

## **The complaint**

Mr T has complained about the delays which he says were incurred by HUB Financial Solutions Limited in setting up an annuity with Legal and General (L&G).

## **What happened**

The investigator who considered this matter set out the background to the complaint in his assessment of the case. I'm broadly setting out the same background below, with some amendments for the purposes of this decision.

Mr T engaged HUB in October 2023 to assist him in obtaining an annuity using his pension funds from his Standard Life pension policy. HUB provided Mr T with an annuity quote from L&G for an amount of £304.18 a month. This quote had an expiry date of 5 December 2023, and Mr T accepted the quote on 13 October 2023.

HUB provided the completed application form via email to L&G on 2 November 2023. L&G contacted HUB to confirm some missing information from the application on 7 November 2023 – namely whether the transfer was to be full or partial - and HUB confirmed the information would be sent within two days.

However, although HUB did respond to say (incorrectly) that it would be a partial transfer, the email was in any case sent from a personal address, which it has conceded wouldn't have been received by L&G. L&G has confirmed that it didn't receive the email from HUB.

The next contact HUB made with L&G was on 15 December 2023 to follow up on the application and query whether the funds had been requested. On this call, HUB confirmed to L&G that the transfer was to be a full transfer and L&G then requested the funds from Standard Life following this call.

Mr T's funds from Standard Life were received by L&G on 8 January 2024 and it completed its final checks on 10 January 2024. It was found that the annuity rate quoted had dropped and so a change of income letter was issued on 25 January 2024 to HUB, confirming the rate drop and requesting acceptance of the new rate.

As Mr T had not heard anything regarding his annuity, he contacted L&G on 5 February 2024. On this call, Mr T was told the annuity rate had dropped and that the details of this had been sent to HUB. Mr T confirmed that he would speak with HUB and revert to L&G before progressing matters further.

After speaking with HUB on 9 February 2024, Mr T contacted L&G which confirmed a change of income letter was sent on 25 January 2024. Following this call, Mr T called HUB back and HUB raised a complaint with L&G and one against itself.

Following its investigation, HUB issued its final response on 5 March 2024. In its response, it said that there were a lot of unexpected delays due to an increase in work for pension schemes and annuity providers which had affected Mr T's application.

It said, however, that, as an intermediary, funds didn't pass through it and it had taken L&G 43 days to request the funds from Standard Life, which HUB had no control over.

Unhappy with the reduction in his annuity, and unsure who was to blame for the issues, Mr T escalated his complaints against both HUB and L&G to our service.

Having considered the matter, our investigator thought that the complaint against HUB should be upheld, saying in summary that the required information about the transfer wasn't provided by HUB until 15 December 2023, which was ten days after the annuity quote expired.

Had HUB provided the information within the two days it said it would, the funds would have been requested the same day and, taking into account the actual time it then took for funds to be received by L&G from Standard Life, this would have been on 4 December 2023 – within the expiry deadline for the annuity quotation.

To put matters right, the investigator said that HUB should do the following:

- Calculate the net annuity income that would have been generated for Mr T using his original annuity quote and the date it would have begun to be paid, and compare this to the amount actually paid to him. Any difference between these amounts and the actual amounts paid represents Mr T's past loss.
- HUB should pay to Mr T a lump sum equal to the past loss, plus interest at 8% simple per annum.
- HUB should ensure Mr T's annuity is appropriately amended going forward to the original annuity quote value.
- If HUB was unable to do this, it should calculate the purchase price needed to buy an annuity equal to the difference between the amount currently being paid and the correct amount.
- This amount should be paid to Mr T minus a deduction equivalent to his marginal income tax rate. This is because future income from the annuity would be taxable as unearned income.
- HUB should pay Mr T £150 in compensation for the distress and inconvenience caused by what had happened.

HUB rejected the investigator's findings, saying in summary initially that it had responded to L&G's information request on 9 November 2023 (before it later conceded that the email wouldn't have been received by L&G). But it said that it in any case advised customers that it could take between six and eight weeks for an annuity application to complete.

Although it could have chased more proactively, it was reasonable for it to allow the process to take its natural course, whilst being there to respond to any issues which either party may have had, it added.

No amount of chasing on its behalf would have resulted in the process being resolved more quickly, HUB said.

The investigator wasn't persuaded to change his mind, however, saying that the email sent had incorrectly said that the transfer was to be partial rather than full. And so, even if L&G

had received it, it wouldn't have enabled the transfer to immediately be processed. And given the timescale for the transfer of funds from Standard Life to L&G, it wouldn't have happened before the annuity quote expiry date.

HUB asked that the matter be referred to an ombudsman, saying in summary that it was being unfairly asked to cover a loss that wasn't of its making. It acknowledged that it should have provided the correct information in the email of 7 November 2023, but even it had, it was clear from the call on 15 December 2023 that L&G hadn't been in a position to request the funds at that time anyway.

The proposed resolution didn't take into account the time it took L&G to request the funds in the first place. Had it done so when the application was submitted then the issue would have been identified more quickly and possibly within the quote expiry period.

It considered the errors it had made to be service issues, rather than causing a delay in Mr T's annuity being established and would therefore be prepared to pay Mr T the £150 for the trouble and upset caused.

The investigator acknowledged the points made, but didn't think that they altered his view on the matter. But for a better understanding of the timeline, he requested the email which was received by L&G and the one which HUB then sent on 9 November 2023.

It was at this point, in sending the emails, that HUB acknowledged that the email it sent on 9 November 2023 wouldn't have been received by L&G as it was sent from a personal address rather than a "central mailbox option". It said that it was unsure as to whether this would alter the investigator's view.

The investigator said that this wouldn't alter his view that the complaint should be upheld. He also enquired from L&G as to the current status of Mr T's annuity, to which L&G confirmed that the annuity had been put in payment with a commencement date of 8 January 2024, but that this was then suspended following the IFA's instructions. It also said that the commencement date would remain the same if it was put back into payment and any payments Mr T hadn't received would be issued to him.

As agreement couldn't be reached on the matter, it was referred to me to 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.

And having done so, I've reached broadly the same conclusions as the investigator and for the same reasons.

I've noted what HUB has said about it being unfairly penalised for the time taken by all parties to process the transfer and establish the annuity. But I need to think about what would have happened here, had things happened as they should. And I think that, as with the investigator, had the correct information been provided by HUB to L&G on 9 November 2023, the annuity quote expiry date would have been met.

To clarify, although HUB has said that L&G wouldn't have been in a position to request the funds, had it received the confirmation that it was to be a full transfer, there's no reason why it couldn't have done so, as indeed it then did once the clarification had been provided in December 2023. And I think it's quite reasonable to use the time it actually then took L&G to request and receive the funds once clarity on the partial/full transfer issue had been provided

as an indication as to when the funds would then have been received by L&G to set up the annuity.

And the simple point here is that, had the information request from L&G on 7 November 2023 been acted upon, sent from an email address which would have been received by L&G, and included the correct information, then according to the actual timeline for receipt of funds after matters had been clarified, the funds would have been received before the annuity quote expiry date, as set out by the investigator. And L&G has confirmed that the quoted annuity rate would have been held for Mr T upon receipt of the funds.

I've noted what HUB has said about L&G's responsibility here, but L&G wasn't in any case in a position to respond to the email from HUB of 9 November 2023 as it didn't receive it, as has been conceded by HUB. Had it received the confirmation it required, as I've said above, even using the actual time it took to request and receive the funds, this would have been completed by the annuity quote expiry date.

And so my conclusion, taking into account what's fair and reasonable in the circumstances of this complaint, is that it should be upheld.

### **Putting things right**

As with the investigator, my aim is to put Mr T in the position he would now be, but for HUB Financial Solutions Limited's error.

And so, to put matters right, HUB Financial Solutions Limited should do the following:

- Calculate the net annuity income, as at the date of this final decision, that would have been generated for Mr T using his original annuity quote and the date it would have begun to be paid, and compare this to the amount actually paid to him (this may take into account any past payments which will be made once L&G reinstate the annuity payments – and Mr T may need to instruct L&G to reinstate those annuity payments and make the past payments which are due). Any difference between these amounts and the actual amounts paid represents Mr T's past loss.
- HUB Financial Solutions Limited should pay to Mr T a lump sum equal to the past loss.
- HUB Financial Solutions Limited should ensure that Mr T's annuity is appropriately amended going forward to the original annuity quote value, so that annuity payments received after the date of this final decision are aligned with the original quote.
- If HUB Financial Solutions Limited is unable to do this, it should calculate the purchase price needed to buy an annuity equal to the difference between the amount currently being paid and the correct amount.
- This amount should be paid to Mr T minus a deduction equivalent to his marginal income tax rate. This is because future income from the annuity would be taxable as unearned income.
- Any lump sum compensation payments in respect of the past and future loss should be paid within 28 days of HUB Financial Solutions Limited being notified of Mr T's acceptance of this decision. If they aren't, interest at the rate of 8% simple pa should be applied to those amounts from the date of this decision to the date of settlement.

- Mr T will quite reasonably have been distressed and frustrated by what's happened here. And so, as with the investigator, HUB Financial Solutions Limited should pay Mr T £150 in compensation in respect of this.

### **My final decision**

My final decision is that I uphold the complaint and direct HUB Financial Solutions Limited to undertake the above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 14 January 2025.

Philip Miller  
**Ombudsman**