DRN-4281809

The complaint

Mr C complains that Aviva Life & Pensions UK Limited used an earlier date to calculate the valuation of his pension, not the date the funds were actual disinvested when the value was higher.

What happened

Mr C had a personal pension plan held with Aviva Life & Pensions UK Limited ("Aviva"). On turning 55 in 2023 Mr C wanted to take benefits from his policy and exercised the open market option. He requested his policy be disinvested and the funds transferred to an annuity provider I'll refer to as "J".

On 20 February 2023 Mr C received a letter from Aviva explaining it had sent J just over £469,943 calculated as of 14 February 2023, the date all their requirements were met. This figure included late payment interest of £376.75, as the funds weren't actually sent to J until 20 February. As Mr C could see in his online account the plan value on that date was actually higher, he thinks Aviva should honour the higher valuation.

In response to Mr C's complaint Aviva explained it received the request via the "*Origo Options*" electronic transfer system on 14 February 2023, and this was the date all their requirements to make the transfer were met. Its terms provide a five working day timescale in which to make the payment, but the funds will still show on Mr C's plan until they are actually remitted. Mr C would receive the 14 February 2023 valuation regardless of whether the funds rose or fell in that period, but it would add late payment interest as it had done for Mr C. So it didn't accept Mr C had been treated unfairly.

Mr C remained unhappy so referred his complaint to this service, where one of our investigators looked into what had happened. He was satisfied that Aviva had explained to Mr C it would calculate the fund value as at the date of receipt of the Origo request, or (if later) the date all its requirements were met. In Mr C's case all its requirements were met on 14 February 2023 when the Origo request was received. So he said it was fair for Aviva to use that date when calculating the policy value.

Mr C disagreed and asked an ombudsman to make a decision. He said that when Aviva wrote to him on 20 February it was aware that his fund would've been worth more if disinvestment was delayed but chose to use 14 February when the value was lower. He thought it was unfair that either through choice or inefficiency Aviva was able to "*engineer a delta*" between the fund value at disinvestment date and the amount paid to J. He feels Aviva has unjustly benefited from the difference of almost £4,500, which will have a long-term impact on his retirement income. And the interest payment is less than 10% of his loss.

So the case has come to me to make 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.

Having done so I've come to the same conclusion as the investigator for broadly the same reasons.

Mr C could choose a range of benefit options from Aviva: an annuity, flexi-access drawdown, uncrystallised funds pension lump sum, or he could take the open-market option. Mr C wanted to purchase an annuity, so engaged firm "R" to compare the annuity offered by Aviva with those available on the open market. And R recommended an annuity provided by J, which required Aviva to disinvest Mr C's plan and send the funds to J to purchase the annuity.

On 24 January 2023 R made enquiries of Aviva on behalf of Mr C. With their letter R provided Mr C's authority and his confirmation that he'd consulted PensionWise but not a regulated financial adviser, both signed on 18 January. Aviva received the letter on 25 January and sent out an options pack promptly dated 28 January 2023. This gave a current, non-guaranteed valuation of around £461,933, and explained it supported transfers through the "*Origo Options Pension Transfer Service*".

It advised that if Mr C wished to proceed with a transfer to another provider the amount Aviva would pay "*would be equal to the transfer value of the plan as at the date we receive all of our requirements to process the transfer".*

Aviva responded to R's queries on 1 February and received the Origo transfer request on 14 February, which was uploaded to the system on 17 February 2023. I've seen a copy of the request and the activation date is clearly 14 February 2023 at 11.13, with an anticipated completion date of 26 February.

If Aviva had still needed further information or clarification after 14 February when the Origo request was received, a later date would've been used to calculate the transfer value. But as all Aviva's requirements were met by then, in line with its letter then that calculation date was used. The transfer was completed four days later on 20 February 2023, but Aviva added interest between the calculation and remittance dates, which I think is reasonable.

Until the funds were actually disinvested and remitted to J they remained visible on Aviva's online platform. Mr C has provided a number of undated screenshots showing his plan valuation, the lowest being around £469,609 and the highest around £474,107 (a range of around £4,500).So in the period in question Mr C's plan value rose, but it might equally have fallen, which is why Aviva explains at the outset the calculation date it will use. I've seen nothing to suggest Aviva selected the calculation date to benefit itself to the detriment of Mr C, as the evidence shows the calculation was carried out as at the date the Origo request was received.

So while I appreciate where Mr C is coming from I don't consider Aviva has treated him unfairly.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 27 September 2023.

Sarah Milne
Ombudsman