

## The complaint

Mr and Mrs C complain about Aviva Life & Pensions UK Limited's handling of a withdrawal request on their whole of life policy.

## What happened

At the start of June 2023, Mr and Mrs C contacted Aviva to ask about taking a withdrawal of £10,000, and also maintaining the life cover on the policy. They raised queries about the amount that would be possible to withdraw with the cover remaining. Following this Aviva sent a withdrawal form.

Towards the end of June 2023, Mr and Mrs C returned the relevant forms and additional requirements to request a £10,000 withdrawal. On 13 July 2023, Aviva wrote to Mr and Mrs C explaining its underwriters had declined the cash withdrawal request as it could not be offered on the same terms as when the policy was originally set up. But said it would provide a quote to allow them to make a withdrawal by reducing the sum assured.

Following this Mr and Mrs C contacted Aviva to raise concerns about the service they had received. They didn't feel they had been given all the options when making their initial request to withdraw funds and the potential for a reduction in sum assured.

A quote was sent to Mr and Mrs C on 26 July 2023. Mr and Mrs C returned the forms to proceed with the withdrawal of £10,000 from the policy in early August 2023. On 4 August 2023, the request was processed and on 16 August 2023 Aviva sent payment of £10,000 with late payment interest of £22.26 added.

I issued a Provisional Decision in November 2024. This is what I said:

*"Having review the available evidence, I've come to the conclusion Aviva could have handled the matter better than it did. The queries raised by Mr and Mrs C around the withdrawal weren't complicated or unusual. If they had received clear information at the outset, it would have allowed Mr and Mrs C to have a smoother and quicker journey in receiving the funds they wanted from the policy.*

*I can also see Aviva has accepted there were aspects of their service that were below the level it aims to provide – and this is why it made an offer of compensation. So, the question is whether the compensation offered (including late interest) is sufficient to fairly compensate Mr and Mrs C.*

*I've reviewed the available evidence to consider the impact suffered by Mr and Mrs C due to Aviva's handling of the situation. They did have to spend time trying to chase things up and, as explained above, the process took a lot longer than expected due to the lack of clarity and confused messaging. They also had to make a number of calls and often couldn't get through as lines were unavailable. The responses they did receive about the process weren't always helpful in them being able to understand what they needed to do to complete the withdrawal request they wanted. They were asked for information that wasn't required. All of this means, they have been put to more effort than you'd expect and left them frustrated. So,*

*I think it is reasonable for the compensation for distress and inconvenience suffered to be increased by a further £100 to £200 in total.*

*I've also considered when Aviva should pay late interest from. While I can't say precisely when the withdrawal would have taken place if Mr and Mrs C would have got clear information when they first raised their query and throughout the process, I think it is a fair conclusion to say it would have happened sooner. It ended up taking nearly three months from first contact to Mr and Mrs C receiving the funds. The investigator has made a reasonable assumption based on the timeline of events – and suggested the withdrawal should have happened two weeks earlier on 21 July 2023.*

*Aviva has suggested that the time taken was because a withdrawal like this requires a review of the policy's ability to support the sum assured and the premium required to do so as well as new underwriting. I also note that it wasn't immediately apparent which of the available options Mr and Mrs C would agree to. So, I accept that the administration process and underwriting decision would have always meant there was going to be some unavoidable delay, but this doesn't account for all of the time it took. The lack of clarity in the information provided and the process of sending letters despite phone contact being used at the same time did delay things and suggests the process could have been more efficient. So, for this reason, I agree the calculation of late interest from 21 July 2023 rather than 4 August 2023 is a fair resolution."*

Aviva responded and accepted my provisional decision.

Mr and Mrs C didn't provide anything further by the deadline set for responses.

### **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.

As neither party has provided further evidence or arguments in response to my provisional findings, I've got no reason to change the outcome I set out above.

In conclusion, for the reasons explained above, I find Aviva failed to handle the withdrawal from Mr and Mrs C's policy as well as it should have done. And this caused them distress and inconvenience.

### **Putting things right**

To put things right, I require Aviva to do the following:

- Pay Mr and Mrs C a further £100 in compensation for the distress and inconvenience they have suffered as a result of how their request was handled.
- Pay late payment interest on the withdrawal amount from 21 July 2023 to 16 August 2023 at a rate of 8% simple per year, less the £22.26 that has already been paid.

### **My final decision**

I uphold this complaint and direct Aviva Life & Pensions UK Limited to pay the compensation set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 13 January 2025.

Daniel Little  
**Ombudsman**