

The complaint

Mrs M has complained about delays in setting up an annuity with her pension proceeds.

Mrs M had a pension held with Phoenix and utilised the services of HUB Financial Solutions Limited ('HUB') to source a suitable annuity, which was to be provided by Canada Life.

Mrs M has stated that delays to this process have caused financial loss with the lack of ongoing information and updates causing distress.

What happened

The chain of events is well known to all parties in this case, and as such I have only included a summary of the key dates below. I would however like to reassure all parties that all the evidence and commentary provided has been fully considered, even if certain dates are not specifically included below.

Having decided to purchase an annuity with the funds held within her Phoenix pension Mrs M was referred to HUB so that they could assist in sourcing a competitive annuity quote.

A personal quote for a Canada Life annuity was produced by HUB on 27 July 2022. This detailed that the pension funds available were £15,169 with annuity income of £819 per year. The £15,169 available for the annuity purchase factored in that Mrs M was also taking her allowable 25% tax-free cash.

This quote was sent to Mrs M on 29 July 2022 alongside the application form, a key features document, and HUB's 'Our promise to you' document.

This 'Our promise to you' outlined HUB's role and stated:

"On receipt of your completed application a dedicated UK-based case handler will be assigned for you to complete this transaction in a timely manner."

And

"We will act solely on your behalf as a liaison between your chosen annuity provider and yourself to transfer your funds in a timely manner. Communicating between all parties verbally, in writing or electronically."

The application form was signed by Mrs M on 2 August 2022 with HUB then forwarding this to Canada Life on 17 August 2022.

Canada Life requested the transfer of funds from Phoenix on 22 August 2022.

Further transfer requests were made by Canada Life on 1 December 2022 and 7 December 2022, with this final request being successful.

Phoenix wrote to Canada Life on 15 December 2022 to confirm that tax-free cash of £5,077 had been sent to Mrs M with an amount of £15,233 enclosed for the annuity purchase.

Canada Life confirmed that the annuity had been set up on 13 February 2023. The annuity had been set up to pay annual income in arrears of £887 with a commencement date backdated to 22 December 2022.

HUB issued their complaint response on 14 February 2023, this stated that whilst they were not actively involved in the encashment or transfer of the pension monies (this was the responsibility of Phoenix Life and Canada Life) they did promise to *“chase both parties to make sure things go as smoothly as they can, and keep you updated with any developments.”*

The response accepted that this was not done on Mrs M's behalf, and as such an amount of £150 was being offered in compensation.

Mrs M did not accept the offer and referred the complaint to this service.

Our investigator looked into things and upheld the complaint, holding HUB responsible for half of the delays suffered by Mrs M. The investigator also made redress recommendations based on this outcome.

HUB did not accept this, and as the investigator was not minded to change their opinion no agreement could be reached.

As such, the case was passed to me for a final decision.

I initially issued a provisional decision which stated:

“It is clear from the timeline of events above that the transfer of Mrs M's pension from Phoenix to Canada Life to facilitate the purchase of an annuity was delayed.

Within the findings issued our investigator stated that Canada Life and HUB should be held jointly responsible for the delays suffered by Mrs M, as both the incorrect transfer requests made by Canada Life, and HUBs failure to act as they had promised, jointly contributed to the delays.

This decision is focussed on the complaint against HUB, with the complaint against Canada Life dealt with separately.

With regard to the complaint against HUB I have reached the same conclusion as our investigator for broadly the same reasons.

Our investigator stated that had the process of setting up the annuity been without error, the correct transfer request would have been sent on 22 August 2022. Phoenix would then have taken six working days to pay the tax-free cash and send Canada Life the remaining funds by cheque (30 August 2022), with Canada Life taking a further five days to set up the annuity on 6 September 2022.

As the annuity did not start until 22 December 2022, a delay of 77 working days occurred.

I see no reason to change the timeline above, the dates put forward by our investigator allow each party adequate time to complete the tasks required of them and are in line with what actually occurred once the correct transfer request was sent by Canada Life in December 2022.

As part of their response to our investigator's findings HUB stated that they were not responsible for the actual transfer of funds from Phoenix to Canada Life and that HUB had

no influence over those businesses' timescales. Additionally, HUB pointed out that neither Phoenix nor Canada Life required any further information from them (after the application for had been submitted to Canada Life on 17 August 2022) and as such they could not be held accountable for any part of the delays suffered by Mrs M.

I accept that HUB had provided Canada Life with all the information they needed in order to action the transfer, and that the actual transfer of the funds from Phoenix to Canada Life should not have required any additional input or action on HUBs part.

Canada Life's incorrect transfer requests are a key element of the delays suffered by Mrs M and I have given considerable consideration to HUBs argument that they had no control over the transfer, with its timeliness being based on the actions of Canada Life and Phoenix.

I have also given consideration to the fact that in the alternative timeline put forward by our investigator, where the initial transfer request from Canada Life was submitted correctly, there would have been no need for HUB to chase either party on Mrs M's behalf.

However, I have concluded the outcome reached by our investigator is reasonable.

Whilst in the hypothetical alternative timeline no further action would have been required of HUB, in reality, I believe the chain of events which Mrs M suffered through was unreasonably elongated by HUBs failure to chase Canada Life and Phoenix on Mrs M's behalf.

HUBs 'promise' to their customers was to "communicate with all parties" and "to complete this transaction in a timely manner". Their complaint response to Mrs M accepted that they had failed to do this in this case.

As above I appreciate that Canada Life had been given all the required information in the application form. However, if HUB had acted in line with their promise to Mrs M, they would have contacted both Phoenix and Canada Life in order to establish why the transfer was not progressing as quickly as expected. This would have allowed Canada Life's errors to be identified more quickly, speeding up the transfer process overall. I consider it these sort of actions Mrs M was reasonably expecting of HUB based on her agreement with them.

As such, I agree with the outcome reached by our investigator in holding HUB responsible for half of the delays suffered by Mrs M.

I have gone on to provide appropriate redress instructions below. Whilst these are based on those already communicated by our investigator, they have been slightly amended."

In addition to the rationale above I asked all parties to provide any additional evidence or commentary they wanted taken into consideration by 28 March 2024.

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.

Neither party provided any additional commentary or evidence in response to the provisional decision and as such I remain of the opinion that the outcome and redress instructions provided are fair and reasonable in this case. I am therefore not making any changes.

The redress instructions included below are the same as those included in my provisional

decision.

Putting things right

To compensate Mrs M fairly HUB Financial Solutions Limited should work out the past loss as follows:

(A) Total of all the notional payments which the customer should have received from their pension from the date of 6 September 2022 up to the date of settlement, with interest added to each payment at 8% per year simple from the date it was due to the date of settlement.

(B) Total of all the actual payments which the customer has received from their pension from the date of 22 December 2022 up to the date of settlement, with interest added to each payment at 8% per year simple from the date it was due to the date of settlement.

C) Past Loss = A – B. If the answer is negative, there's a past gain and no redress is payable.

Regarding the calculation above, (A) should also include the tax-free cash which would have been paid had there not been a delay and (B) should include the tax-free cash which was actually received by Mrs M.

The redress instructions included by our investigator also included a recommendation regarding future losses which could have been incurred because of the delay.

However, information on file confirms that the annuity income which was eventually secured was marginally higher than that which had been applied for and as such Mrs M has not suffered a future loss. Given this, I have removed this section of the redress recommendations previously included by our investigator.

As noted within the rationale above, half of any loss identified in the calculation above is considered the responsibility of HUB.

In addition, HUB should pay Mrs M £200 for the distress and worry caused by the delays.

HUB should also provide the details of the calculation to Mrs M in a clear, simple format.

Income tax may be payable on any interest paid. If HUB consider that they are required by HM Revenue & Customs to deduct income tax from that interest, HUB should tell Mrs M how much they have taken off. HUB should also give Mrs M a tax deduction certificate in respect of interest if Mrs M asks for one, so she can reclaim the tax on interest from HM Revenue & Customs if appropriate.

My final decision

As per the rationale above I am upholding this complaint and require HUB Financial Solutions Limited to calculate and pay redress in line with the instructions provided.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 26 April 2024.

John Rogowski
Ombudsman