

## **The complaint**

Ms H complains that HUB Financial Solutions Limited (HUB) mis-handled the arrangement of her pension annuities causing delays and financial losses. She would like compensation for losses and inconvenience caused.

## **What happened**

Ms H had personal pension plans with Prudential and Standard Life. She wanted to access the plans and take benefits in the form of annuity to provide a regular income. In April 2023 she contacted Prudential and says it said to contact HUB to arrange the annuity. She subsequently contacted Standard Life and says she was told the same thing, giving her the impression using HUB was a requirement. She contacted HUB in late April 2023, but an appointment wasn't available for a telephone consultation for around a month. The consultation established her requirements and paperwork was issued for an annuity with the provider, Just. Which Ms H returned promptly.

HUB said a signature had been missed. Ms H sent the missing page, but it then requested the same page be signed again, which she returned on 7 July 2023. She called it 14 July 2023, but it said it hadn't been received. On 20 July 2023 Ms H received a telephone call from another HUB customer. Who said he'd been sent Ms H's partially completed application for the Standard Life plan for signature. This contained medical information that she'd provided over the phone to HUB.

On 21 July 2023 Ms H called HUB and raised a complaint about the delay and the data breach, about which she also took legal advice. She was told the missing page still hadn't arrived and HUB would issue a further copy. Ms H asked for this to be emailed to speed the process up, but says HUB failed to do this. It wrote to apologise about the data breach on 24 July 2023. Ms H has confirmed that HUB subsequently paid compensation of £1,125 in respect of the data breach, which she accepted.

Because of the delays the illustrations offered by Just were out of date and the best rate now available was from Canada Life. On 2 August 2023 HUB said Canada Life had requested funds from Standard Life and the Prudential application was in hand. On 16 August 2023 it said funds had been requested from Prudential.

Ms H chased HUB for a response on her complaint and it said due to volume of work it hadn't been able to consider it yet. So, she referred her complaint to our service. Our investigator asked HUB to provide its file but despite further requests it hasn't responded or issued a final response on either complaint raised by Ms H.

The delays continued. On 3 October 2023 HUB said Canada Life wanted more details from Standard Life, but there was no update on the Prudential plan. On 5 October 2023 it said that Prudential had sent funds to Canada Life and Ms H received the first backdated monthly payment in November 2023. On 21 November 2023 HUB emailed to say the Standard Life transfer application had completed and she would hear from Canada Life. But as of 17 January 2024, this hadn't been concluded with neither HUB nor Canada Life replying to her requests for updates.

Our investigator said it was difficult to explain the reasons behind the problems as HUB hadn't provide any information. And he said he could only consider HUB's actions not those of Prudential, Standard Life and Canada Life. He said from the evidence available it appeared HUB provided a non-advised service. With it arranging illustrations from various annuity providers for Ms H to choose from, then liaising with the parties involved to arrange the annuity. He said that meant HUB didn't directly control how long it would take to set up the annuity. But that it should have still kept Ms H updated and responded to her queries in a timely manner but had failed to do so.

Our investigator said HUB took a month to contact Ms H after the first referral which was too long. And despite her returning paperwork by recorded delivery, it claimed it hadn't been received. He said it was more likely than not that HUB had misplaced or overlooked the paperwork in the first place. He said it had also committed a significant data breach that had also resulted in further delays. And it failed to deal with Ms H's complaints despite repeatedly assuring her it would. But he said because complaint handling wasn't a regulated activity our service couldn't consider how HUB had dealt with the complaint.

Our investigator said HUB had caused considerable delays and there clearly remained a significant problem with the Standard Life plan. But he said as HUB had confirmed Canada Life was in contact with Standard Life on 3 October 2023 and the process might take six to eight weeks to complete, it was unlikely HUB was responsible for delays after 21 November 2023.

Our investigator said he thought HUB was responsible for around four weeks of delays in setting up the Prudential related annuity and she should have received her first income payment in October rather than November 2023. He said it should compensate her for the missed month of income and also calculate whether she had received a worse annuity rate as a result of the delay. If this was the case, it should work out the capital cost of the lost income and pay this to Ms H as a lump sum after an allowance for income tax.

In respect of the Standard Life plan, our investigator said as the annuity hadn't yet been set up it wasn't certain that HUB was responsible for the delays or whether losses had been incurred. So, it wasn't possible to award redress for this.

Our investigator said Ms H had been caused distress and inconvenience by what had happened and that it was fair that HUB should pay her £400 compensation for this.

Ms H responded to our investigators view and clarified some information about the timeline of events. She said she'd only contacted Prudential in April 2023 and then had the consultation with HUB in May 2023 about this plan. She hadn't contacted Standard Life until June 2023, who'd also said to ring the HUB, and she had on 17 July 2023. Ms H said she'd managed to speak to Canada Life, who had confirmed both annuities were now in place. She said Canada Life said a system error meant no payments had been made on the Standard Life related annuity. But that these would be backdated to September 2023. She said after the *"catalogue of errors"* she hoped *"the nightmare is finally over"*.

Our investigator said in view of the revised timeline and Canada Life's explanation of a problem at its end, he wanted to reconsider his findings. But having done so, he said he still considered his findings fair. He said HUB had caused delays in respect of the annuity arising from the Prudential plan. He said the corrective action taken by Canada Life would resolve any delay caused by the HUB in respect of the Standard Life derived annuity.

Ms H said she accepted our investigators view. But HUB failed to respond.

Because of that it has come to me to decide.

### **My provisional decision**

I issued my provision decision on 18 March 2024, I explained the reasons why I was planning to uphold the complaint. I said:

*I've considered all the available evidence and arguments to decide (provisionally) what's fair and reasonable in the circumstances of this complaint. Having done so, I'm planning to uphold the complaint.*

*HUB still hasn't responded to our service, so I've reached my decision based on the evidence available from Ms H and the balance of probabilities. I haven't considered the data breach in this decision as this appears to have been resolved to Ms H satisfaction.*

*From the available evidence it is clear HUB caused delays, I think that has resulted in financial losses for Ms H and frustration and inconvenience for her. What I think has happened and what should be done to put things right is as follows:*

#### **The annuity arising from the Standard Life plan**

*Ms H has confirmed at least some of the delay in relation to the annuity arising from the plan with Standard Life was caused by Canada Life. The correction proposed by Canada Life seems fair based on the limited information available. Although I'd also expect interest to be added to any late payment at 8% per year simple. If Ms H isn't satisfied the backdating of the income payments has put her back in the position she should have been in, then she could make a complaint to Canada Life.*

*Ms H only spoke with the HUB over this plan on 17 July 2023. And the backdating of the annuity payments to September 2023 indicates this annuity was set up in what I consider to be a reasonable period of time.*

*HUB's service here still wasn't good. It made a serious error in sending Ms H application to another customer (the data breach) and didn't keep her accurately informed about the progress of the annuity. It appears to have done nothing to help resolve the subsequent failure of Canada Life to actually make the annuity payments, despite assuring her this was in hand. That caused her further inconvenience.*

#### **The annuity arising from the Prudential plan**

*To try to clarify what happened here I asked Ms H if she had a copy of the original illustration for the annuity sent to her after she first spoke with HUB in May 2023. I also asked for details of what was eventually arranged with Canada Life.*

*I wanted to see if the delay had negatively impacted the actual annuity rate secured and if there had been missed monthly payments due to delays, as seemed likely to be the case. And, from the information Ms H provided I think it is clear that multiple errors were made by HUB which delayed setting up this annuity.*

*Ms H provided an initial illustration referring to her Prudential plan. This was dated 25 May 2023. This guaranteed the annuity rate to 8 July 2023 provided HUB received the completed applications back from Ms H by 7 June 2023. She also provided a letter from Canada Life dated 10 November 2023 confirming that her annuity had been set up and that payments would be backdated to August 2023. These documents have helped fill some of the gaps in*

*the evidence. But they raise further questions about HUB's administration and what it was actually doing for the quite substantial commissions it was charging Ms H.*

*HUB advised Ms H by email that it had received her application in respect of the Prudential plan on 2 August 2023. Initially I thought that this meant it had received the outstanding signed page, which was to be re-issued following her call on 21 July 2023. It then emailed her on 16 August 2023 to advise that the transfer had been requested and on 5 October 2023 it said Canada Life had received the funds from Prudential.*

*The information provided by Ms H now shows this wasn't the case. The policy schedule from Canada Life shows the annuity was set up on 25 July 2023. That would be the date Canada Life received the funds from Prudential, so months earlier than advised by HUB. The annuity payments were monthly in arrears and should have started on 25 August 2023. They didn't because of more errors at Canada Life.*

*So, what this means is that the updates, such as they were, that HUB was providing were completely wrong. For Canada Life to have received the funds by 25 July 2023 the application must have been in hand before then. It also appears that HUB was continuing to ask Ms H to send it documents (but only when she chased it for updates) that it must already have received and actioned. I also think this means that when HUB should have been chasing Canada Life to explain why it wasn't paying the annuity income from August 2023, it was instead seeking to fob Ms H off with irrelevant comments about typical timeframes to complete a process that had already been completed. It subsequently stopped responding to her requests for updates at all. I think this is highly unsatisfactory and I think Ms H has been caused unnecessary worry and inconvenience over what has happened.*

*I've considered what services HUB had undertaken to provide to Ms H. These are set out in its document "Our Promise to You" and on the illustrations provided. These state it offers a "non-advised annuity comparison Service", by asking questions to narrow down the various options and then obtain the best price or annuity rate. It says a "dedicated UK based case handler would be assigned for you to co-ordinate the set-up of your guaranteed income for life in a timely manner". It does say it will be paid a commission by the annuity provider in return for its services. From the illustrations this is around three and a half percent of the annuity purchase price.*

*That means it needed to act with a reasonable level of care and efficiency. It did provide Ms H with some, albeit inaccurate, updates suggesting that this was part of its role. And in its email to her of 3 October 2023 it said, "we are here to make sure any issues are picked up and you're kept updated with what is happening". I don't think it did that. It effectively left Ms H on her own. HUB is regulated by the FCA, whose overriding principals require firms to treat customers fairly, to act in their best interests and to communicate clearly. It didn't do this.*

*So, whilst it seems Canada Life is responsible for some of the delays in actually getting Ms H's income paid, I think HUB also caused delays. Without more details it isn't possible to say exactly how much delay it caused. But if it did take four weeks to contact Ms H after her initially enquiry, that's clearly too long. If it was too busy to provide an appointment sooner it should, to treat Ms H fairly, have suggested she look elsewhere. I think this caused at least two weeks avoidable delay. Ms H returned documents promptly, and even if there was a signature page missing, she promptly re-sent the relevant page more than once, so I don't think this caused any significant delay. As the evidence shows that the application was well in hand with Canada Life whilst HUB was still maintaining it hadn't received the necessary document.*

*Whilst it isn't clear what happened, Ms H returned documents in May, but the annuity wasn't set up until July 2023. It is difficult to see how HUB's further errors didn't create at least another two to three weeks avoidable delay here. Taken together that means I think the annuity should have been set up in June with payments to start in July rather than August 2023. That means Ms H has received less income than she should have done.*

*I've looked at the annuity rate secured in July. This is higher than for the original quotation sent to her in May 2023. Again, as I don't have all the evidence the exact explanation for this isn't clear. It could have been due to an improvement in annuity rates generally or it might have been specific medical factors relating to Ms H's application, or indeed a combination of both. Any medical factors and any general improvement in rate between the first quote and when the purchase price was received should be reflected in the annuity secured if the broker is doing its job correctly. So, I think it's fair to use the annuity Ms H did secure in establishing what income she's been underpaid.*

*I also think Ms H has been inconvenienced by what has happened and I think it is fair that she should be paid compensation for that. It appears to have both delayed the process and failed to follow up on the further problems with Canada Life affecting both annuities it arranged. So, at this stage I intend to uphold the complaint.*

### **Putting things right**

*I set out how I thought HUB should put Ms H back into the position she should have been in and that it should pay her £500 for the distress and inconveniences she'd been caused.*

I asked both parties to send me any further information or comments they would like me to consider.

### **Response to provisional decision**

Ms H said she accepted my provisional decision and confirmed that she was a basic rate taxpayer. She asked what would happen if HUB's failure to respond continued.

HUB didn't respond to my provisional decision.

### **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've decided to uphold the complaint.

No further evidence has been provided, but from that available I think HUB did cause delays and inconvenience for Ms H at all stages. But for these issues I think the annuity arising from her Prudential plan would have been set up sooner than it was, and this has caused her a financial loss. HUB caused ongoing distress and inconvenience due to the delays, the apparently needless requests for documentation to be re-sent, and the inaccurate updates of progress, before then ignoring Ms H completely. HUB also appears to have failed to liaise with Canada Life to both assist in resolving problems at its end and to accurately update Ms H on progress as I think it should have. So, I think it's fair that HUB compensates Ms H for her losses and the inconvenience caused.

Ms H has asked what the position would be if HUB doesn't respond to my final decision. Hopefully this won't be an issue as the financial regulator, The Financial Conduct Authority (FCA), expects firms to comply with Ombudsman decisions. However, if there is a problem,

then my decision set out below is legally binding. That means Ms H could apply to the Court to enforce the decision, which could result in Court bailiffs attending HUB's offices to recover the compensation I have awarded. Our service would also report HUB to the FCA, who might go on to take disciplinary action.

### **Putting things right**

My aim in awarding compensation is to put Ms H back into the position she should have been in but for the errors made.

- I think Ms H should have received her first annuity payment in respect of the Prudential plan in July rather than August 2023, so she has been underpaid as a result of HUB's errors. The monthly income is £260.77 before tax. It must pay this to Ms H subject to a notional adjustment for basic rate income tax.
- HUB must add interest at 8% per year simple to the appropriate adjusted payment due from 25 June 2023 until the date it makes payment to Ms H.
- HUB must pay Ms H £500 compensation for the distress and inconvenience she has been caused, which continued for many months. I think this award is in keeping with awards our service would make in similar circumstances.
- If HUB does not pay the compensation for distress and inconvenience within 28 days of our service telling it that Ms H has accepted my final decision, it must add interest at 8% per year simple from the date of my final decision until the date it makes settlement.
- Income tax may be payable on any interest paid. If HUB deducts income tax from the interest, it should tell Ms H how much has been taken off. HUB should give Ms H a tax deduction certificate in respect of interest if Ms H asks for one, so she can reclaim the tax on interest from HMRC if appropriate.
- HUB must provide Ms H with a simple calculation as to how it arrived at the figures.

### **My final decision**

For the reasons I've given above and in my provisional decision, my final decision is that I uphold this complaint against HUB Financial Solutions Limited.

I direct HUB Financial Solutions Limited to pay the compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 31 May 2024.

Nigel Bracken  
**Ombudsman**