

Ombudsman's Determination

Applicant	Mr H
Scheme	Aviva Personal Pension Plan (the Plan)
Respondent	Aviva Life and Pensions Limited (Aviva)

Outcome

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

Complaint summary

2. Mr H has complained that Aviva caused significant delay in processing his Guaranteed Annuity Option Pension from the Plan.
3. Mr H would like Aviva to pay him a lump sum of £1,588.40 for the reduction in the Final Bonus.

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. I acknowledge there were other exchanges of information between all the parties.
5. Mr H is represented by his brother, Mr S (**the Representative**).
6. On 25 January 2021, the Representative wrote to Aviva. In summary, he: -
 - Requested Pension Illustrations assuming a starting date of 10 March 2021, utilising the Guaranteed Annuity Rates (**GAR**) offered by Aviva.
 - Requested to be provided with options based on either yearly or monthly payments.
 - Sought confirmation as to when Mr H could exercise his right to purchase an annuity using the GAR offered by the Plan.
 - Provided authority that, if there was only to be one day on which the annuity could be purchased using the GAR, it should be 10 March 2021.

7. On 29 January 2021, Aviva wrote to Mr H to confirm that he would need to telephone it in order to receive the requested Pension Illustrations.
8. On 25 March 2021, the Representative telephoned Aviva. On the same day, Aviva sent Mr H a Retirement Options Pack (**ROP**) containing details of how the annuity could be taken. The ROP confirmed the need for Mr H to telephone Aviva once he had decided what he wanted to do.
9. On 29 March 2021, Aviva wrote to the Representative with a copy of the correspondence it had issued to Mr H regarding his retirement options.
10. On 25 April 2021, the Representative wrote to Aviva requesting nine Pension Illustrations based on the options contained in the ROP.
11. On 6 May 2021, Aviva wrote to Mr H, confirming the need for him to telephone it to discuss his retirement and provided a contact telephone number for him. It also confirmed that, once it had discussed his retirement and the associated risks, it would send the necessary retirement documents to him.
12. On 24 May 2021, the Representative wrote to Aviva requesting that it telephone him, as he had been unable to get through.
13. On 27 May 2021, Aviva sent Mr H the paper version of its risk questions form.
14. On 3 June 2021, the Representative telephoned Aviva to follow up on the nine Pension Illustrations he had requested on behalf of Mr H.
15. On 4 June 2021, Mr H sent his completed risk questions form to Aviva.
16. On 18 June 2021, Aviva sent Mr H a retirement pack.
17. On 29 June 2021, the Representative telephoned Aviva to chase the retirement pack. He was advised it would be emailed.
18. On 30 July 2021, Mr H wrote to Aviva. He said in summary: -
 - He had returned the annuity payment forms to Aviva.
 - He queried why the Plan's valuation had changed as below:
 - 30 December 2020 - £31,469.25
 - 29 March 2021 - £32,545.60
 - 10 June 2021 - £30,957.22
 - The Plan's value did not reflect general market conditions, noting that the FTSE had risen from 6,556 to 6,736 and 7,017 on the valuation dates. He believed the Plan's value on 10 June 2021 should have been closer to £33,900.

- The valuations should not alter his instructions as he understood they were only illustrations and that actual figures would be confirmed on the date of implementation.

19. On 5 August 2021, Aviva wrote to the Representative. It said in summary: -

- It was sorry that Mr H had cause to complain.
- It sent the Representative the Plan information and valuation once it had applied his authority to Mr H's Plan.
- It apologised for the confusion, as it should have also sent the requested retirement options to him, as well as to Mr H.
- It sent the outstanding retirement options via email on 5 July 2021, however the email failed to be delivered. This should have been noticed sooner and the information should have been sent via email and post.
- It enclosed the outstanding information to the letter.
- As there had been a delay in providing the retirement information, it would ensure Mr H did not lose out financially.
- If it received Mr H's retirement claim within 30 days, by 4 September 2021, it would assess whether he had been financially disadvantaged.

20. On 6 August 2021, Aviva received Mr H's annuity claim.

21. On 16 August 2021, Aviva wrote to the Representative in response to his complaint regarding any financial loss. It said in summary: -

- As it caused a delay in processing Mr H's retirement claim, it checked to make sure he had not lost out financially.
- Without the delay, it would have received Mr H's annuity claim on 19 June 2021 and set up his monthly annuity sooner.
- It had backdated the annuity payment from July and had also sent the August payment.
- As it should have paid Mr H's first payment sooner, it owed Mr H late payment interest calculated to be £0.23 based on the Bank of England base rate of 1%.
- By way of compensation for the poor service Mr H received, it made a payment of £100, including the £0.23 for interest.
- It apologised for not handling the matter correctly the first time.

22. On the same day, Aviva wrote to Mr H to advise him that his Final Bonus had changed as follows:

- 30 December 2020 - £9,644.78
- 29 March 2021 - £10,721.68
- 19 June 2021 - £9,133.28

23. On 11 September 2021, Mr H wrote to Aviva. He said in summary: -

- Although it acknowledged that it was at fault, it did not grasp the magnitude of financial loss he had suffered as a result of its inactions.
- Its letter of 29 March 2021 did not deal with his request for Pension Illustrations, it only advised how an annuity could be set up in various ways.
- It failed to send a copy of the retirement pack to the Representative, despite it being requested.
- Its letter of 16 August 2021 did not provide an explanation as to why the Final Bonus had changed. It appeared that the Final Bonus was not connected with the FTSE which had risen from 6556 to 6736 and 7017 on the valuation dates.
- It seemed convenient for Aviva that the Final Bonus was significantly reduced on 19 June 2021 from £10,721.68 to £9,133.28.
- The delays caused him to suffer a financial loss of £1,588.40, which was the difference between the two Final Bonuses quoted above.

24. On 20 September 2021, Aviva wrote to Mr H. It said in summary: -

- It agreed that it should have done more to provide him and the Representative with the retirement information.
- Although it did not receive Mr H's annuity claim until 6 August 2021, it backdated his annuity to 19 June 2021. It selected this date as it was based on when it could reasonably have expected to receive his claim had it not caused a delay.
- His first annuity payment of £248.87 would have been due on 14 July 2021, but it was not paid until 13 August 2021. The interest due on the late payment was £0.23.
- The Final Bonus was not guaranteed and not linked to the FTSE, so a direct comparison was not relevant. If the Final Bonus had been linked to the FTSE, it would have been more.
- Based on the 29 March 2021 valuation, he would have received £153.23 extra per year for life.

- The figures provided on 29 March 2021 were for illustrative purposes only and not guaranteed.
- It did not agree that he had suffered any financial loss due to the delays caused.

25. Following the complaint being referred to The Pensions Ombudsman (**TPO**), Aviva and Mr H made further submissions that have been summarised in paragraphs 26 to 28 below.

Mr H's position

26. He understood that the Final Bonus was subject to variation. However, he does not understand why it reduced by 15% between 29 March 2021 and 19 June 2021. He said he has not been given an adequate explanation of this.
27. If Aviva had provided him with the requested Pension Illustrations in January 2021, it would have resulted in him receiving an additional £153.23 per year.

Aviva's position

28. It accepted that it caused a small delay in paying Mr H's retirement benefits. It paid an award of £100 to recognise this delay. It also ensured that his annuity was backdated to June 2021 (from August 2021) and that the backdated payments were paid with interest so that Mr H did not lose out.

Adjudicator's Opinion

29. Mr H's complaint was considered by one of our Adjudicators who concluded that no further action was required by Aviva. The Adjudicator's findings are summarised in paragraphs 30 to 34 below:-
30. The Adjudicator noted that there was agreement between both parties that a variation is possible to a Final Bonus. The issue however was that Mr H did not feel that he had received an adequate explanation as to why his final Bonus was reduced by 15% between March and June 2021.
31. The Adjudicator explained that, as the Final Bonus was subject to variation due to it not being guaranteed, it could fluctuate as a result of actual investment performance and costs over the lifetime of the Plan, along with factors such as investment returns. It was also subject to market volatility. The difference between the March and June 2021 figures was due to the above factors.
32. It was the Adjudicator's view that Mr H was not entitled to the difference between the March and June 2021 Final Bonuses as Aviva was only obligated to pay him the correct member benefits within the Plan.
33. The Adjudicator believed that while it was unfortunate that there was a slight delay in providing Mr H and his Representative with the Final Bonus quotes, Aviva acted accordingly in making a payment of £100 for the distress caused and also ensured

that Mr H's annuity was backdated to June 2021 (from August 2021) with interest so that he did not lose out financially because of the delay.

34. The Adjudicator concluded that as the delay caused by Aviva was small, while this did amount to maladministration Mr H was not adversely affected by the small delay so he did not lose out financially and consequently he did not sustain any injustice.
35. Mr H did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr H provided his further comments in response to the Opinion, as follows:-
- He did not feel that the Adjudicator's Opinion explained why there was such a large difference in the Final Bonus between March and June 2021.
 - He realises that the Final Bonus is not guaranteed, however, it appears to be convenient for Aviva to adjust the Final Bonus down by an arbitrary amount when the final decision to obtain a pension has been submitted.
 - He would appreciate some financial metric as to why Aviva considered that a 15% reduction was required between March and June 2021.

Ombudsman's decision

36. I have noted the additional points raised by Mr H. While I appreciate that he is concerned about the difference in the Final Bonus rates applied in March 2021 compared with those applied in June 2021, this type of arrangement is not guaranteed. Despite the Scheme's Actuary regularly adjusting the rates to reflect the Scheme's latest assessment of underlying investment performance and market conditions, the Final Bonus can still be subject to sharp changes and significant movements when markets rise or fall materially.
37. The fact that the Final Bonus decreased by 15%, does not, in itself indicate an error or maladministration. It reflects the way Final Bonuses rates operate as they are inherently variable. My role is to consider complaints of maladministration causing the applicant financial injustice. I agree with the Adjudicator that while maladministration has occurred Mr H has not been adversely affected, so it follows therefore, that Aviva has not caused Mr H to suffer any financial loss.
38. I do not uphold Mr H's complaint and no further action is required by Aviva.

Camilla Barry

Deputy Pensions Ombudsman
16 January 2026