

The complaint

Mr P has complained to Hub Financial Solutions Limited that it caused delays in the application process for buying an annuity and that he has suffered financial loss as a result.

What happened

Mr P's employer offered him an enhanced cash equivalent transfer value from his occupational pension scheme membership in January 2019, and in April 2019 it appointed Hub as the advising firm which would act on behalf of the pension scheme members.

Mr P had an initial phone consultation with Hub on 15 May 2019 and it confirmed it would send an annuity questionnaire to him within two to three days. But as Mr P hadn't received this by 28 May 2019, he called Hub and it said it would be sent the next day.

Mr P then then called to ask questions about the annuity health questionnaire on 3 June 2019, and then a follow up call occurred on 24 June 2019. A report, including an annuity quotation for around £6,400 pa, was sent to Mr P on 26 June 2019, with a deadline imposed by the annuity provider to submit the completed application paperwork by 9 July 2019.

The surname of Mr P's dependant and his date of birth needed amending, and a signature was missing, and so there were some delays in submitting the paperwork, but this was nevertheless completed by the deadline of 9 July 2019.

However, the subsequent deadline of 9 August 2019 to complete the transfer of funds from the ceding scheme was missed and a new annuity quote needed to be issued. This happened on 27 August 2019, but was for an annual income amount of around £400 less than the previous quote.

Mr P complained to Hub, but it declined to uphold the complaint, saying in summary that the paperwork for the 26 June 2019 quote had been submitted by the 9 July 2019 deadline and that it hadn't caused any delays in completing the annuity application process.

Dissatisfied the response, Mr P referred his complaint to this service, where it was assessed by one of our investigators. They didn't think the complaint should be upheld, saying that, although there had been initial delays in preparing the report and quotation, the deadline of 9 July 2019 had still been met.

The investigator also noted that the report issued on 26 June 2019 had made Mr P aware that, if the guaranteed annuity quote deadlines couldn't be met, then revised quotations would need to be issued.

And once the paperwork had been submitted to the annuity provider on 9 July 2019, there were no further delays which could be attributed to Hub, the investigator said.

Mr P disagreed, however, setting out the delays which he said preceded the issue of the initial report and annuity quote on 26 June 2019. He added that, once the paperwork had been submitted to the annuity provider, Hub then requested further proof relating to his

dependant's status, but queried as to why this couldn't have been requested in June, thereby avoiding a further delay later on.

Mr P further said that, although he accepted the subsequent lower annuity offer, he did so because he had little choice and needed the funds.

He noted the investigator's point that the earlier delays had had no effect on the final annuity offer, but said that Hub had lost 34 days during the quotation period, which had a significant impact on the financial outcome.

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

I issued a provisional decision dated 31 May 2022, in which I set out my rationale as to why I considered the complaint should be upheld. In summary, whilst I considered that some of the delays incurred weren't the responsibility of Hub, there had been instances where matters could and should have been progressed more quickly.

My findings are set out below.

"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 think I can reasonably conclude that there were delays in the period before the initial report and annuity quote were issued on 26 June 2019. In support of this position, I note that there were unexplained periods of time after the initial call with Mr P in which I think matters could have been advanced with more appropriate haste, and I deal with this particular matter further below.

But initially, I've considered whether these delays – or any thereafter - contributed to the failure to obtain the specific annuity quote produced on 26 June 2019.

And having reviewed the evidence, as with the investigator, I'm not currently persuaded that they did. To explain, Hub has confirmed that the initial annuity quote which Mr P accepted was produced on the same day as its suitability report - on 26 June 2019.

Mr P hasn't said that he accepted this quotation because he considered at that point he was time pressured or under other duress to do so. He's said that he accepted the later annuity quote as he felt he had no other option to do so, but I don't think this applied to the earlier quote.

The timescale for then meeting the deadline of 9 July 2019 was also then met, albeit with some additional action required by both parties. The matter seems to have then been in the hands of the annuity provider and the ceding scheme administrator to transfer the funds so that the annuity could be established.

As this complaint isn't about the annuity provider, or the ceding scheme, I can only comment on the actions of Hub, but once the application submission deadline of 9 July 2019 had been met, the annuity provider then sent transfer forms to Hub on 24 July 2019. And Hub forwarded these to the scheme administrator two days later. As with the investigator, I don't think this was an excessive amount of time for it to "turn around" that paperwork.

The annuity provider then requested further proof of identity from Mr P on 9 August 2019, but again, this was promptly requested of Mr O and received by Hub on 14 August 2019. It then sent this to the annuity provider on the same day. I note that, in his response to the investigator's findings, Mr P questioned as to why Hub hadn't requested this in June. But this

request didn't derive of Hub – this was an additional document request made by the annuity provider.

So, overall, I don't think that Hub could reasonably be found at fault for any delays incurred in establishing the annuity once the quotation had been issued on 26 June 2019. As I've said above, the initial deadline for submission of the required forms was met and the deadline for then processing the application and liaising with the scheme administrator was extended to 9 August 2019, as had been assured by the annuity provider when issuing the quote.

That deadline unfortunately wasn't met, but on the basis of the available evidence, I don't think I can reasonably hold Hub responsible for that. Its involvement in the process after 9 July 2019 was effectively to seek a further piece of information from Mr P and to forward further paperwork from the annuity provider to the ceding scheme administrator – both of which it seems to have done in a timely manner.

But I also note that, in Mr P's response to the investigator's findings, he said that a total of 34 days had been lost in the initial annuity quotation period. And I think Mr P has a point here. To clarify, whilst I think that matters were largely out of Hub's hands once the deadline of 9 July 2019 – for the 26 June 2019 quote - had been met, I think it's possible that, had the initial delays not been incurred, Mr P may have received an earlier annuity quotation which was the same – or higher – than that produced on 26 June 2019.

And this may also have meant that the annuity application would have been completed before the reduction in annuity rates on 27 August 2019 – which as I understand it unfortunately produced the lower income for Mr P.

So this is my view on what ought reasonably to have happened here. From the initial advice call on 15 May 2019, I think that it might have taken a week for the information to be assessed and for Hub to have arranged the follow up call with Mr P – rather than wait for Mr P to chase it, as he then did on 28 May 2019. It then took Hub a further two days from that follow up call to issue the report to Mr P, which I think is reasonable. And so I think that the report, containing annuity quotations from the same date, could reasonably have been issued on 24 May 2019, rather than on 26 June 2019.

Assuming a similar timeline to that which then actually transpired, I think the initial submission deadline for that notional earlier quotation would have been met, but that the deadline for completing the application, for the same reasons as with the later quotation, would more likely than not have been missed.

Revised annuity quotes were ultimately issued on 27 August 2019, and an annuity established on that basis. And so, using the same timeline from a notional report on 24 May 2019, I think that a revised annuity quote could have been issued on 25 July 2019.

Putting things right

My current view, therefore, is that the complaint should be upheld and that Hub should firstly establish the annuity which would have been quoted by the same annuity provider on 25 July 2019, using the same basis as that which was actually established.

If this is higher than the annuity which Mr P actually received, then Hub should either establish an additional annuity on Mr P's behalf to make up the difference, or pay him the capitalised lump sum required to buy the additional net annuity amount.

To reflect the past loss to Mr P, any difference in the past annuity payable should be paid to him with the addition of 8% pa simple interest from the date that the actual annuity payments

would have been made, up to the date of settlement.

Had the initial delays not been incurred, Mr P would also have received his annuity and, I'm assuming, the tax free lump sum sooner – and would have continued to receive the annuity income each year sooner for the rest of his, and then his dependant's, life as well. It would be quite a complicated calculation to determine the effect of this over what would be an unknown period of years during which the annuity income might be payable, and so for the sake of simplicity, I'm currently minded to award an additional sum to reflect this of £500."

In response, Mr P said he was happy that his complaint was being upheld, but enquired as to why I'd suggested that the annuity quote should be based on the final figure of 25 July 2019, rather than that which was quoted on 26 June 2019.

Hub also replied, saying that, whilst it conceded that some delays had been incurred in the earlier processing of Mr P's case, there were additional steps in the process which hadn't been factored into my proposed timeline of what should have happened. These had been subject to service level agreements which had been agreed with the scheme, and to which Hub had adhered, it said.

In particular, it said that, once the annuity questionnaire had been issued to Mr P, it didn't then receive it back for a further ten days.

It therefore felt that my proposed timeline didn't reflect what would actually have happened here. It said that an annuity set up date of 11 August 2019 would have been more realistic, rather than 25 July 2019 as I'd proposed. It suggested the following timeline:

15 May 2019 – The initial appointment took place.

16 May 2019 – The annuity questionnaire should have been sent to Mr P.

28 May 2019 – The completed annuity questionnaire would have been received (taking account of the ten days it took to actually receive it, along with weekends and a bank holiday).

3 June 2019 – The call to book a follow up appointment should have been made (this was five working days later – within its normal service level expectations).

6 June 2019 – The follow up appointment would have occurred – according to the actual three days it took for this to happen, rather than the service standard of five days.

10 June 2019 – The annuity report would have been issued – two working days after the second appointment call, as actually happened, rather than the service level agreement of ten working days.

11 August 2019 – The annuity quote would have been provided, based on the remaining timeline of what actually occurred after the annuity report was issued.

It said that it had engaged with Mr P's annuity provider and had requested historical annuity quotes for 11 August 2019 and 25 July 2019 and that it would seek to redress Mr P for any loss of income in line with my recommendations, in addition to the £500 payment suggested.

It said, however, that there may be logistical difficulties in buying an annuity for any future loss, and that this may need to be achieved through a capital lump sum payment to Mr P.

I asked the investigator to respond to Mr P, explaining that the later date of the annuity

quotes – 25 July 2019 – had been used in the provisional decision as there had been a further part of the process, for which Hub hadn't been involved, beyond 26 June 2019. This had meant that the final annuity quote wouldn't have been at the same time as, or very shortly after, the date of the annuity report.

I also said that the amended timeline as suggested by Hub didn't seem unreasonable, given the circumstances. But I provided Mr P with the opportunity to provide any further comments on this.

In response, Mr P reiterated that he considered the quote of 26 June 2019 should be the annuity figure used for comparison and redress purposes. He said that, had Hub not delayed sending the annuity questionnaire by 12 days, in addition to the errors it made in his personal quotation, the guaranteed date of 9 July 2019 would have been met.

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.

For the reasons given in both the provisional decision and further correspondence specifically with Mr P, my view remains the same – that the initial process undertaken by Hub could have been completed sooner. And I note that both parties agree on this point.

I acknowledge that Mr P remains of the view that any comparison for redress purposes should be based on the annuity quote of 26 June 2019, but again, for the reasons given, this wouldn't have been achieved due to further parts of the process which were beyond Hub's control.

But I do still think that the annuity quote date should in any case have been sooner than 26 June 2019. In my provisional decision, I said this could have been 24 May 2019, but I've noted what Hub has said about the further parts of the process, and that the more realistic date of issuing the report would have been 10 June 2019. And following the timeline which then took place – and again, to reiterate, due to circumstances beyond Hub's control – the revised annuity quote would then have been issued on 10 August 2019.

In the circumstances, I think that proposed amendment is reasonable.

Putting things right

Hub should firstly establish the annuity which would have been quoted by the same annuity provider on 10 August 2019, using the same basis as that which was actually established.

If this is higher than the annuity which Mr P actually received, then Hub should either establish an additional annuity on Mr P's behalf to make up the difference, or pay him the capitalised lump sum required to buy the additional net annuity amount. I've noted that Hub has said that this may need to take the form of the latter.

To reflect the past loss to Mr P, any difference in the past annuity payable should be paid to him with the addition of 8% pa simple interest from the date that the actual annuity payments would have been made, up to the date of settlement.

Had the initial delays not been incurred, Mr P would also have received his annuity and, I'm assuming, the tax free lump sum sooner – and would have continued to receive the annuity income each year sooner for the rest of his, and then his dependant's, life as well. As I said in the provisional decision, it would be quite a complicated calculation to determine the effect

of this over what would be an unknown period of years during which the annuity income might be payable, and so for the sake of simplicity, I remain of the view that Hub should pay Mr P an additional £500.

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 P to accept or reject my decision before 11 August 2022.

Philip Miller
Ombudsman