

The complaint

Mr S complains that HUB Financial Solutions Limited (HUB) provided him with an incorrect annuity quote which had failed to allow for its commission, resulting in a financial loss. And that it then caused him further financial loss and a considerable amount of distress and inconvenience when it incorrectly told him that a new annuity quote for a considerably higher amount was guaranteed.

What happened

In early 2023, Mr S wanted to purchase a joint life annuity with funds from the stakeholder pension he held with a provider I'll refer to as provider S. Provider S referred Mr S to HUB on 23 February 2023 so that he could review his open market options. I understand that HUB would charge Mr S 1.8% commission on the value of the fund to be used to buy the annuity for this service.

HUB held the initial non-advised call on 9 March 2023. And then provided Mr S with options from the open market. The options included an annuity quote of £15,955.44 each year from a provider I'll refer to as provider C on 9 March 2023, which Mr S didn't accept. A further quote of £16,249.92 each year from the same provider was produced on 24 March 2023. Mr S told HUB he'd need some time to think before proceeding. And asked for the quote to be put in writing. HUB confirmed to Mr S that it wouldn't submit an application until he was happy to proceed.

On 5 April 2023, Mr S called HUB to confirm that he'd like to proceed with the annuity with provider C. HUB told him that it would get the application submitted that day.

On 25 April 2023, provider S paid Mr S a tax-free cash (TFC) lump sum of £92,348.80. And paid the remainder to provider C so that it could set up the annuity. As Mr S's fund had increased in value between the quote and the transfer by £904,68, the amount transferred to provider C was higher than the amount it'd based the annuity quote of £16,249.92 on.

Provider C issued a confirmation for an annuity of £16,364.16 on 4 May 2023. And Mr S also received his TFC the same day. Provider C wrote to Mr S on 11 May 2023 to confirm the annuity amount. It said the first payment date would be 4 June 2023.

On 11 May 2023, Mr S called HUB. It told him that the quoted annuity wasn't correct as it didn't allow for its commission. HUB also wrote to Mr S the same day to confirm this. It said that provider C hadn't included the commission payable in the final quote. And that it had apologised for the error and assured it that a new quote would be provided in three to five business days.

Unhappy that HUB had told him the quote he'd accepted was too high, Mr S wrote to it. He quoted a section of the information pack HUB had provided. This said that the quotation provided: *"takes into account all charges imposed by the annuity provider in your funds including the commission paid to HUB Financial Solutions."*

Provider C produced a new quote for £16,067.64 each year after allowing for HUB's

commission. Mr S wrote to HUB to tell it he wouldn't accept the reduced value because he felt it'd misled him. He said the new quote didn't conform to its promise that all quotes would take into account all charges payable to HUB.

Mr S complained to HUB on 30 May 2023 about the error with his quote. The call note recorded that he wanted the quote of £16,364.16 to be honoured in line with HUB's disclosure of commission document. He said he'd lost faith in HUB due to the commission error. And he didn't want to proceed with the annuity unless he was offered this higher quote.

Mr S said that he'd called provider C on 31 May 2023 to put the annuity on hold. He said it told him that HUB hadn't provided a similar instruction.

HUB's phone records show that Mr S called it on 1 June 2023 to say he'd told provider C to put his annuity purchase on hold. And to confirm that he wouldn't accept its final quote. The note recorded that the quote had dropped as it now correctly included commission. And that the complaint would be investigated. It also said that Mr S wanted HUB to contact him by 6 June 2023 or he would cancel the annuity with provider C and contact the Financial Ombudsman Service.

Mr S said that HUB called him on 6 June 2023 to promise to correct its errors. HUB provided no record of this call.

HUB wrote to Mr S on 6 June 2023 to acknowledge his complaint about the annuity quote.

Mr S said HUB called him on 7 June 2023 to tell him that provider S would accept the repayment of his pension. And that it had offered an annuity of £16,841 each year. He said the only condition it informed him about was that the total fund value (including his TFC) had to be returned to provider S by 30 June 2023. HUB provided no record of this call.

HUB said it called provider S on 8 June 2023 to ask if it would be willing to receive back Mr S's funds - his TFC and the funds previously sent to provider C. Provider S said it would check. It then emailed HUB on 9 June 2023 to confirm that it would allow Mr S to transfer his funds back to it. But that he needed to do so by 30 June 2023.

HUB's call notes show it called Mr S on 9 June 2023 to update him on progress. It told him that his options were to proceed with provider C with an annuity of £16,067.64 each year, or that he could return the funds to provider S, which had confirmed it was willing to accept them back. It also said that provider S was currently offering the highest annuity income. It said that this was for an annuity of £16,841 each year. And that there'd be no commission as the annuity was with provider S. When Mr S asked it if that would be the actual annuity that he would receive, it said:

"I can't guarantee the exact figure but there'd be no dramatic increases or decreases at this stage, that's what the annuity would be."

Mr S wanted to check if provider C could provide a better quote than provider S. He felt that he would get his income a lot quicker with provider C, because it currently had his money. So he asked provider C for a quote on 9 June 2023 and he received that quote the same day. The quote was for an annuity of £16,087 each year (allowing for HUB's commission) with the first payment to be made on 9 July 2023.

Mr S said he'd told HUB he'd received a quote from provider C. But this wasn't as competitive as provider S's quote. So he called HUB again on 12 June 2023 to ask it to confirm if the £16,841 quote he'd been given was confirmed. He said that when it'd told him

it was, this had reassured him enough to instruct it to request the transfer of funds from provider C to provider S. And that this also led him to make arrangements to repay his TFC which I understand he did on 15 June 2023.

Both Mr S and provider C then returned the funds to provider S.

HUB emailed Mr S on 19 June 2023 to provide an update about the timings. Mr S called HUB on 20 June 2023 as provider S had told him it had yet to receive the funds. HUB agreed to chase provider S and provider C and then call Mr S back.

Mr S said that HUB emailed him an application for provider S and a copy of the £16,841 quote with a start date of 20 June 2023. He said he returned this the same day. He also called HUB the same day to tell it provider S had confirmed it'd received the funds from provider C.

Mr S said that provider S had everything it needed on 28 June 2023, before the end of June deadline.

On 3 July 2023, Mr S said that provider S called him to tell him it didn't recognise the £16,841 quote. He said it set out his options in an email of the same date.

HUB's call records show that it spoke to Mr S on 3 July 2023. And that he'd told it that provider S had told him it'd give him a completely different annuity to the one he'd been expecting. HUB offered to call provider S to see what was happening. HUB's call notes show that provider S told it the quotes hadn't been guaranteed. And that the rates had changed, making the income lower. HUB then called Mr S to tell him what provider S had said. Mr S was very unhappy and asked HUB to raise a new complaint as he felt he'd been mis-sold. He felt HUB had told him the income was guaranteed.

Mr S emailed HUB on 14 July 2023 about his new complaint. He felt HUB should honour the quote it'd provided. HUB wrote to Mr S on 25 July 2023 to tell him it wasn't yet able to provide a final response to his complaint.

Mr S said that provider S called him on 31 July 2023 to tell him that annuity rates had gone down since the initial quote and as it wasn't guaranteed, his options remained as those stated in its 3 July 2023 email.

Mr S said he called HUB on 4 August 2023 to ask it to honour an annuity for £16,841. But he said that although the call handler said he'd let Mr S know what his manager had said about the request, he never called Mr S back.

On 7 August 2023, Mr S wrote to HUB about his second complaint. He said that due to the poor service he'd received, he'd had no choice but to accept provider S's backdated annuity offer of £15,866 each year.

On 8 August 2023, HUB called Mr S. He told it that because he'd not received promised call backs from it he'd felt he had no choice but to go with provider S.

On the same day, a complaints handler from HUB called Mr S to discuss his complaint. She acknowledged that HUB had made quite a few errors, with the major one being that it had produced a quote without any commission. She also said HUB would consider all of the service issues. Mr S also said that there was another major error in that HUB had promised a guaranteed annuity of £16,841 from provider S if provider S got his funds back by the end of June.

After the complaints call, Mr S wrote to HUB the same day to provide examples of the poor service he'd received.

Provider S also confirmed the retirement benefits it would pay Mr S on 8 August 2023. It said he would receive a TFC payment of £92,348.80 and a yearly pension £15,866.16.

Mr S said he received the first monthly payment from provider S on 11 August 2023. He said this was the backdated payment from 25 May 2023.

Mr S said he had a call with HUB on 15 August 2023. And that it said it would speak to provider S to ask why it wouldn't honour its annuity quote of £16,841. He said he had a further call with HUB on 12 October 2023, when it said it was waiting for information from provider C about the difference between the quotes with and without commission. Mr S said he told HUB that it already had this information.

Mr S said that although HUB had promised to call him on 26 October 2023 with what he felt would be a definite settlement proposal, the call didn't happen. And that when he'd emailed HUB the same day, he'd simply received a reply saying HUB was still waiting to hear from provider C. But that he could refer his complaint to this service.

Mr S referred his complaint to this service on 28 November 2023. He wanted to receive an annuity income equal to the quote of £16,841 from provider S as he felt HUB had led him to believe it was guaranteed. Mr S said that a complaint handler from HUB told him on 29 November 2023 that his complaint had been upheld.

Mr S said that HUB emailed him on 30 November 2023 to say a manager would call him that day. But the call didn't happen until 5 December 2023. He said that during that call, the manager insisted that HUB was still waiting for information from provider C. And that he'd also said that it was provider S who should honour the £16,841 quote.

There was further correspondence between Mr S and HUB between 6 December 2023 and 12 December 2023. In his 6 December 2023 email to HUB, Mr S noted that some of the quotes with provider C had been guaranteed. There was also some discussion about whether provider C had provided HUB with the quotes it needed for its complaint response. HUB sent an email to Mr S on 12 December 2023 which stated:

"I can confirm, as we spoke about last week, we're trying to make sure we're paying you the difference between what you should've been quoted on 24 March 2023 compared to what you're currently receiving from [provider S]."

Mr S told this service that he had two complaints, which HUB was considering together. He said his first complaint was about the error with the commission with the provider C annuity and the second was about being led to believe that the provider S annuity was guaranteed.

Mr S said that he'd suffered a lot of heartache waiting to be updated with progress over more than 10 months. And that he'd received numerous false promises and suffered the stress of not knowing what his regular income would be. He said he'd had to accept an annuity with a value less than all those promised because of the errors HUB had made. He also said he'd suffered financial inconvenience trying to find funds to repay his TFC.

HUB issued its final response to the complaint on 26 February 2024. It apologised for the poor service it'd provided. It also apologised for the annuity with the provider S taking longer than Mr S had expected. And that it had taken longer than expected to resolve his concerns.

HUB acknowledged it'd made a mistake when it'd omitted commission which had then led to

the incorrect quotes from provider C. But it didn't think it was responsible for the provider S annuity not being guaranteed. HUB offered Mr S £500 compensation for the stress and upset caused.

Mr S wasn't happy with HUB's response. He said he hadn't asked it to approach provider S for the quote for £16,841. And that he'd only agreed to go ahead when HUB had confirmed on 12 June 2023 during a call that the quote was a firm quote. He asked if HUB had listened to that call. He said no one had told him that the £16,841 wasn't guaranteed.

Mr S also questioned why HUB wasn't offering to ensure he was paid what he should've been quoted on 24 March 2023, as it had set out on 12 December 2023.

Our investigator didn't think the complaint should be upheld. He didn't think that HUB had caused any financial loss. And he was satisfied that the compensation it had offered for its error and poor service was fair.

Mr S didn't agree with our investigator. He felt that HUB had made an error when it'd specifically told him that the annuity quote with provider S was guaranteed when it clearly didn't know. He said he'd asked HUB to listen again to the recording of the call between him and a named call handler on 12 June 2023 at 1.33pm.

Mr S also felt that it mattered whether he or HUB had instigated the move back to provider S. He felt this had limited what he was then able to do once he'd found out that the annuity quote of £16,841 wasn't valid. He said he might've been able to transfer the funds again, although this would've further delayed the first income payment. He said he hadn't been able to wait so this had restricted his choice.

Mr S didn't agree with our investigator that HUB wasn't liable for any financial loss. He said he now received a considerably reduced annuity income from provider S compared to what he would've received from provider C, or the "*guaranteed*" quote from provider S HUB had provided. He felt that HUB should at least be required to honour its promise to pay the difference between the provider C annuity of £16,067.64 and the one he'd had to accept from provider S. Mr S also pointed out what he felt were factual errors in our investigator's view.

Our investigator considered Mr S's points. But they didn't change his view. He issued a further view on 25 March 2024. He acknowledged that Mr S felt there were factual errors in his view, but didn't think any of his requested changes would impact the outcome.

Our investigator didn't think that Mr S would've accepted the annuity of £16,067.64 from provider C if HUB hadn't made any errors. He thought he was hoping for a much higher annuity income. He also didn't think there was enough evidence to comment on whether the provider S quote for £16,841 was sent to HUB because of an error it had made. But he felt that even if HUB had made an error, he didn't think it would be fair for Mr S to then benefit from a quote which was never correct to begin with. He felt that if that were the case, Mr S would've suffered a loss of expectation, which he considered had already been factored into HUB's compensation offer of £500.

Mr S was still unhappy. He made the following points:

- He himself had put the provider C quote for £16,067.64 on hold on 31 May 2023. He said he hadn't cancelled it. But that he'd asked HUB to resolve the issue. He said it had then called him on 6 June 2023 promising to do so.
- Mr S said he'd specifically checked with HUB that the provider S quote for £16,841

was guaranteed before he'd asked it to proceed.

- He didn't think that £500 compensation was fair for the poor service and negligence he'd experienced from HUB, given he felt he'd been denied a regular income of between £200 and £977 each year.

Mr S also provided this service with detailed information about the poor service he felt he'd received and both his loss of expected income and his actual loss of income. He also provided more detail about the distress and inconvenience he'd suffered.

Mr S provided what he felt was further evidence of financial loss. He said that when provider S had initially paid his TFC, it had paid it late. It had then compensated him by paying him interest, which he'd had to repay when he'd returned his TFC.

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

I issued my provisional decision on 12 June 2024. It said:

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 intend to uphold it. I don't agree with our investigator that Mr S hasn't suffered a financial loss. I'll explain the reasons for my decision.

Before I considered this complaint, I asked both Mr S and HUB to provide additional information. I'm grateful to both parties for the information they provided.

I first considered who requested the quote from provider S. I did this because Mr S said he didn't ask HUB to do so.

Who requested the quote from provider S?

HUB said it called provider S on 8 June 2023 to explain what'd happened. After that, provider S agreed to extend the cancellation period and accept all the funds back.

HUB said it then spoke to Mr S on 9 June 2023. And that it explained he could continue to proceed with provider C, or he could return the funds to provider S as it was willing to accept his funds back. HUB also said that provider S was now offering the highest annuity income. The evidence is unclear about whether this information is simply something HUB had access to, was provided without request by provider S, or if HUB had requested a quote.

After checking whether provider C could provide a better quote, Mr S decided he wanted to return his funds to provider S.

From what I can see, HUB was trying to help Mr S to access the best possible annuity income at this time. So I don't consider that it did anything wrong if, during the process of working out what Mr S might want to do next, it researched the market on his behalf without his instruction. Having done so, it identified that provider S had the best terms at that time. This wasn't helpful for HUB, as it meant it wouldn't be able to charge its commission if provider S set up the annuity.

Mr S himself considers that the quote provider S provided was correct at that time. Therefore, I'm not persuaded that HUB did anything wrong here, even if it did request a quote from provider S without Mr S's instruction.

I next considered if HUB ever told Mr S that the provider S quote was guaranteed.

Did HUB state that the provider S quote was guaranteed?

HUB said that provider S had confirmed it was happy to accept Mr S's funds back as long as they were returned by 30 June 2023. And that provider S had provided it with a quote of £16,841, which was commission free as provider S would arrange the annuity itself. HUB said that Mr S had then told it on 3 July 2023 that his annuity purchase with provider S had been completed on a lower amount than he'd expected. HUB said this was because the quote hadn't been guaranteed.

Mr S said that HUB had told him that the provider S quote was firm and guaranteed. And that it was because of this reassurance that he'd decided to accept the provider S quote for £16,841. HUB said it didn't tell him the quote was guaranteed.

Mr S said that the provider S quote had been a valid quote, but only on the day it was generated. He said that the quote for £16,841 had first been communicated to him on 7 June 2023. And that HUB had confirmed it was guaranteed on 12 June 2023. He said the quote had been emailed to him on 22 June 2023, with a commencement date of 20 June 2023. Mr S felt that HUB had actively led him to believe that the quote was valid for a minimum period of 15 days between 7 June and 22 June 2023. And that it had confirmed this on three separate occasions.

The evidence shows that calls did take place between Mr S and HUB on 6 and 7 June 2023. HUB hasn't been able to share recordings of those calls. But it told this service that the calls were to explain who the call handler was, allow Mr S to explain what had happen so far, and for HUB to confirm that it would contact provider C, provider S and HUB management to look for a solution. Having listened to the calls on 9 June 2023 and 12 June 2023, I'm persuaded that the first time HUB told Mr S about the provider S annuity was during the 9 June 2023 call, not 7 June 2023.

Mr S said that he'd reluctantly accepted provider S's offer of an annuity for £15,866 backdated to 25 April 2023, (the date the funds were initially transferred from provider S to provider C). And a TFC of £92,348. And that he'd done so because HUB's complaint handler hadn't called him back when he said he would.

I asked HUB to comment on this point. It said that the service it provided to Mr S was certainly not what it expected, and not acceptable, but it felt it had considered all of the concerns he'd raised. It said that its complaint handler had been unwell at the time, and that it had told Mr S about this. It also said that as soon as the team was able to, it arranged for someone else to call Mr S back.

The evidence shows that Mr S had previously received quotes that were guaranteed for a period of time. So I can understand why he felt that the quote from provider S was guaranteed. But there's no evidence that HUB ever told him that this was the case.

I've listened carefully to the calls on 9 June 2023 and 12 June 2023. Having done so, I've not found that HUB ever told Mr S that the quote was guaranteed. But, during the call between Mr S and HUB on 9 June 2023, the call handler did state:

"I can't guarantee the exact figure but there'd be no dramatic increases or decreases at this stage."

I consider that this shows that the final value wasn't yet known.

Mr S obtained a quote from provider C on 9 June 2023 for an annuity of £16,087.08. As this was lower than the quote he'd received from provider S, he decided to agree to the transfer back of his funds from provider C to provider S, despite the difficulties this would cause him.

I can also see that when Mr S called HUB on 12 June 2023 to confirm the £16,841 quote, the call handler didn't state the figure was guaranteed. It appears that he ran the quote again and came up with the same number that had previously been quoted. And that he confirmed this to Mr S.

I assume that when Mr S said that HUB confirmed the £16,841 quote to him on three occasions, the third time was when it sent him a copy of the original quote.

From what I've seen, I don't doubt that Mr S gained reassurance that the £16,841 quote was guaranteed when he called HUB on 12 June 2023. I think he called HUB specifically to get that reassurance. But I'm not persuaded that this means that HUB made a mistake here.

I say this because there's no evidence that Mr S ever asked HUB if the quote was guaranteed, or for how long. I think if he had done so, the call handler would've explained that the quote wasn't guaranteed. I also consider that it wasn't particularly surprising that the rates hadn't changed between 9 June 2023 and 12 June 2023. But it is unfortunate that Mr S took the fact that the rate hadn't changed between 9 June 2023, and 22 June 2023 when he received a copy of the quote, to mean that it was guaranteed.

While I consider that the call handler could've made it clearer to Mr S that the amount of the annuity he'd actually receive wasn't yet confirmed, I can't fairly hold HUB responsible for Mr S's decision to accept the non-guaranteed quote when he did. From what I've seen, HUB did its best to try to get the best annuity income for Mr S, despite there being no commission for it available on the provider S annuity.

I've next considered the error HUB acknowledged it made with the provider C quote.

Annuity quotes from provider C

The evidence shows that the initial 9 March 2023 quote of £15,955.44 was correct. Mr S decided not to accept this quote because he wanted to wait until the financial markets had settled down.

On 24 March 2023, a further quote of £16,249.92 was produced. Mr S said that HUB called him the same day to tell him that annuity rates had improved. He said it told him that as long as he confirmed his acceptance by 7 April 2023, the value would be guaranteed until 8 May 2023.

As Mr S's fund had grown between his acceptance of the quote and the purchase of the annuity, he called HUB on 11 May 2023 to ask it how this would affect his income. HUB said the annuity would now be £16,364.16. But then realised that the annuity wasn't correct because it didn't allow for HUB's commission. Provider C then produced a new quote, including commission, of £16,067.64 on 25 May 2023.

HUB now acknowledges that both the 24 March 2023 quote and the 4 May 2023 confirmation failed to include its commission and were therefore not correct. But it initially felt that provider C was responsible for the error, as provider C had admitted fault when HUB questioned it. HUB said it realised it had itself made the error when it started investigating Mr S's concerns in more detail.

Our investigator felt that provider C's quote for £16,067.64 was what Mr S would've received

but for HUB's error. I agree with this point, as even though HUB made an error, Mr S was never entitled to the incorrect amount quoted on 24 March 2023 or 4 May 2023. Although the quote for £16,067.64 was produced three weeks later than the 4 May 2023 confirmation, I'll demonstrate later on in my decision why I think it would be reasonable to use this figure for redress purposes.

Our investigator felt that it was because Mr S chose to try to get a higher income, rather than to accept the corrected quote, that his income dropped. But I don't agree.

I say this because Mr S told this service that he anticipated receiving the first payment from provider C on 4 June 2023. And although he didn't accept the initial quote for £15,955.44, he said this was because he wanted to wait until financial markets had settled down. I think this was a reasonable consideration at the time.

Mr S then accepted the 24 March 2023 quote. This was only two weeks after the first quote. I think this shows that he was keen to start his annuity. And that he wasn't waiting further to see if things would get even better. I can also see that Mr S called provider C on 31 May 2023, a day after he'd raised a complaint with HUB, to put his annuity on hold – he didn't cancel the process at this point, despite the fact that he'd been led to believe it was provider C's error that had led to the incorrect quote.

The evidence shows that once HUB realised it'd made a mistake, it tried to do what it could to help Mr S to set up his annuity. In doing so, it provided a further quote that he hadn't himself requested from provider S. This was for £16,841. As I've noted earlier, Mr S felt this was guaranteed, and therefore I consider it reasonable for him to have decided to take the incredibly inconvenient steps he needed to take to transfer all his funds back to provider S in order to obtain this considerably better rate.

Therefore, while I can't be certain what would've happened, I consider that if Mr S had been given a correct quote on 24 March 2023 he would've accepted it. And he therefore would've ended up with a confirmation of his final annuity income on 4 May 2023.

I asked HUB why it hadn't offered financial redress to Mr S given what it had said in its 12 December 2023 email to him. It said that it hadn't been able to do this, as it still didn't know what provider C would've quoted. I can't fairly agree with this statement for several reasons.

Firstly, although Mr S accepted the 24 March 2023 quote, the 4 May 2023 confirmation - which I understand was shared with Mr S on 11 May 2023 - showed a higher figure because his fund had grown. The same thing would've happened if HUB hadn't failed to include its commission in the 24 March 2023 quote. Therefore I'm satisfied that HUB should instead have offered to ensure that Mr S received what he would've received in line with what the 4 May 2023 confirmation would've said.

Secondly, I'm not persuaded that HUB couldn't itself work out what the 4 May 2023 confirmation would've said if it had remembered to include its commission. I'm of the view that it simply had to multiply the figures shown there by 0.982, to reflect the 1.8% it needed to deduct for commission. Therefore the 4 May 2023 confirmation should've said that the annuity would be £16,069.61 (calculated from £16,364.16 times $(1 - 1.8\%)$). I'm satisfied that this is so close to provider C's quote of £16,067.64 on 25 May 2023 that HUB can reasonably take provider C's quote to be accurate for the purposes of the calculation I intend to ask it to carry out to put things right for Mr S.

Finally, if HUB's position now is that it would've given Mr S financial redress but for the requirement for additional information from provider C, it should've made this clear to Mr S. Overall, I intend to uphold the complaint.

I finally considered the poor service Mr S has experienced.

Poor service and loss of expectation

HUB has offered Mr S £500 compensation for the stress and upset caused. I'm unsure whether it has already paid this or not.

In its 12 December 2023 response to Mr S, HUB apologised if it had made it seem that the provider S annuity for £16,841 was guaranteed. It said it would compensate Mr S for the disappointment caused.

In its 26 February 2024 final response letter, HUB apologised to Mr S that his provider S annuity was lower than he'd expected. It also apologised for it taking longer than expected to resolve his concerns. HUB also acknowledged that it'd failed to include commission in the provider C quotes.

Mr S has provided detailed information about a number of times when HUB failed to reply to his emails or call him back when it said it would. He's also noted several occasions when HUB used inaccurate dates or provided him with incorrect information. Mr S felt that the quality of service and the accuracy of the information provided by HUB had been well below reasonable levels of expectation, and that it had failed its duty of care.

Mr S has also told this service that he personally had to intervene in stopping the rewritten annuity with provider C from being set-up as HUB had failed to.

Mr S said that it was extremely distressing for him to pay his TFC back to provider S as he'd already given some of it away. So he had to suffer the embarrassment of asking to borrow those funds back between 15 June 2023 and 8 August 2023. He also said that the whole episode had gone on for a long time, leading to stress, anxiety, uncertainty and depression. He said he'd previously considered himself to be reasonably financially savvy, but now felt that this had been destroyed.

Mr S said that he'd suffered a loss of expectation about the annuity income he would receive, as follows:

- Seven weeks between 24 March 2023 and 11 May 2023 when he thought he'd receive annuity income of £16,249.92 from provider C. He said this would've generated an income of £383.76 more each year than he currently received.*
- Two weeks between 11 May 2023 and 25 May 2023 when he thought he'd receive annuity income of £16,364.16 from provider C. He said this would've generated an income of £498 more each year than he currently received.*
- Two weeks between 25 May 2023 to 9 June 2023 when he expected to receive annuity income of £16,067.64. He said this was £201.48 more than he currently received.*
- Four weeks between 9 June 2023 and 3 July 2023 when he expected to receive annuity income of £16,841. He said this was £977 each year more than he currently received.*

Mr S also said that his income expectation was raised on 8 August 2023 when he spoke to a complaints assessor at HUB. He said she promised him redress for HUB's errors. He said he held this expectation until 26 February 2024, when HUB issued its final response.

I acknowledge that this situation has caused Mr S a great deal of distress and inconvenience, including causing Mr S to doubt his own financial skills. I understand why he feels this way. But I'd like Mr S to know that, based on the evidence he's provided and his own clear explanation of what happened, and how it impacted him, I can see that his analytical skills have remained intact.

From what I've seen, the compensation HUB has offered Mr S was intended to cover both the poor service he'd received and the loss of expectation he'd suffered. While I understand that this has been a distressing and inconvenient process, the amount offered is within the range I would've otherwise suggested. So I'm therefore not going to ask HUB to increase its offer. I do however intend to require it to compensate Mr S for the time when he lost the use of his TFC.

Response to my provisional decision

HUB didn't respond to my provisional decision.

Mr S made the following comments:

- He was disappointed that HUB hadn't shared the call recordings of its calls to him on 6 and 7 June 2023. He felt those calls would've confirmed that HUB had told him about the £16,841 quote from provider S on 7 June 2023.
- He didn't agree that HUB would've received no commission from his annuity with provider S. He shared an email from provider S dated 14 June 2024 which stated that it would've paid HUB 1.4% of the annuity purchase price.
- He said that some of the dates I'd included in my decision weren't correct. For example, the reference to 30 May 2023 must've been when HUB had read Mr S's email of 25 May 2023, because that's when he'd sent it.
- Mr S said he'd contacted the Financial Conduct Authority to alert it of his experience with HUB.

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.

I've considered Mr S's points, but I don't consider any new points have been raised which change my decision. I say this because although I acknowledge his point that HUB told him about the £16,841 quote from provider S on 7 June 2023, the 9 June 2023 call recording indicates that this was in fact the first time that quote was shared with Mr S. I therefore remain of the view I set out in my provisional decision.

Putting things right

If HUB Financial Solutions Limited hadn't failed to allow for its commission in the provider C quotes, I'm persuaded Mr S would've accepted the annuity quote produced on 24 March 2023. I think if he had, provider C would then have confirmed on 4 May 2023 the updated annuity income that Mr S would actually receive. And told Mr S that he could expect to receive his first income payment on 4 June 2023. His annuity income would then have been £16,067.64 each year, rather than £15,866 each year. I also consider that Mr S would've taken £92,348.80 of TFC which he would've received on 4 May 2023 and never needed to pay back.

I require HUB Financial Solutions Limited to take the following steps to put things right.

Annuity amount

I consider that Mr S would've now been receiving an annuity of £16,067.64 each year, rather than £15,866 each year. Therefore HUB Financial Solutions Limited should arrange for an additional annuity to be set up on Mr S's behalf for the difference between £16,067.64 and £15,866, that is £201.64 each year, on the same basis as the existing annuity. I'll assume it does this so that the first payment of the correct gross total monthly annuity ($\frac{£16,067.64}{12}$ or £1,338.97) is made on date X. Therefore the last payment of the incorrect gross total monthly annuity will be made one month before date X. I'll call this date Y.

If it isn't possible to set up such an annuity, HUB Financial Solutions Limited should instead calculate what it would've cost. It should then pay this amount to Mr S.

Mr S has received lower net monthly payments than he would've received if income based on an annuity of £16,067.64 each year had been paid from the start. The gross monthly loss is calculated as $(£16,067.64 - £15,866)/12$, which is £16.80 each month. HUB Financial Solutions Limited should calculate the lost gross monthly income from the time of the first annuity payment to date Y. It should then add interest at 8% simple each year to the date of my final decision. And pay this amount to Mr S.

TFC

In the 8 August 2023 complaint call between HUB Financial Solutions Limited and Mr S, the complaints assessor stated:

"You would also be entitled to interest on that TFC – you received the initial amount on the 4 May. If things hadn't gone wrong, you've been without that money. There's a possibility that you could be entitled to three months interest on that money if we got it wrong."

I agree with the complaints assessor that Mr S has lost out here. I say this because Mr S initially received his TFC of £92,348.80 on 4 May 2023. He then transferred it back on 15 June 2023. He finally received it again on 8 August 2023.

I consider that Mr S lost the use of that money between 15 June 2023 and 8 August 2023 because of HUB Financial Solutions Limited's failure to include commission on the provider C quote he initially accepted. HUB Financial Solutions Limited should therefore pay interest on the TFC amount at 8% simple each year to reflect the loss of use of that money over that period.

Distress and inconvenience

If HUB Financial Solutions Limited hasn't already paid the £500 compensation it offered Mr S, it should do so.

My final decision

For the reasons set out above, I uphold Mr S's complaint. I require HUB Financial Solutions Limited to take the actions detailed in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 29 July 2024.

Jo Occleshaw
Ombudsman