

Ombudsman's Determination

Applicant	Mr D
Scheme	Aviva Pension Plan (the Plan)
Respondent	Aviva Life and Pensions UK Limited (Aviva)

Outcome

1. I do not uphold Mr D's complaint and no further action is required by Aviva.
2. My reasons for reaching this decision are explained in more detail below.

Complaint summary

3. Mr D is unhappy with the level of interest awarded by Aviva on its redress payment to him and has said that, had the error been recognised sooner he could have retired earlier.

Background information, including submissions from the parties

4. On 1 December 2017, Aviva wrote to Mr D explaining that it had recognised an error in its systems which meant that Mr D had been underpaid when the Plan was terminated in 2008. Aviva calculated the shortfall on this date to be £37,010.57. It added interest to this amount at the Bank of England rate plus 1%, bringing the total redress to £42,481.04. It enclosed a cheque for this amount with its letter.
5. Mr D complained to Aviva about the level of interest awarded. He asked that it apply 8% interest on the shortfall. Aviva responded to say that it did not accept this request, but awarded £500 to Mr D to recognise the distress and inconvenience its error caused.
6. Mr D asked this Office to review his complaint. He said, had Aviva not made the error, he could have stopped working at age 65 rather than at age 70, and also could have used the missing amount towards his mortgage, so could have secured a lower interest rate. He asked that Aviva pay 8% interest on the redress amount to compensate him.

Adjudicator's Opinion

7. Mr D's complaint was considered by one of our Adjudicators who concluded that no further action was required by Aviva. The Adjudicator's initial findings were that the level of interest awarded by Aviva when calculating the redress was reasonable. The Adjudicator also felt that £500 was an appropriate award in recognition of the significant distress and inconvenience Aviva's error caused Mr D.
8. Mr D did not accept the Adjudicator's findings and the complaint was passed to me to consider. Mr D responded to say that he is in a worse position now because of the error.

Ombudsman's decision

9. Aviva has recognised its error, which led to the shortfall in the Plan. I find that Aviva has awarded suitable redress, including interest at an appropriate level. Mr D has said that he could have retired sooner. He also claims that, had the amount he received in 2008 been correct, he would have used the additional amount to pay off his mortgage. However, Mr D has not provided any evidence to substantiate his claim that his intention was to use his pension benefits to pay off his mortgage.
10. Whilst I understand that not retiring earlier has caused Mr D upset, it does not mean there is a further financial loss. Mr D continued in employment so continued to be reimbursed for his services.
11. I understand that learning of the underpayment has caused significant distress and inconvenience, for which I would have awarded £500. However, Aviva has already paid this amount to Mr D in recognition of the non-financial injustice suffered. As such, Mr D has been suitably compensated for both financial and non-financial injustice.
12. Therefore, I do not uphold Mr D's complaint.

Anthony Arter

Pensions Ombudsman
8 August 2018