to cancel the transfer.
- A cheque for £700 sent to Mr N in recognition of the distress and distress caused to him by the delay in completing the transfer was cashed on 28 June 2019.

Adjudicator's Opinion

33. N's complaint was considered by one of our Adjudicators who concluded that no further action was required by the Trustee or Aviva. The Adjudicator's findings are summarised below:-
- Aviva failed to act promptly upon receiving completed transfer documentation from Standard Life in June 2018. It was only due to Mr N telephoning Aviva on 14 August 2018, to say that Standard Life had sent the completed transfer form on 15 June 2018, that Aviva recognised its error.
 - Aviva contacted Standard Life on 17 August 2018, to request payment of the transfer and was told on 4 September 2018, that the AVC was being disinvested, which could take up to 10 days.
 - Aviva failed to chase Standard Life for the payment when it was not received within the expected timescale. The Adjudicator took the view that these issues amount to maladministration, but that Mr N could still have completed the transfer, if he considered that was his best option, and then made a claim solely in respect of the delays.
 - The Adjudicator considered that Mr N was also able to reinvest the lump sum he had taken if he chose to do so. Further, the Trustee and Aviva had carried out a loss calculation and found that there was no financial loss as a result of the transfer not proceeding. Mr N had not provided any evidence that the calculations were wrong or that the AVC fund would have achieved greater growth if transferred into the Trust rather than by remaining invested with Standard Life.
 - Consequently, the Adjudicator's opinion was that neither the Trustee nor Aviva could reasonably be held responsible for Mr N's decision to cancel the transfer and Aviva's maladministration had caused no financial loss to Mr N.
 - Between 24 May 2019 and 29 July 2019, the Trustee attempted to establish whether or not Mr N had incurred a financial loss as a consequence of the transfer not being completed. The Trustee's notes of the telephone conversation with Mr N on 29 July 2019, show that no conclusion on this had been reached at that point.
 - Aviva completed its calculations after this date and advised Mr N on 16 August 2019, that there was no financial loss. So, there is no evidence to support Mr N's assertion that on 29 July 2019, the Trustee had offered an award in respect of a financial loss that was subsequently withdrawn.
34. Mr N did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr N provided his further comments which do not change the outcome. I agree with the Adjudicator's Opinion and note the additional points raised by Mr N.

Summary of Mr N's additional comments

35. The Trustee initially led him to believe that an award was due in recognition of the financial detriment caused by the transfer not being completed. He later received conflicting information on this from the Trustee and the offer was unreasonably withdrawn.

Ombudsman's decision

36. Mr N's argument is that he was misled into believing that, as the transfer did not proceed, he would be compensated for his perceived financial loss.

37. The main point of Mr N's argument is that on 29 July 2019, he was offered an award in respect of the potential growth the AVC fund would achieve had the transfer gone ahead and he not taken a lump sum payment from his AVC instead.

38. The Trustee's notes of its telephone call to Mr N on 29 July 2019, show that the Trustee had been dissatisfied with calculations provided by Aviva during its investigation into whether or not Mr N had incurred a financial loss. Consequently, Mr N was informed that the Trustee had asked Aviva to review that information. Given that the Trustee had requested information to that effect the same day, I see no reason to dispute the Trustee's notes of this call. It is clear that the Trustee had made no decision on the issue of a financial loss and was still properly conducting an investigation into the matter.

39. Consequently, I do not consider that it is reasonable for Mr N to claim that this telephone call provided confirmation he would receive an award for his perceived financial loss. In any case, it has now been established that had Mr N left the AVC with Standard Life he would have been better off financially as the Standard Life fund had outperformed the Aviva fund.

40. This information was communicated to Mr N and the Trustee subsequently wrote to him on 16 August 2019 and said there was no financial loss so no award was due. Mr N has not provided any evidence to the contrary, or that this conclusion conflicts with information the Trustee or Aviva had previously given to him.

41. Mr N has suggested that he was frustrated with the delay and this induced him to cancel the transfer and withdraw the AVC fund as a cash lump sum. That Mr N felt compelled to withdraw the AVC as a cash lump sum cannot reasonably be attributed to any failings or shortcomings by Aviva's handling of the transfer. Ultimately, it was Mr N's decision to take that action and I do not agree that the particular circumstances gave him no choice.

CAS-39734-V6Z6

42. I do not uphold Mr N's complaint.

Anthony Arter

Pensions Ombudsman
6 February 2021