

The complaint

Mr G complains that Royal London Mutual Insurance Society Limited (RL) had poor processes and gave him a poor service when he was trying to buy an annuity.

What happened

Mr G had a pension policy with RL. It contains a Guaranteed Annuity Rate (GAR). He called RL in June 2022 about annuity quotes for his pension policy. He wanted to make an appointment to discuss his options.

RL explained that as it no longer offered annuities directly, it worked with a panel of the five leading annuity providers. And that Mr G could discuss his potential annuity with RL's Annuity Bureau. It said the discussion would take around an hour.

After some discussion, RL confirmed to Mr G that the GAR on his policy would be protected, despite another provider being used to provide the annuity. It explained how this would work.

Mr G said his contract was with RL. He was slightly concerned that a new provider would be involved with the provision of his annuity. He felt this could bring additional risk. RL told him that it worked with the five largest providers, and that they all had Financial Conduct Authority (FCA) protection. Therefore it didn't think that using them rather than RL added any risk.

Mr G said he'd previously been provided with a quote in January 2022. But understood that this would now be out of date. He therefore wanted updated figures to be provided before he arranged a discussion with the Annuity Bureau. He felt that without the figures, the conversation would drag on. And that he might have to speak to them more than once.

RL told Mr G that multiple quotes could be covered during a call with the Annuity Bureau. Mr G said he would need updated quotes to be produced before he had a discussion with the Annuity Bureau so he could discuss them.

RL said it would request the quotes and email them to Mr G. But that it would likely take two working days. Mr G asked if he could arrange a call with the Annuity Bureau so that it took place shortly after he'd received the quotes. But RL said it wasn't able to book an appointment until the quotes had been produced, as the Annuity Bureau wouldn't allow two open work items. It said it would ask for the quotes and then ask the Annuity Bureau to alert it when they'd been produced, so it could book Mr G an appointment with the Annuity Bureau.

Mr G said he didn't feel like this was good customer service. RL said it would raise this internally. Mr G also said that as the annuity decision was so complex, he didn't think a call would be enough. He felt such a decision needed detailed analysis.

Mr G felt that the process was cumbersome and much more complicated than it needed to be. He'd already had to wait to be connected to this call. Mr G felt he'd now have to make several other calls simply to get his annuity. And that he'd have to speak to the Annuity

Bureau more than once. He didn't think this was good customer service. RL logged the complaint.

RL's file notes show that it called Mr G on 5 July 2022. The call notes recorded that he wasn't yet ready to proceed with the annuity and just had some questions.

RL issued its first final response letter to the complaint on 21 July 2022. It didn't think it had done anything wrong. It said that, as a business, it no longer provided annuities to customers, but used an Annuity Bureau service instead. It said that when customers went through the Annuity Bureau service, they had the opportunity to discuss the annuity features they needed. And that they could potentially be offered higher rates than if RL still offered its own offered annuities.

Mr G was unhappy with this response as he felt RL had misunderstood his precise concerns. He said he understood and accepted that RL no longer provided annuities to customers and instead offered an Annuity Bureau service. And that his issues were with the operation of the service. He listed his complaints as follows:

- 1) He was unhappy that the quotes he needed had to be obtained before a call with the Annuity Bureau could be arranged. He felt this was unnecessarily bureaucratic and not customer focused.
- 2) He said that once he'd got the quotes, the earliest date a call with the Annuity Bureau could be arranged was 5 July 2022. He noted this meant the earliest available booking was 12 days later and felt that this was too long.

Mr G also felt that RL had been incorrect to state that the Annuity Bureau service could potentially obtain higher annuity rates in his case, due to the GAR on his policy. He felt this couldn't be exceeded by current market rates. He felt this showed that the facts in his case weren't fully established in RL's investigation.

RL issued a second FRL on 26 August 2022. It still didn't think it'd done anything wrong. It said that before it could refer customers to the Annuity Bureau, it needed to discuss the available options. And that these needed to take into consideration other factors such as health and lifestyle as customers might be eligible to take enhanced annuities from companies within the Annuity Bureau panel.

RL said that the Annuity Bureau service would discuss a customer's medical/employment/lifestyle history so that his or her eligibility for an enhanced annuity could be determined. And so that quotes could be provided. It said that it was possible that higher annuity rates could be found, even on the GAR part of Mr G's policy.

RL acknowledged that it might have been inconvenient for Mr G to have to wait for an appointment with the Annuity Bureau, but said that it allowed up to ten working days for available appointments.

Unhappy with this response, Mr G brought his complaint to this service on 30 December 2022. He felt that RL still hadn't addressed his complaint. He said he had the following issues with RL's second final response letter:

- It still hadn't established the facts accurately. He felt that the apparent arguments regarding the benefits of the Annuity Bureau were irrelevant.
- He didn't think the response had focused on his complaint.

- He felt the response contained a contradictory point as it had said RL believed in financial advice, but then gone on to state that it couldn't provide any financial advice.
- He felt that RL's role was to provide a service to its customers. And that the customer should come first, not the process.

Mr G felt that the complaint process had wasted his time. To resolve his complaint, he wanted RL to acknowledge that it had handled his complaint poorly and that it still hadn't fully addressed his points. He also wanted RL to do what it said it would do, which he said was: to take the "*valuable opportunity to see how we can do things better in future*".

Our investigator didn't consider that the complaint should be upheld. She felt that RL was entitled to make commercial decisions about what services and products it provided and what process it used to refer a customer to its Annuity Bureau. She also said that Mr G's call with the Annuity Bureau was arranged for eight working days after the request for it. And that as RL's service level agreement was ten working days, which this service didn't consider was unreasonable for this kind of process, it had acted correctly and fairly.

Our investigator also said that only RL's regulator, the Financial Conduct Authority, could instruct RL to change their processes. And that this service was unable to look at the complaint handling aspects of Mr G's complaint as complaint handling isn't a regulated activity.

Mr G didn't agree with our investigator. He felt this service should be able to investigate RL's complaint handling. He also wanted this service to sanction RL.

Our investigator considered Mr G's comments. But they didn't change her view. She said that the FCA, rather than this service, was RL's regulator. So only the FCA could sanction, fine, change financial regulations and decide what falls in and outside of jurisdiction for all UK financially regulated businesses. So while she acknowledged it was disappointing that complaint handling didn't fall within this service's jurisdiction, she said that was for the FCA to decide.

Mr G felt that the fact that this service couldn't investigate complaints handling was a serious omission from our remit. And that this should be made clear on our website. He said if he'd been made aware that we couldn't investigate complaints handling, he might have progressed his complaint further with RL.

Our investigator told Mr G that he could complain about this service to our regulator, the FCA. She said that it also writes the DISP rules which state what our service can and can't investigate.

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'm not going to uphold it. I know my decision will be disappointing to Mr G. I'll explain my reasons for it.

I'll first address Mr G's complaint about RL's complaint handling, which our investigator felt this service isn't permitted to investigate.

Complaints about complaint handling

Mr G felt that we should be able to investigate complaints handling. And the fact that we can't should be made clear on our website.

Consumers do sometimes tell this service that they're upset about how a business has looked into their complaint. When this happens, we have to carefully identify precisely what the complaint that's been referred to us is about, and whether it's within our jurisdiction.

If the complaint to us is solely about the complaints process, (for example, a business didn't address a consumer's concerns in the final response letter, as is the case here) without any connection to the underlying financial service that the firm provided, then we may not have jurisdiction to look at it.

As each complaint has to be investigated on its own merits, it wouldn't always be helpful to state on our website that this service can't investigate complaints handling. This is because there may be some complaints where the complaints process is connected to the underlying financial service that the firm provided.

In this case, the complaint about RL's handling of Mr G's complaint wasn't about the provision of, or failure to provide, a financial service. And because of this, I agree with our investigator that it is outside the scope of our jurisdiction.

I also agree with our investigator that the FCA – this service's regulator – decides which complaints we can investigate. The FCA's Dispute Resolution (DISP) rules define what we can and can't investigate, and we're entirely bound by these rules. The DISP rules set out a list of regulated activities our Service can investigate, and complaint handling isn't listed as one of these activities.

Therefore, while I understand why Mr G would like this service to assess whether RL fairly handled his complaint, this service isn't permitted to.

I next considered Mr G's complaint about the service RL provided its customers, and whether the process it used was fair and reasonable.

RL's process

Mr G felt that RL focused on setting a process that was convenient for it, rather than its customers.

RL said it wasn't able to book an appointment with the Annuity Bureau until the quotes had been produced, as the Annuity Bureau wouldn't allow two open work items.

I understand why Mr G would've preferred to be able to book an appointment with the Annuity Bureau during the same call in which he requested the new annuity quotes. Unfortunately, RL's processes didn't allow this, as the Annuity Bureau wouldn't allow two open work items.

I agree with our investigator that RL is entitled to make commercial decisions about what services and products it offers and what process it uses to refer a customer to its Annuity Bureau. I've seen no evidence that RL made an error here or treated Mr G any differently from any of its other customers. As such, I can't fairly agree that this was unreasonable.

I don't consider that the inability for the call to be arranged during the June 2022 call affected what Mr G wanted to do with his pension. I also don't think it significantly delayed the

appointment with the Annuity Bureau. I say this because during the June 2022 call, Mr G told RL that he wanted to have received the quotes ahead of his appointment with the Annuity Bureau. And that as they would probably take two working days to get to him, he'd get them the Monday after the call. I understand this would've been 27 June 2022. Mr G suggested a call could then be booked for him for the Monday after that, as this would give him the time he needed to review the quotes. From what I heard on the call, Mr G would've been happy to book an appointment for 4 July 2022.

I do appreciate that it was inconvenient for Mr G to have to speak to RL again to arrange the call. But as I noted earlier, I don't consider that RL's process was unfair or unreasonable. And, in any event, Mr G had a call with the Annuity Bureau on 5 July 2022. The call was arranged within RL's ten-day service standard. And it was held only one day later than the date Mr G would've requested, given a free choice. Therefore I don't think RL did anything wrong here.

I finally considered Mr G's other complaint points. As noted above, I can't investigate RL's complaint handling. However, I can make a few points that might clarify matters.

Other complaint points

Mr G didn't think that RL had established the facts about his situation accurately. He felt that the arguments RL made in its complaint responses about the benefits of the Annuity Bureau were irrelevant. He also felt that RL's second complaint response contained a contradictory point when it'd said it believed in financial advice, but couldn't provide it.

From what I've seen, Mr G thinks that RL had been wrong to state that the Annuity Bureau service could potentially obtain higher annuity rates in his case, due to the GAR on his policy. He felt this couldn't be exceeded by current market rates. He felt this showed that the facts in his case weren't fully established in RL's investigation.

RL's second final response letter stated:

"The [Annuity Bureau] service discusses the annuity features that customers require, goes through the customer's medical/employment/lifestyle history to determine eligibility for an enhanced annuity and provide quotes from our panel of annuity providers".

I consider that it was correct and reasonable for RL to have stated this. That's because there was the potential for an enhanced annuity depending on Mr G's medical/lifestyle/employment situation. And without going through the discussion with the Annuity Bureau, RL couldn't know whether the GAR would be better than a potential enhanced rate or not. Therefore I don't think this evidences that RL hadn't correctly established the facts about Mr G's situation.

I don't agree with Mr G that RL's second complaint response contained a contradictory point when it'd said it believed in financial advice, but couldn't provide it. I'm satisfied that this reflects RL's position accurately. I also say this because RL told Mr G during the June 2022 call that it couldn't provide him with any financial advice, but that it recommended he got such advice. It also recommended Mr G sought other assistance with his annuity choice, such as through Pension Wise. I consider that RL's position is reasonable.

I appreciate that Mr G wants RL to change its process for getting an annuity so that in future, customers don't have to take so many steps to get an annuity. RL hasn't agreed to do this, so Mr G would like this service to sanction it.

As our investigator noted, the FCA, rather than this service, is RL's regulator. This means

that only the FCA could sanction or fine RL, or require it to change its processes.

Having considered everything, I don't think RL has acted unfairly or unreasonably. I'm satisfied it correctly followed its processes. Therefore I don't uphold this complaint.

My final decision

For the reasons I've given above, I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 22 May 2023.

Jo Occleshaw
Ombudsman