

The complaint

Mr T complains that Aviva Life and Pensions UK Limited (“Aviva”) provided him with an inaccurate cash lump sum quote for his pension on 21 April 2024.

Mr T considers that Aviva’s revised offer of £100 to compensate him for this is too little and/or was made too late, given the trouble he was put to.

What happened

In summary, it is not in dispute that Aviva sent Mr T a pensions quote on 21 April 2024 by email that was wrong. Aviva its error on 29 April 2024 when one of its managers spoke to Mr T, following his request to speak to a manager. A new correct quote was sent to him by email that day.

Mr T’s pension pot was worth around £10,500 and the first quote sent to him by Aviva on 21 April 2024 showed a tax deduction of £6,960.22 was payable, meaning that Mr T would receive an estimated amount of lump sum pension, after tax, of around £3,520.

Having received this quote, Mr T said he spent time on-line, including using Aviva’s on-line calculation tool, trying to understand why he was liable to pay that amount of tax. Using Aviva’s calculator tool, Mr T became concerned that his quote was wrong.

He contacted Aviva about this a few days later, on 23 April 2024, querying this. He called on 26 April 2024 to highlight his concerns again and asked to speak to a manager.

A manager called him back on 29 April 2024. She accepted the error and as mentioned a new quote was sent. This new quote sent on 29 April 2024 showed that he was liable to pay tax of £2,096.86 and so the estimated amount of lump sum pension, after tax, was around £8,400. Bearing in mind the size of Mr T’s pension pot, this was considerably more than Mr T was first told he would receive.

Aviva offered Mr T £50 for the inconvenience caused. Mr T considered this insulting, given that he had spent nearly three hours trying to get this put right up to 29 April 2024. He complained to Aviva, and then referred his complaint to our service.

After our investigator became involved, and after Aviva said it had reviewed the extra information provided by Mr T about the inconvenience caused, Aviva increased its offer of settlement to £100. Mr T told our investigator he may have been minded to accept this, if Aviva had offered this first-off.

Mr T did not accept the increased offer of £100 and asked Aviva to pay him £150 to settle this complaint. Aviva did not agree and so our investigator issued her view on Mr T’s complaint, concluding that £100 was a fair and reasonable amount to compensate Mr T for the distress and inconvenience caused.

Mr T did not agree with our investigator’s view and asked for his complaint to be passed to an ombudsman to consider. Mr T’s complaint comes to me for a decision.

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.

The issue left for me to decide is what level of compensation is appropriate in this case given the distress and inconvenience Mr T has been put to, because of Aviva's shortcomings. I have considered the guidance issued by this service about distress and inconvenience awards available on our website, when reaching this decision.

Having done so, my decision is that £100 is a fair and reasonable amount of redress to put this right.

It's not disputed that Mr T had to spend time to ensure this was put right, a few hours. I also accept that receiving a quote wrongly showing that so much tax was being taken off, would have caused Mr T concern and likely knocked his confidence in the service provided by Aviva. Probably more so, when he could see from Aviva's calculation tool that this appeared to be plainly wrong.

Aviva did however, put things right within 4 days of the error being pointed out by Mr T and accepted its shortcomings from the outset. It did make an offer of redress, albeit one that Mr T didn't consider acceptable given the trouble he had been put to. This offer was increased by Aviva, once further information was available about the extent of the inconvenience caused to Mr T, rightly so, I consider.

Our investigator has explained why our service cannot consider complaints made about Aviva's complaint handling. I appreciate Mr T's strength of feeling about Aviva's delay in making what might be described as a reasonable offer of £100 compensation. However, as explained, complaints handling is not a "regulated activity" under the DISP rules. These rules can be found in the FCA handbook and on the FCA website. So, I am unable to take this aspect into account when assessing the appropriate amount of compensation to be paid.

Putting things right

Aviva should put things right by paying Mr T £100 compensation for the distress and inconvenience caused.

My final decision

For the reasons explained above, I uphold Mr T's complaint and order Aviva Life & Pensions UK Limited to pay Mr T £100 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 24 October 2024.

Kim Parsons
Ombudsman