

The complaint

Mr D has complained about the value he received when he surrendered his Aviva Life & Pensions UK Limited (Aviva) endowment policy.

What happened

Mr D had an endowment savings plan with Aviva, which he surrendered on 15 September 2022.

Mr D says that he called Aviva prior to surrender to confirm the process and that he was asked for the value of his policy as it was shown on his account. Mr D gave the value on that day (14 September 2022) of £54,260.42.

On 19 September 2022, Mr D received confirmation of the surrender and that the value he would receive would be £53,344.20. This was significantly less than the amount Mr D was expecting, so he complained to Aviva.

Aviva responded to say that they don't use live pricing and that when Mr D confirmed surrender of his plan, he was securing the price at the date the request was received on. Aviva said this was in line with the terms and conditions of the policy. However, they did recognise that the valuation had been calculated incorrectly. They said he had received a price for the next valuation point (close on 15 September 2022 instead of close on 14 September 2022). They calculated the loss to be £83.99 and paid this with additional interest for loss of use of these funds and £300 as compensation for the inconvenience caused.

Mr D remained unhappy. He said that his policy documentation wasn't clear, the associate he had spoken to had been misleading and that the annual statements had suggested he'd get the price he had quoted to Aviva.

Our investigator looked into it but thought Aviva had acted fairly to put things right. As no agreement was reached the case has been passed 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.

Having done so, I agree with the investigator that Aviva have done enough to put things right here. I'll explain why.

Firstly, I would like to say that I do understand the frustration that Mr D would have felt, in receiving significantly less funds than he was expecting for a policy he had kept in place for some time.

However, our role is to establish if Aviva have done anything wrong, and if they have, whether they have done enough to put Mr D back in the position he would have been in, but

for their error. I am satisfied with the explanation given and that Aviva have now calculated the surrender value of Mr D's plan correctly.

Mr D completed the surrender request on 15 September 2022 and Aviva have now paid him the value on that day (which was calculated at close on 14 September 2022). Mr D was expecting the value as of the day of 14 September 2022. However, he is not entitled to that price as he didn't process the surrender until the following day, when the plan had been valued again.

Mr D says this isn't made clear in the terms and conditions of his policy. However, section 9 explains that *"the surrender value will be a sum equal to the value of the units cancelled based on their bid prices at the valuation of the Funds immediately following receipt of the instruction."* I think this makes clear that Mr D will receive the value at the point the surrender request is received, which is what has happened.

However, I do agree that Aviva could have been clearer with Mr D about the price he was going to receive, during the call he had with them. This wasn't explained and meant Mr D received approximately £900 less than he was expecting. However, Aviva have paid Mr D a total of £300 for this loss of expectation and the distress this caused. As well as the service he received from them, including a failure to call him back. I think this amount is fair and reasonable in the circumstances and correctly considers the impact on Mr D.

In summary, I think Aviva have now paid the correct surrender value to Mr D. I appreciate he was expecting the figure he saw and gave to Aviva on 14 September 2022. However, that isn't the value he is entitled to under the terms and conditions of the policy. I think Aviva have already fairly compensated him for his loss of expectation and the distress and inconvenience caused. I won't be asking them to do anything further.

My final decision

My final decision, for the reasons set out above, is that I don't uphold this complaint against Aviva Life & Pensions UK Limited. They have already done enough to put things right for Mr D.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 6 November 2023.

Yoni Smith
Ombudsman