

## **The complaint**

Mrs G complains that Just Retirement Limited (Just) made an error which financially disadvantaged her when she bought her annuity.

Mrs G is represented in her complaint by her Financial Adviser (FA). But I'll only refer to her in my decision.

## **What happened**

Despite repeated requests, Just has failed to provide this service with its business file. Therefore all of the background information has been provided by Mrs G or her representative, or taken from the final response letter.

Mrs G had a pension plan which she wanted to use to buy an annuity.

From emails provided by Mrs G's FA, I can see that Just sent the FA information relating to an annuity purchase on 31 January 2023.

The FA replied to that email the same day, stating that he wanted to get the best annuity quote for Mrs G. He said he'd attached several health-related questions that Mrs G had disclosed to him. And asked Just to confirm what impact this would have on the annuity quote.

Just acknowledged the email the same day. And forwarded it to its support team so that the medical information could be reviewed and a new quote issued. Mrs G's FA asked Just if it could provide the new quote that day. Just replied to tell the FA that it was currently taking a few days to produce quotes but it would see if it could expedite the quote.

Mrs G's FA said she completed a health questionnaire which was sent to Just on 2 February 2023. Just replied the same day to confirm its acceptance of the health questionnaire. It said that it would produce a further quote.

Just issued a quote dated 3 February 2023. This was based on a fund value of £49,216. And a purchase price of £48,231.68 after the FA charge of £984.32 had been deducted.

The quote was for a level annuity, payable monthly in advance. It said that the regular income each year would be £4,245.36. This is equivalent to £353.78 each month.

Mrs G's FA said that he spoke to her on 3 February 2023 to confirm whether or not she wanted to proceed on the basis of Just's latest annuity quote.

Mrs G signed the application form for an annuity paying £353.78 each month with Just on 7 February 2023.

I understand that a few weeks later, Just realised that it had used incorrect health and lifestyle information for Mrs G's quote, despite having been provided with the correct information. Just then produced a further quote based on the correct health and lifestyle

information. This was for £300.79 each month.

Mrs G's FA said he complained on her behalf to Just on 2 March 2023. He wasn't happy that the annuity rate had changed after Mrs G had accepted the original terms.

Just acknowledged the complaint on 9 March 2023. It wrote to Mrs G's FA on 30 March 2023 to say it was investigating the complaint. And that if it found that Mrs G had suffered financial loss, it would do the calculations required to put her back into the position she should've been in.

Mrs G accepted the updated annuity quote. And the annuity was set up.

Just issued a final response to the complaint dated 9 May 2023. But it shared this with Mrs G's FA on 11 May 2023. It apologised for the upset and frustration it'd caused Mrs G. And acknowledged the shock and upset she must've felt when it told her about the reduction to her annuity due to an error it had made. And the loss of expectation this had caused. It also apologised for how long it'd taken to correct this error. Just explained that it'd used incorrect health and lifestyle information for the initial quote, despite Mrs G's FA having provided it with the correct information. It also said that the annuity rate Mrs G was now receiving did correctly reflect her health and lifestyle, and that this should've been the quote she'd been given in the first instance.

Just said it should've spotted its error a lot sooner. It said it had delayed Mrs G from receiving her annuity by 50 days. It said it'd calculated that Mrs G had missed out on £494.50 of income, and £9.21 of interest at 8% during that delay. It also said that it had arranged to pay Mrs G a further £250 for the trouble and upset the error had caused Mrs G. Just said it would pay Mrs G a total of £753.71.

I understand that Mrs G rejected Just's offer. And that she hasn't heard from it since 11 May 2023.

Unhappy with Just's response, Mrs G brought her complaint to this service in June 2023. She said that if Just had accurately quoted the £300.79 each month that she was now receiving from the start, she would've bought a bigger annuity from a different provider. She said that she no longer had this option. And felt that the compensation Just had offered her didn't cover this.

Mrs G said that she felt Just's compensation offer did adequately cover the time delay and distress and inconvenience caused. But she didn't think the offer had put her back into the position she would've been in had Just not made its error.

Our investigator didn't consider that Just had ever promised Mrs G's FA that it would honour the incorrect annuity quote. So she felt that Mrs G hadn't been tricked or forced into accepting Just's lower quote. She said Mrs G could've taken an annuity with another provider.

Our investigator felt that Just's offer was reasonable. She considered that the £250 compensation it had offered for the trouble and upset it'd caused was reasonable under the circumstances. She felt that Just should've informed Mrs G sooner about its error. And also that it'd delayed making the annuity payment. But she felt that the £494.50 plus £9.21 of interest that Just had offered Mrs G to put her back to where she would've been if the error hadn't occurred was fair.

Mrs G didn't agree with our investigator. Her FA provided this service with a timeline of events. And made the following points on Mrs G's behalf.

- He didn't think that all factors affecting Mrs G's complaint had been considered thoroughly enough.
- He didn't think our investigator had sufficient evidence to reasonably state that the first quote had been produced in error as Just hadn't provided any evidence of this. He said that Just had produced the quote with access to all of Mrs G's details. And that it had subsequently reduced that quote to suit its own purposes. He didn't agree with our investigator that Mrs G had never been entitled to the higher annuity rate as our investigator felt it'd been based on incorrect information. He felt that Just should honour the annuity quote as Mrs G had accepted it in good faith.
- The FA didn't agree with our investigator that he'd accepted the revised annuity quote once the error had been found. He said that when discussing the situation with Just, it'd acknowledged its error and stated that Mrs G wouldn't be financially disadvantaged. He said that as Mrs G had urgently needed the annuity's income, Just had told him to accept the revised quotation whilst it investigated the complaint, as it would put her into a no worse position. The FA said he'd trusted Just to do so and had accepted the annuity offer on that basis given Mrs G's income needs.
- The FA didn't think it was acceptable for Just to suggest this course of action and then leave Mrs G out of pocket. He said the payment it'd made to her didn't cover the lost income for the remainder of the annuity period. And that if he'd known that there was a possibility that Just wouldn't honour its previous offer, he would've found alternative solutions for Mrs G's income needs with a different provider. He said this option was no longer available.
- The FA acknowledged that Mrs G hadn't been forced to take the annuity with Just. But said that he didn't source additional annuity illustrations after Just's error because it had led him to believe they wouldn't be required. He felt that Just should be held properly accountable for providing such promises.

As agreement couldn't be reached, the complaint came to me for a review.

I issued my provisional decision on 14 March 2024. It said:

*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 intend to uphold it. Although I agree with our investigator that there's no evidence that Just promised to honour the higher quote, I consider that its 30 March 2023 email to Mrs G's FA persuaded him to go ahead with the lower rate it had subsequently offered Mrs G so that it could then calculate redress for its error, rather than any better rate he might've been able to find on the open market at that time. I'll explain the reasons for my decision.*

*I first considered whether Just should honour the original, higher quote.*

*Should Just honour the original quote for £353.78 each month?*

*Mrs G's FA told our investigator that he didn't think she had sufficient evidence to reasonably state that the quote for £353.78 had been produced in error. He said he'd provided Just with the correct information and that Just had produced the quote after receiving that information. I agree that I've not been provided with any specific reasons that the quote was incorrect.*

*However, Just's final response clearly stated that it had used incorrect health and lifestyle*

information for Mrs G's initial quote, despite her FA having provided it with the correct information. It also said that the annuity rate Mrs G was now receiving did correctly reflect her health and lifestyle. So I'm satisfied that it's reasonable to state that the quote for £353.78 wasn't right.

I acknowledge that Mrs G's FA feels that Just should honour the incorrect quote. But I agree with our investigator that Mrs G was never entitled to the higher annuity rate as I'm satisfied that Just had in error based it on incorrect health and lifestyle information. I say this because it wouldn't be fair or reasonable for a consumer to benefit from a business's mistake.

I next considered Just's 30 March 2023 reply to Mrs G's FA's complaint.

Just's 30 March 2023 complaint response

This stated the following:

"I can confirm, should my investigation find Ms G has suffered financial loss, be this in the rate offered and/or delays to the application meaning payments have been missed. I'll do the calculations necessary to put her back into the position she should've been in.

This may mean I'll have to wait for the application to complete before I can finish my investigation.

My colleague [name] has informed me you and Ms G didn't want to proceed with the application until you knew she would be financially compensated.

Whilst I can't say until I finish my investigation, I hope this has given the reassurance I'll do everything to put this right should I find us in error.

If you're ok with us to proceed, then I'll make sure my new biz team treat this as urgent and get funds requested, we can start getting Mrs G her income, and I can make any corrections when I complete my investigation."

Mrs G's FA said that when discussing the situation with Just, it'd acknowledged its error and stated that Mrs G wouldn't be financially disadvantaged. But that it had told him to accept the lower quote whilst it investigated the complaint, as it would put her back to where she should've been. He said he'd taken Just's verbal and written offer in good faith that it would put Mrs G in the position she expected to be in having accepted the higher initial quote. And that he'd agreed to proceed on the basis that Just would not only compensate Mrs G for the delayed service but also for the alteration after application to the annuity rate. The FA didn't think it was acceptable for Just to suggest this course of action and then leave Mrs G out of pocket.

The FA acknowledged that Just hadn't forced Mrs G to take the annuity with it. But said that if he'd known that there was any chance that Just wouldn't ensure that Mrs G wasn't financially disadvantaged by its error, he'd have sourced additional annuity illustrations from other providers.

I consider that the 30 March 2023 email in essence stated that Mrs G should buy the re-quoted, lower annuity with Just. And that Just might not be able to do the calculations to put her back to the position she should've been in until she had done so. I'm also satisfied that Mrs G's adviser had made it clear to Just that Mrs G didn't want to proceed with the annuity application with it until she was certain that it would provide her with financial compensation for its error.

*So while I agree with our investigator that at no point did Just promise to honour its incorrect quote, I also agree with Mrs G's FA that this response from Just suggested that it would compensate her for both the delayed service and the change to the annuity rate. I think that Mrs G only proceeded to buy her annuity with Just on this basis.*

*As such, I think Just needs to put Mrs G back to the position she would've been in if she'd bought an annuity at this time with the provider offering the best rate. I therefore intend to uphold this complaint, as I hold Just responsible for Mrs G not buying this higher annuity, due to the wording in its 30 March 2023 complaint response.*

## **Response to my provisional decision**

Just didn't respond to my provisional decision.

Mrs G didn't make any further comments, but her representative provided additional information in line with my request.

## **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'm grateful to Mrs G's representative for providing me with the additional information I requested. This has been helpful in confirming my original decision.

No further points have been made by any party, so I remain of the view I set out in my provisional decision.

## **Putting things right**

### *Compensation for the delays Just Retirement Limited caused and for trouble and upset*

Just Retirement Limited has offered to pay Mrs G £250 for the trouble and upset caused by its poor service. It has also offered to pay her £494.50 for the missed annuity income caused by the payment delay in paying the annuity, and £9.21 in interest at 8%.

I understand that while Mrs G rejected this offer overall, she accepted that the compensation offered did adequately cover the time delay and distress and inconvenience Just had caused.

I'm therefore satisfied that this is reasonable compensation for the delayed payment and the distress and loss of expectation it caused. Therefore I require Just Retirement Limited to make this payment to Mrs G in respect of the delayed payment of the annuity and the trouble and upset its error caused. However, if Just Retirement Limited has already made any payment in this respect to Mrs G, it can deduct that amount from any further payment required.

But I consider that Mrs G would have bought an annuity with a different provider if Just hadn't implied in its 30 March 2023 email that it would take steps to put things right for her but it might not be able to do this if she didn't go ahead with her annuity purchase with it. So I additionally require Just Retirement Limited to take the following steps to put things right.

Just Retirement Limited must establish whether Mrs G would've qualified for a higher annuity rate via the open market on 30 March 2023. If this is the case, Just Retirement Limited must put Mrs G back to the position she would've been in, had it not implied she'd need to take an

annuity out with it before it could take steps to put things right.

So, if Mrs G would've qualified for a higher annuity rate via the open market on 30 March 2023, Just Retirement Limited must also take the following steps to put things right:

#### *Past loss*

Just Retirement Limited must calculate the net annuity Mrs G would've received on 30 March 2023 from the open market enhanced annuity rates based on her circumstances.

Just Retirement Limited must compare this with what she is receiving each month. If there is a loss, it should pay the differences in the amounts each month to the date of settlement, together with 8% simple interest per year from the date each payment would have been made to settlement.

Any interest payable should be subject to a deduction for income tax payable.

#### *Future loss*

Just Retirement Limited must rewrite the annuity, increasing payments payable if Mrs G qualified for a higher annuity rate through the open market option. If Just Retirement Limited can't do this then it should work out what it would cost Mrs G now to buy an annuity equal to the difference between the income being paid and the correct level of income. This amount should be paid directly to Mrs G.

Where interest is being added at 8% simple per annum, this is likely to be subject to tax applied by HM Revenue & Customs. If Just Retirement Limited deducts tax, it should tell Mrs G how much it has taken off. It should also give her a certificate showing this, if she requests it, so she may reclaim the tax from HM Revenue & Customs, if appropriate.

#### **My final decision**

For the reasons set out above, I uphold Mrs G's complaint. Just Retirement Limited must take the actions detailed in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 8 May 2024.

Jo Occleshaw  
**Ombudsman**