

## The complaint

Mr B is unhappy with Canada Life Ltd (CLL) because they told him they're unable to honour an updated quote he obtained in respect of a Fixed Term Income Plan (FTIP) he took out with them.

## What happened

Mr B, via his Financial Advisor (IFA), obtained an online quote from CLL on 24 May 2023 to transfer existing pension funds into an FTIP. Quotes were provided, which Mr B accepted. CLL approached Mr B's previous pension providers (the ceding schemes) to request funds be transferred to them. These were received between 26 May 2023 and 17 June 2023.

However, in the weeks after the initial quote was prepared, Mr B (and his IFA) contacted CLL on a number of occasions, prompted by Mr B sourcing better FTIP quotes from CLL. The first instance followed Mr B obtaining an online quote direct from CLL, as follows:

- Sum to be transferred from Mr B's ceding schemes - £130,000
- Tax free cash (TFC) to be taken - £14,000.
- Sum to be invested into the FTIP - £116,000.
- Guaranteed Minimum Value (GMV) at the end of the fixed investment period - £149,269.

CLL told Mr B's IFA they'll honour this updated quote (their final GMV is £149,271). Shortly after this, Mr B realised a small balance remained on one of his ceding schemes. CLL requested this, and it was received on 17 June 2023. Mr B also noticed the total ceding funds had increased slightly, necessitating an updated quote.

On 23 June 2023, CLL provided Mr B's IFA with a final quote. This was broken down into two policies, as one of Mr B's ceding scheme contained crystallised funds, and the other uncrystallised funds – and he wanted to take some TFC from the uncrystallised fund. The 'crystallised' quote was as follows:

- Sum to be invested - £74,027.69.
- GMV - £96,269.

The 'uncrystallised' quote was as follows:

- Total transfer - £56,317.01.
- TFC to be taken - £14,079.25
- Sum to be invested - £42,237.76
- GMV - £54,605.

These were accepted by Mr B, and the policies were marked as 'live' on 23 June 2023. The TFC was paid to him on 26 June 2023. However, Mr B obtained a further, improved, quote from CLL online, and his IFA emailed these to CLL on 5 July 2023. The 'crystallised' GMV quote had increased slightly to £97,672 (total GMV now £152,277). CLL agreed to the amendment, and policy confirmation was sent to Mr B on 7 July 2023.

On 14 July 2023, Mr B provided his IFA with another higher quote. The IFA advised CLL, again asking if they'd be willing to honour it, given Mr B was still within his 30-day cooling off period. CLL responded by agreeing Mr B can cancel the existing policies, but he'd have to return the funds he'd already received as they'd need to be returned to the ceding schemes. Mr B would then need to start the quote/application process again. CLL also confirmed that all funds would need to be returned to the ceding schemes, for both FTIP policies set up. On 18 July 2023, having spoken to Mr B, the IFA confirmed to CLL that he didn't wish to cancel the policies, and they should remain as they were. CLL wrote again to Mr B to confirm the details of his policies. Unhappy with the service he'd received from CLL, Mr B complained to them. In summary, his complaint points were as follows:

- CLL's recent policy documents used the wrong (earlier) 'uncrystallised' GMV.
- He was told by his IFA on 28 July 2023 that CLL were unwilling to cancel his policies as it was now outside his 30-day cooling off period. Mr B said he only received policy documents on 10 July and 21 July 2023 respectively – both within the 30-day period.
- No cancellation form was provided with the 'uncrystallised' policy documents.

CLL didn't uphold Mr B's complaint, responding as follows:

- Mr B's policies were "put live" upon their acceptance on 23 June 2023. The cancellation period is 30 days from that date.
- CLL departed from their usual process in agreeing to update Mr B's quotes but having done so at the beginning of July as a gesture of goodwill, they "recycled" his policy on 5 July 2023. Further policy documents were sent the next day with a cancellation notice.
- Following the IFA's contact on 17 July 2023, regarding a further quote increase request, CLL advised the IFA that Mr B could cancel the policy (he was still within his 30-day cooling off period), but all funds would need to be returned to the ceding schemes as the process would need to start again.
- And after being advised by the IFA, on 24 July 2023, that Mr B had found another higher quote, CLL told the IFA the new quotes weren't valid, as Mr B's policy was live. And, the cancellation period had expired on 23 July 2023, so cancellation was no longer possible.

Unhappy with this response, Mr B made further representations to CLL. He maintained the cancellation period only started from the date when confirmation of the policy was received. He also disagreed when CLL said they'd sent certain documents to him on 24 June 2023, as this was a weekend date, and so not a 'working day'. He said this was important because it meant CLL likely would have sent the documents on 26 June 2023, he'd have received them on 29 June 2023, meaning the cooling off period wouldn't have expired until 29 July 2023 – meaning he was within the cooling period when he sourced his final quote on 24 July 2023.

However, CLL's position remained and so Mr B brought his complaint to this Service. One of our Investigators agreed with Mr B and felt CLL had acted unfairly. Referring to a letter CLL sent to Mr B dated 7 July 2023 (after they'd agreed to 'recycle' the policy on 26 June 2023), she noted that it said Mr B's cooling off period started from the date this letter was received – meaning Mr B was within that period when he sought to take advantage of the higher quote that he'd been given on 24 July 2023.

Our Investigator also referred to a letter CLL sent to Mr B in September 2023, quoting CLL's legal department which had essentially agreed that the 30-day cooling off period only begins from the date Mr B received confirmation of his plan being issued, and that Mr B would have had 30 days from receipt of his cancellation notice to change his mind.

Our Investigator then set out what she felt were the required calculations that CLL must undertake to rectify their mistake. Mr B accepted our Investigator's outcome, but CLL didn't provide any meaningful comments in response, so the complaint was passed to me to consider the complaint afresh and issue a Decision. However, having considered all the evidence available to me at the time, I reached a different outcome to our Investigator, and so issued my first Provisional Decision (PD) on 11 March 2024, in which I said as follows:

### **My first Provisional Decision**

*I need to start by looking at what documents CLL provided to Mr B after the policy was "put live" on 23 June 2023 – after CLL had agreed to honour Mr B's initial increased quotes.*

*The Notes section (page 3 of 3) of the 'Personal Example Reference' document, issued for each policy, says the following of relevance here:*

*"This Personal Example will form part of any application with Canada Life Ltd and must be read in conjunction with the relevant Key Features Document.*

*Please note that this plan cannot be revised or amended by you once it has been set up and it cannot be cancelled outside of the cancellation period".*

*This text is important here. It references two specific events – a revision/amendment, and a cancellation. These are two separate events, and the notes make it clear that they are to be treated differently. I'll deal with the 'revision/amendment first.*

#### *Revision/Amendment of Mr B's policies*

*The Notes are clear that the policies can't be revised or amended after they have been 'set up'. By 'set up', I take that to also mean 'put live'. I think it is clear Mr B's policies were "live" on 23 June 2023. I also think it would have been, or at least should have been, clear to Mr B that they were live too. I say this because he received his TFC on 26 June 2023, and these funds would have been received from CLL. The TFC wouldn't have been paid unless the policies were 'live', as payment of this sum was an integral part of Mr B's application.*

*This is important because it triggers the above restriction, namely that the plans cannot be revised or amended by Mr B once they've been set up. So, strictly speaking – as CLL have argued – there was no contractual obligation on them to do anything to depart from the quotes that had originally been provided and accepted.*

*Whilst CLL did depart from their initial quotes, they did so as a gesture of goodwill. But I don't think that should mean their actions set a precedent that they need to be bound by if any future quote increase requests were made. What this means here is that I think CLL were entitled to refuse any further amendments – and did nothing wrong by doing so - instead relying on Mr B exercising his rights under the contractual 30-day cancellation period. Which brings me to the next matter I need to consider – when did Mr B's cancellation period start and finish.*

#### *The cancellation period:*

*CLL have said the cancellation period should start when the policy was 'put live'. I disagree. Having considered the text contained within the cancellation notices that were sent, I think, echoing the point our Investigator made, it's clear the cancellation period starts after these notices were received by Mr B. CLL's cancellation notice says as follows:*

*"You have entered into the above contract with Canada Life...You have 30 days from the day when you receive this notice in which to change your mind".*

Furthermore, in an email to Mr B dated 15 September 2023, CLL advised their Legal Department had confirmed that Mr B was able to cancel his plan within 30 days of receiving confirmation of his plan being issued. In theory, this means after having been told that the plan was live. In any usual case, that would likely have been within days of the plan being 'put live', as discussed above – so as soon as Mr B received notice that his '23 June 2023' quotes were 'live'.

Here, however, that process appears to have been affected by the amendments that were made. CLL sent Mr B further documents to confirm the amended/'recycled' quotes. And following this, further cancellation notices were sent. And it's the text of these cancellation notices, as detailed above, that I think are important here. In Mr B's case, they had the effect of extending the usual/contractual cancellation period beyond the intended 'policy live' 30-day expiry date.

So, whilst I think the cancellation period (and notice) would ordinarily run alongside that initial 30-day period, in Mr B's case I think it was extended to run from the date he received his final cancellation notice.

#### What does the above mean in Mr B's case?

It's not in dispute CLL sent Mr B confirmation of their updated quotes/GMV's on 7 July 2023. Although I think there is still some inconsistency with the values contained within these. In respect of the 'uncrystallised' quote, the 7 July 2023 letter shows a GMV of £53,649. However, it's my understanding that the updated GMV on that date had been increased to £54,605. This is borne out by this amount being included on a later quote/GMV sent to Mr B dated 9 August 2023. And, Mr B has provided a copy of a message he'd received from his IFA dated 5 July 2023, in which the IFA attaches updated quotes asking Mr B if he's happy with these. So, as at 7 July 2023, CLL had agreed to updated GMV quotes of £54,605 and £97,672 respectively – giving a total GMV across both policies of £152,277.

When these were sent to Mr B, they would (should) have contained cancellation notices. I haven't seen copies of any such notices in respect of documents from this date. But, on the assumption they were sent, they'd likely been received by Tuesday 11 July 2023 at the latest, with the 30-day cancellation period beginning on that day (the day of receipt, as discussed above) and expiring on 10 August 2023. So, I'm prepared to conclude that Mr B was entitled to cancel his policies by this date if he chose.

Mr B clearly obtained further quotes before this – he's mentioned combined GMV's of £154,444 being obtained later in July 2023 (so before the end of the cancellation period). It would have been open to him to take advantage of these, but importantly only if he was prepared to cancel his existing policies. As I've explained above, the terms of the policies are such that CLL had no obligation to alter the policies within the 30-day period. So, if Mr B had wanted to take advantage of any increased quotes, CLL were entitled to insist that he followed their cancellation procedure (within the required 30 days, of course).

However, I've not seen anything here that suggests Mr B would have been willing to go through the formal cancellation process, which would have required him to return his TFC to CLL, who in turn would have needed to return his funds to the ceding schemes before requesting them under a new application.

*Mr B has told me that he would have been able to do this at the time had it been necessary. And whilst I've no reason to doubt what he says, I think the evidence available to me suggests this was an option he had specifically refused at the time. I say this having been provided with copy emails between CLL and Mr B's IFA on 17 July 2023.*

*In these, the IFA alerts CLL that Mr B has generated further quotes, and wonders if CLL will honour these, given the policy has already been finalised. The IFA also asks if all of the funds will need to go back to the ceding schemes. CLL confirm that Mr B is still within his 30-day cooling period and the funds can be sent back, for both policies, but the process will need re-starting. The IFA says he'll talk to Mr B, and the following day notifies CLL that he'd done that, and that Mr B no longer wished to cancel the policies.*

*I think these exchanges are important, and persuasive. They indicate that Mr B was made aware by his IFA that if he wanted to cancel his policies, he'd need to return the funds he'd received. And, having been faced with that option at the time, he decided against it. I appreciate Mr B has now told me that he was able to return the funds, but I must place more weight on the evidenced events from the time.*

*So, I'm satisfied Mr B had no wish to cancel his policies, and return the funds he'd already received, at the time he obtained his further updated (post-7 July 2023) quotes. And, on the basis CLL were entitled to rely on their policy terms that amendments weren't allowed after a policy had been 'put live', and Mr B had already made it clear he didn't wish to exercise his right to cancel, then I don't think CLL did anything wrong by refusing to alter/increase the GMV quotes contained within Mr B's existing – and live – policies.*

*Accordingly, on the basis Mr B's two policies have a combined GMV of £152,277, this representing the latest updated GMV's that CLL were obligated to provide, I don't intend to ask them to do anything further in this regard.*

#### *Distress and Inconvenience (D&I)*

*Notwithstanding what I've said above, I do think some of CLL's actions have caused Mr B some inconvenience. CLL remained resolute in their communications with Mr B that the cooling period started when the policy was 'put live'. As I've explained above, I think – in the unique circumstances here – that wasn't correct and caused Mr B to spend time challenging CLL's stance on this. For the inconvenience caused, I think CLL should pay Mr B some compensation.*

*However, the amounts this Service awards for D&I are fairly modest in value. Our D&I awards are not designed to punish a business, but rather to put a monetary value on the distress and inconvenience a business' actions have caused. Guidelines setting out our approach to such awards can be found on our website. So, taking account of what I've said above, and having careful regard to our guidelines on this subject, I think a D&I award of £250 is appropriate here – and is the amount I'm mindful to ask CLL to pay to Mr B.*

#### **Responses to my first Provisional Decision**

CLL responded, and confirmed they accepted my conclusions. However, Mr B didn't accept my PD. He explained the only reason he chose not to cancel the policies (the 17 July 2023 exchanges) was because he believed he'd have been worse off had he done so. He explained that when he obtained a higher quote for one of the policies at that time, CLL advised his IFA (on 17 July 2023) that he'd need to cancel both policies if he wanted to take

advantage of the quote. The increased quote was for the 'uncrystallised' funds only and would have resulted in the GMV increasing from £54,605 to £55,115. However, had Mr B cancelled his 'crystallised' policy at the same time, I understand his new GMV for those funds would have decreased from £97,672 to £96,841 – giving an overall total GMV deduction from £152,277 to £151,956.

Mr B acknowledged that I'd concluded in my PD he was within his cancellation period by the time he'd then obtained further increased GMV quotes on 24 July 2023, and on the basis that he was always willing to cancel his policies in principle – when presented with the opportunity of achieving a higher GMV – he felt I should reconsider my PD conclusion. In particular, he felt I shouldn't have placed so much weight on his 17 July 2023 decision *not* to cancel, as that decision was specific only to that particular situation, namely that he'd have been worse off if he'd chosen to cancel.

Having considered Mr B's points, I made further enquiries with both parties, and both provided detailed further information. And having considered this information very carefully, I concluded Mr B's complaint should be upheld in full and issued a further PD on 3 May 2024 setting out my reasons, and proposed redress. In that PD, I said as follows:

### **My second Provisional Decision**

*First of all, CLL have now confirmed that Mr B did not need to cancel both policies if he wanted to take advantage of an increased quote. Upon further enquiries, they have accepted that, as each policy contained 'different' funds (one fund contained only crystallised funds, and other uncrystallised), it wouldn't have been necessary to return both sets of funds to Mr B's previous schemes in the event Mr B found a better quote (within the allowed cancellation period) in relation to one fund only.*

*This is important, because the decisions Mr B took in July 2023 – and which I took account of when informing my PD conclusions – were based on CLL having told him (via his IFA) that it wasn't possible to cancel only one policy. CLL have now accepted that information was essentially incorrect. That being the case, I've needed to look again at what happened, and consider what Mr B would most likely have done had CLL told Mr B he only needed to cancel one policy when he made specific enquiries on 17 July 2023 (as detailed above).*

*Mr B has reiterated his position that he was always willing to cancel the policies if necessary. And his actions in continuing to obtain new quotes, and press CLL to honour these, shows a desire to achieve the best possible GMV outcome. And he's now provided copies of his personal bank statements that confirm he retained the TFC received in his account for many months after it was received, and so I'm satisfied he was able to return the TFC that would have been necessary in the event he chose to cancel his 'uncrystallised' policy.*

*So, in the circumstances, I think it's more likely than not Mr B would have chosen to cancel his 'uncrystallised' policy to take advantage of the increased GMV he'd have received. And so, the inference I'd drawn in my PD, based on what did happen, can be discounted here.*

*I think it naturally follows, therefore, that after obtaining further GMV quotes on 24 July 2023, Mr B would more likely than not have chosen to cancel his existing policies and secure the higher GMVs that were available. I can see no obvious or compelling reason, given what I've said above, why Mr B wouldn't have chosen to do this given the option. I understand the combined GMV's on 24 July 2023 amounted to £154,444 – a total increase of £2,167.*

## Conclusion

*I've already said Mr B's cancellation period didn't expire until at least 10 August 2023. And, for the reasons explained above, I now think Mr B would most likely have cancelled his policies to take advantage of the 24 July 2023 GMVs of £154,444. Mr B wasn't able to take advantage of this option at the time because CLL had incorrectly told him that his cancellation period had expired. I think Mr B has therefore lost out on being able to secure a higher GMV because of CLL's actions, and they need to take steps to put that right.*

## Putting things right

*When we conclude that the actions of a business have caused a consumer a loss, we ask that business to take the necessary steps to put the consumer back in the financial position they would have been in had the mistake not occurred. In this case, that would have meant Mr B cancelling his policies – and returning the funds to the original schemes - and taking out new FTIP policies with a combined GMV of £154,444. However, due to the passage of time, that isn't a realistic option – his ceding schemes would be unlikely to accept any return of funds now, and the policies would be replaced with new ones with a maturity date that is much later than what Mr B initially obtained. And, had Mr B been able to cancel/re-apply for his new FTIP policies after 24 July 2023, the time taken to do this would have meant he would now have two new policies with maturity dates some months later than his existing policies. So, it's practically impossible to return Mr B to (or very close to) the exact position he would have been in had CLL not incorrectly advised him about his cancellation options.*

*That being said, I think the most appropriate redress here should involve Mr B being in a position where the amount he receives on maturity of his current FTIPs equates to £154,444. I appreciate it may not be possible to 're-write' the existing policies given the way they have been set up, and so I'm going to ask that CLL simply pay Mr B the difference between this sum, and his existing FTIP maturity values - £2,167 – when his current FTIP's reach maturity, and he accesses those funds.*

*In terms of D&I, I think £250 remains a fair reflection of the distress CLL's actions have caused Mr B, and so I won't be increasing this element of my proposed award.*

## 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.

Both parties have now responded to my second PD, and both have accepted my updated conclusions and suggested redress as set out above. Accordingly, there is no need for me to make any further comment here, other than to confirm that, having again reviewed the evidence here, I think the fair and reasonable outcome is for Mr B's complaint to be upheld, and for CLL to pay him compensation as set out above.

## My final decision

I uphold Mr B's complaint against Canada Life Limited, and require them to do the following:

- Upon Mr B's two Fixed Term Income Plans (as specifically referred to above) reaching maturity, Canada Life Limited must pay Mr B an additional sum of £2,167 at the same time they remit these FTIP funds to him.

- Canada Life Limited must write to Mr B, within 28 days of being informed of his formal acceptance of this Final Decision, confirming the steps he needs to take to ensure payment of the above sum is made when it becomes payable.
- Canada Life Limited must also pay Mr B a further £250 in respect of distress and inconvenience their actions caused him, again within 28 days of being advised of his acceptance of this Final Decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 June 2024.

Mark Evans  
**Ombudsman**