

The complaint

Mr B complains that Scottish Widows Ltd, trading as Clerical Medical (CM), delayed sending him a form that would allow him to provide details of his medical conditions to them. Mr B wanted to start taking his pension benefits and says that because of CM's delays, he's incurred losses that he would like them to put right for him.

What happened

In April 2023, Mr B sent CM a letter with a form to start the process of converting his pension fund into an annuity. The form explained that on receipt, CM would provide Mr B with a further form that would allow him to provide more detailed information about his medical background.

As Mr B hadn't received the relevant form some two months later, on 8 June 2023, he decided to formally complain to CM. In summary, he said he was disappointed that CM hadn't provided the paperwork needed to allow him to set out his relevant medical details to them. He also explained that he had yet to receive the annuity quotations that he was expecting.

As CM weren't able to respond to Mr B's complaint within eight weeks, they explained to him his right to refer the complaint to this service. So, in August 2023, Mr B raised his concerns about CM with this service. In summary, he repeated the same concerns that he set out to CM, primarily that he was surprised not to have received either the medical form that CM had promised to provide or any of the illustrations that would help him decide which annuity was right for him.

In October 2023, Mr B's financial adviser wrote to CM, providing further information about his circumstances to allow them to understand whether an enhanced annuity was relevant. A week later, CM responded to Mr B's complaint, explaining that they had determined that in this instance, an enhanced annuity wasn't appropriate and that annuity quotations had now been provided.

CM also explained, in summary, that they should have acted sooner to collect the necessary information from Mr B to help them determine if an enhanced annuity was right for him. They also explained that once Mr B had decided which type of annuity he wanted, they would work out what loss he'd suffered as a consequence of their delays in getting the information to him. In addition, to say sorry for the trouble that they'd caused, CM said they were sending him a cheque for £300.

The complaint was then considered by one of our Investigators. He concluded that having considered the offer that CM had put forward to settle the complaint, it looked to be fair and reasonable. In addition, he didn't agree that CM should pay the costs that Mr B said he'd incurred as a result of using the financial adviser because there didn't appear to be a need to utilise them. Our Investigator also felt that the £300 that CM had offered Mr B for the trouble and upset appeared reasonable in the circumstances.

Mr B, however, disagreed with our Investigator's findings. In summary, he said that neither CM's complaint response nor the Investigator's view had answered key questions that Mr B felt needed to be addressed, such as why did CM not send the medical questionnaire out in the first place and why had it then taken them so long to send out the questionnaire or respond to his formal complaint? In addition, he didn't feel that the redress was as clear as it could be.

Our Investigator was not persuaded to change his view as he didn't believe that Mr B had presented any new arguments that he'd not already considered or responded to. Unhappy, Mr B then asked the Investigator to pass the case to an Ombudsman to review that outcome.

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 have summarised this complaint in less detail than Mr B has done and I've done so using my own words. The purpose of my decision isn't to address every single point raised by all the parties involved. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. No discourtesy is intended by this; our rules allow me to do this and it simply reflects the informal nature of our service as a free alternative to the courts. Instead, I will focus on what I find to be the key issue here which is whether the offer that CM have made to put things right for Mr B is fair.

I should also note that I very much recognise Mr B's strength of feeling on this matter. I very much sensed from his communications just how thoroughly let down he felt by CM. And, I can understand why – Mr B had reached a point in his life where he'd decided that he wanted to convert his pension into an income but despite his best efforts, he wasn't able to do so. And, having very carefully considered both sets of submissions on this case, whilst I'm upholding Mr B's complaint, I'm of the view that the approach CM have already put forward to resolve the case is fair and reasonable and as such, I won't be asking them to do anything else beyond what they've already set out in their letter of 12 January 2024. I appreciate that Mr B may be disappointed by my decision but I'll explain why below.

It seems to me that CM have already conceded that they didn't send the appropriate paperwork to Mr B when he requested it in April 2023. That resulted in CM not initially knowing whether Mr B was entitled to an enhanced annuity, and a delay in the annuity being set up followed. CM have explained that they have now started Mr B's annuity as they have all of the information needed, so it seems to me that the focus of my decision should be anchored around whether the approach that CM have taken to put things right for him is fair and reasonable.

I don't intend to repeat a detailed timeline here because what happened and when is broadly well known to both parties. I should also explain that using financial services won't always be trouble free and when mistakes occur, we'd typically expect businesses to put the consumer back in to, or as close as is reasonably possible, to the position that they would have been in, had it not been for the error. But importantly, it's not the role of this service to punish businesses when mistakes occur, that's the role of the regulator, the Financial Conduct Authority - our role is purely to settle complaints between businesses and consumers, quickly and informally to allow both parties to draw a line in the sand and move on.

I do understand Mr B's desire to understand the background to what went wrong with CM's processes. However, even if CM were to provide an explanation of where things went wrong, I'm not convinced it would add any value to the complaint's process and there's a number of reasons for that. This service does not have the ability to force CM to alter its processes, so even if we identified any shortcomings, we can't ask CM to change them as that's not our responsibility – that falls on the regulator, and I'm not persuaded it would make any difference to the complaint outcome anyway. So, my decision is anchored around what CM have done to try and put things right. To be very clear, CM have acknowledged that they didn't provide Mr B with the service that they'd typically expect; they've apologised and tried to put things right for him.

So, my role is to weigh up the evidence we have and to decide, on the balance of probabilities, what's *most* likely to have happened had the process gone as it should have. Mr B originally contacted CM on 5 April 2023, asking them for annuity illustrations and the medical form. So, had CM responded promptly, it's reasonable that Mr B would have received the quotations and form around a week later. And, working on the basis that Mr B then returned the form back within several days, CM would've determined he was ineligible for an enhanced annuity by week commencing 17 April 2023. At that point, Mr B would have confirmed his preferences and returned the application form to CM several days later. Given it took CM around two weeks to actually set his plan up in December 2023, that seems a reasonable benchmark to work to. Therefore, I think it's not unreasonable that CM would have successfully set up Mr B's annuity by 5 May 2023. That's the conclusion which CM have reached and I think that's fair.

In their October 2023 letter to Mr B, CM explained that as his circumstances didn't warrant an enhanced annuity, they had sent him quotations along with an application to complete once he'd decided how he wished to proceed. CM received Mr B's completed annuity application form on 8 December 2023, and it was set up nearly two weeks later on 21 December 2023. At that point, CM said it would provide an annual income of £21,067.92 paid quarterly, with the first payment of £5,266.98 (gross) falling due on 19 March 2024. However, CM also looked at what would have happened had the annuity commenced on 5 May 2023. As annuity rates were higher at that point than they were in December 2023, Mr B would have benefited from a higher annual income of £22,866.70 (or an additional £1,798.84 per annum).

As Mr B's annuity only started in December 2023 rather than May 2023, CM have explained that they have backdated the plan to the earlier date to ensure that he benefits from the higher income. In addition, they have also sent the two quarterly payments, less tax, that he would have benefited from to his bank along with an interest payment to take account of the fact that he was deprived of those funds for a period of time. Whilst I've not reviewed CM's interest and tax calculations (as we don't offer a checking service), I'm satisfied that the approach CM have taken puts Mr B back into the position that he would've been in had it not been for the earlier delays.

In addition, CM have acknowledged the trouble and inconvenience that they've caused to Mr B by delaying setting up his annuity and failing to respond to him in a timely manner – they've offered him £300 because of this. Having thought about the impact that this issue has had on Mr B from what he's told us, I consider £300 to be fair and reasonable and is in line with what I would have recommended CM pay to Mr B had they not already done so.

Mr B has asked that the costs he incurred in using his financial adviser to help resolve things between him and CM be reimbursed. Mr B says that were it not for the interventions of his adviser, he doesn't believe that CM would have been able to get his annuity set up prior to his 75th birthday. As I've already explained, I do fully appreciate the frustration that Mr B must have experienced when he failed to hear back from CM. However, as our

Investigator has already explained, I don't believe it was necessary for Mr B to engage his IFA because he had already raised his concerns with this service in August 2023. Therefore, I won't be making any award in respect of this point.

Finally, I appreciate that Mr B is unhappy with the way that CM initially handled his complaint. However, we have no control over the approach businesses take to respond to the complaints that they receive. This service can however investigate a consumer's complaint if that business has not provided a final response within eight weeks, which in this instance, we did. So, I will not be instructing CM to do anything in respect of the way it handled this complaint.

My final decision

Scottish Widows Ltd, trading as Clerical Medical, has already made an offer to pay Mr B £300 for the trouble that they've caused, backdate his annuity to May 2023, and pay the two missed annuity instalments along with interest, to settle the complaint, and I think this offer is fair in all of the circumstances.

So, my decision is that Scottish Widows Ltd, trading as Clerical Medical, should pay Mr B £300, backdate the annuity to May 2023, and pay the two missed quarterly instalments and associated interest to Mr B if they've not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 4 March 2024.

Simon Fox
Ombudsman