

The complaint

Mrs C complains that Aviva Life & Pensions UK Limited (Aviva) processed a withdrawal from her pension as soon as she made her withdrawal request. But she'd wanted to make the withdrawal on her Selected Retirement Date (SRD). Mrs C said this has led to a financial loss.

What happened

Mrs C had a pension plan with Aviva.

In December 2022 Aviva wrote to Mrs C as she was around six months away from her SRD. The letter showed that the current value of Mrs C's pension as of 5 December 2022 was £3,173.02. The letter said that Mrs C didn't have to take money from her plan at her SRD. It said she could take her money any time after age 55. She was already over age 55 at the time of this letter. The letter also stated:

"Any money you take from your pension can affect any means tested benefits, could be subject to claim by creditors and can form part of your estate for inheritance tax purposes".

On 12 April 2023 Aviva sent Mrs C a further letter about her pension. The value as of 11 April 2023 was quoted as £3,187.01. The letter stated that she didn't have to use her money now, but that she needed to think about all of her options before deciding what to do. It also said that if she wasn't ready to decide yet that was fine.

Aviva wrote to Mrs C again on 21 April 2023 to acknowledge that she'd looked at her retirement options online. The letter stated:

"You told us you want to start taking money from this plan on [SRD]. You don't have to take the money from your plan on this date, you can change it and take your money any time after age 55".

It also stated:

"Any money you take from your pension can affect any means tested benefits, could be subject to claim by creditors and can form part of your estate for inheritance tax purposes".

Aviva also provided Mrs C with information about all of her options and about getting help with choosing her options. In the "Options in more detail" section it stated, under the "Withdraw all your money in one go" option:

"Taking your pension in this way may affect your eligibility for any means tested benefits and could mean that those benefits are reduced or no longer payable".

Aviva also sent Mrs C a full withdrawal quote on 24 April 2023 and on 5 May 2023. These stated:

"If you decide you'd like to withdraw all your pension money in one go, you can do this online by selecting 'Review quote and apply' in the 'Accessing your pension money' section".

Both quotes recorded Mrs C's response to the following risk warning as "Yes":

"Do you know any means-tested government benefits could be affected by choosing this retirement option?"

Mrs C unsuccessfully tried to call Aviva on 5 May 2023. She then decided to take all of her pension funds as taxed cash, selecting the full withdrawal option online.

Aviva said it started the online payment process on 11 May 2023. And authorised and made the payment to Mrs C on 13 May 2023.

Mrs C said she emailed Aviva after submitting her withdrawal request online as she wanted to delay or cancel it. She said Aviva responded with a request for her policy number. Neither Aviva nor Mrs C has a copy of these emails. I understand that as Mrs C didn't have her policy number she didn't reply.

Mrs C expected her withdrawal request to be actioned on her SRD. But Aviva processed it as soon as she made her withdrawal request. Mrs C said this led to the loss of some of her means-tested benefits, which she wouldn't have lost if Aviva had processed her withdrawal request on her SRD as she'd expected.

Mrs C emailed Aviva on 31 May 2023 to complain. Aviva called her the same day to discuss her complaint. Mrs C felt that Aviva had bombarded her with letters as she approached her SRD. She said that although the information she'd been provided with had said that a withdrawal would affect any benefits she was on, she didn't know what, if any, benefits she'd get once she started to receive her state pension on her SRD. And she'd felt that when she went through the process online, the effective date would be her SRD, not before. She was also concerned that what had happened to her could happen to someone else.

Mrs C also said that she'd needed the pension money to pay vet's bills for a beloved pet, but was now having to use it to cover normal monthly outgoings. She said she was very upset by what had happened, and noted that she suffered with extreme anxiety.

On a later call, Mrs C also told Aviva that after she'd gone through the online application, which hadn't specified a payment date, she'd been concerned, so had emailed Aviva to ask it if the payment could be on her SRD. She felt Aviva needed to look at its systems so that its customers understood exactly when withdrawal payments would be made.

Aviva issued its final response to the complaint on 7 June 2023. It didn't think there was anything wrong with its withdrawal process. But it felt that Mrs C should've been able to get through to it on the phone more quickly. It offered £50 compensation for this.

Aviva acknowledged why Mrs C felt frustrated with the process. It said that when its customers were approaching their nominated SRD, it would send communications to let them know. It said it also provided further detailed information about customers' pension options and what they'd need to think about before deciding what to do with their pensions.

Aviva said that although Mrs C's quote packs had stated her SRD, they'd also stated that she didn't have to take the money from her plan on that date. But that she could withdraw money any time after the age of 55.

Aviva acknowledged that Mrs C would've heard a recorded message about the online process when she called it to discuss her pension. It said it provided that message to all its customers. It also said that for Mrs C, the online process was her preferred option.

Aviva said that the online process didn't allow requests to be future dated. And that while it understood that Mrs C had thought that her request would be processed on her SRD, the process had explained that payment would take up to 10 working days from the date of the request for the money to credit into a customer's account. It said that an automatic email had been sent to Mrs C to tell her this. And that Mrs C had confirmed that she had received this email, which had prompted her to contact Aviva as she was concerned that the withdrawal payment would be processed before her SRD.

Unhappy, Mrs C brought her complaint to this service. She said she'd tried to call Aviva in May 2023. And that while waiting to be connected, she'd heard a recorded message telling her she could complete her request online. She felt this was better for her given her anxiety. So she applied online. This led to her withdrawal request being processed earlier than she'd wanted, losing her means-tested benefits. She wanted Aviva to apologise and to alter its systems so that no one else suffered like she had.

Our investigator didn't think that Aviva had done anything wrong. He understood why Mrs C had felt that her request would be processed on her SRD. But didn't think the evidence showed that Aviva had ever indicated that this was the case, or provided Mrs C with any misleading documentation. He also felt that Aviva had acted fairly when it had offered Mrs C £50 compensation for not being able to get through to it on the phone.

Our investigator noted that Mrs C didn't include her policy number when she emailed Aviva after making her online withdrawal request as she could no longer access that number online. But he felt it had been reasonable for Aviva to ask Mrs C for the policy number before it took any further action. He also felt that Aviva could've asked for different information to help it locate the policy if Mrs C had replied to it to tell it she didn't have her policy number. But that as Mrs C hadn't replied to Aviva, it hadn't had the opportunity to request different information.

Mrs C didn't agree with our investigator. She didn't think she should've known that her withdrawal payment would be made before her SRD. She said she wouldn't have ticked a box stating she'd understood that such a payment could affect her benefits if she'd thought the withdrawal payment would be made before her SRD. And that she'd effectively been answering that question on the basis that her withdrawal would be carried out on her SRD.

Mrs C accepted that she should've kept a record of her policy number, but didn't think she'd need it anymore. She said she still felt that Aviva should've more clearly explained that a withdrawal request would be processed immediately rather than on a customer's SRD. She said if it had been clear she would've made her request on her SRD, not before it.

As agreement couldn't be reached, the complaint has come to me for a review.

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 agree with our investigator that Aviva didn't do anything wrong. And that its communications with Mrs C weren't misleading. I know this will be extremely disappointing to Mrs C. I'll explain the reasons for my decision.

I first considered if Aviva acted fairly and reasonably when it wrote to Mrs C, starting in December 2022, about her pension.

Mrs C feels like Aviva bombarded her with paperwork as she approached her SRD.

However, I'm satisfied it did nothing wrong when it sent these letters. I'll explain why.

Was it fair for Aviva to write to Mrs C about her pension plans?

As our investigator noted, pension providers like Aviva are required by their regulator to send "wake up letters" to customers as they approach their SRDs. This is so that they can get all of the information they need to make an informed decision.

Although I can see that Mrs C clearly felt some pressure to make a decision about her pension when she received these letters from Aviva, I'm not persuaded that she should've felt this way. I say this because the letters stated that she didn't have to do anything at the time if she didn't want to.

I next considered whether Aviva followed its usual process for the withdrawal request. And if the process was clearly signposted.

Was Aviva's correct process followed?

I can see that Mrs C interpreted the information Aviva provided her with as meaning the effective date of her withdrawal would be her SRD, not before. So I've gone on to consider not only whether Aviva followed the correct process, but whether it did anything to mislead Mrs C into thinking her withdrawal request would be processed on her SRD.

I've covered some of the detail included in the wake-up letters in the background section of my decision. I'm satisfied that although these show that Mrs C had an established SRD on her plan, she could also take her benefits at a date of her choosing before, on, or after her SRD, given she was already aged over 55.

I'm also satisfied that the wake-up letters made it clear that means-tested benefits could be affected by any pension withdrawals. But Mrs C has explained that she wasn't concerned about any impact on her means-tested benefits, as she didn't think she'd be entitled to any after she'd reached her SRD. So I can see why, when she was completing the online withdrawal process which she felt would only be actioned on her SRD, she was happy to answer "Yes" to the risk warning:

"Do you know any means-tested government benefits could be affected by choosing this retirement option?"

However, at the end of the online withdrawal process, it stated under: "What happens now?" that: *"Once we have everything we need including any additional documents, we'll pay your money within 10 working days"*.

Mrs C completed her application on 5 May 2023, so this would've meant that the payment would've been made on or before 19 May 2023, which is before Mrs C's SRD. So I consider that Mrs C would've understood that the payment date wasn't linked to her SRD at this point.

I'm also satisfied that Mrs C received the automated email Aviva said it sends to customers to explain that the withdrawal process would take up to 10 working days. I say this because she told Aviva that she had, and this had prompted her to email it to see if she could delay the withdrawal.

I acknowledge that Mrs C hadn't appreciated that her request would be actioned within 10-working days until the end of the online withdrawal request. But I can see that when she discovered this, she emailed Aviva to ask it to delay or cancel the request. Unfortunately she no longer had a record of her policy number, so she didn't reply to Aviva's request for it.

I agree with our investigator that it was reasonable for Aviva to ask for Mrs C's policy number before it actioned her request to delay or cancel the withdrawal. And as she didn't respond to tell Aviva she didn't have it, Aviva didn't have the opportunity to request other policy verification information. So I can't fairly hold it responsible for failing to action Mrs C's request to delay or cancel her withdrawal request.

Having received copies of all the letters Aviva has sent Mrs C, I'm also of the view that there's no evidence that Aviva ever stated that a withdrawal request would be processed on a customer's SRD.

Therefore I don't consider that Aviva has provided Mrs C with any misleading information. And I'm satisfied that it followed its correct process when actioning her withdrawal request.

I next considered Mrs C's complaint that she'd been unable to get through to Aviva on the phone in early May 2023. And that while she was waiting, she'd been encouraged to complete her request online as a recorded message had been played. She felt this had led to her withdrawal request being processed earlier than she'd wanted, losing her means-tested benefits.

Aviva has acknowledged that it should've been easier for Mrs C to get hold of and has offered £50 compensation. But I need to consider if this is fair and reasonable under the circumstances.

Is Aviva's offer of £50 compensation fair?

Aviva has acknowledged that Mrs C had to wait too long to speak to them on the phone. And offered Mrs C £50 compensation.

I've not been provided with any other evidence of difficulty in getting through to Aviva, so I consider Aviva's offer is reasonable. But I've gone on to consider whether the recorded message Aviva played while Mrs C was on hold led her to take an action she wouldn't have otherwise wanted to take.

Mrs C has told this service that, given the anxiety she suffers from, her preferred method for actioning her withdrawal request was doing it online. As such, I can't fairly say that the recorded message led to Mrs C following a path that wasn't suitable for her.

I'm very sorry that Mrs C has lost out here. I can see that she genuinely believed that her withdrawal request would be actioned on her SRD. But I can't fairly say that Aviva ever told her that would be the case. Therefore I can't reasonably uphold this complaint.

My final decision

For the reasons set out above, I don't uphold Mrs C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 3 October 2023.

Jo Occleshaw
Ombudsman