

## The complaint

Mr C complains HUB Financial Solutions Limited (HUB) mis-handled the arrangement of his pension annuity causing delays and financial losses. He would like compensation for the losses and inconvenience caused.

## What happened

Mr C had a Self-Invested Personal Pension (SIPP) with Citibank and wanted to take some benefits in the form of tax-free cash and an annuity income. He was referred to HUB by Citibank to arrange the annuity. HUB sent documents for him to complete, then called him on 19 September 2023 to discuss his requirements. It was confirmed he wanted an annuity paid annually in advance. HUB says it explained that one provider (Canada Life) on its panel was currently experiencing processing delays taking around double the time of competitors. It says Mr C still opted to proceed with the best quote, which proved to be Canada Life.

Some issues were confirmed with Citibank and Mr C completed application paperwork for an annuity with Canada Life which HUB received on 16 October 2023. It contacted both Citibank and Canada Life the same day. The next day Citibank made payment to Canada Life of £65,152.34 and paid Mr C £35,169.76 tax-free cash. But Citibank doesn't appear to have confirmed this to HUB until 2 November 2023. Canada Life appears to have contacted Citibank on 2 November 2023 to request payment of the funds. HUB emailed Canada Life confirming the payments Citibank had already made. Canada Life responded on 5 November 2023, saying the funds hadn't been received yet.

HUB asked for an update on 23 November 2023 but didn't receive a reply. On 1 December 2023 Mr C raised a query with HUB over his lifetime allowance but doesn't seem to have requested any update on the annuity. But on 11 January 2024 Mr C emailed HUB for an update and asked what the annuity would provide in the current tax year (2023/24). HUB emailed Canada Life asking for the application to be prioritised, saying the funds should have been received in November 2023, but it didn't respond to Mr C's other query.

Canada Life replied on 14 January 2024 saying it had received a different amount than expected for Mr C. HUB replied that day confirming the correct details. It also asked for updates on 19 January, 7 February and 14 February 2024. During this last call it was confirmed Canada Life was still seeking to reconcile an incorrect fund value and the funds were then identified in its banking system. Canada Life said it would prioritise the application and HUB updated Mr C. The annuity was set up on 16 February 2024, but backdated to 1 November 2023.

Mr C complained to HUB about the delays. It didn't accept the complaint. It said it had submitted his application as soon as it received it and had chased for updates *"on a regular basis"* and that it had explained that Canada Life was experiencing delays in setting up annuities.

Mr C referred his complaint to our service saying HUB had caused issues with cashflow and his tax planning. He said he'd paid around £500 in extra tax as he'd taken further funds from his SIPP to top his income up given HUB's failure to confirm how much income the Canada

Life annuity would pay in the 2023/24 tax year. Our investigator looked into it, but she didn't uphold the complaint.

Our investigator said she didn't think HUB had contributed to the delays and had advised Mr C on multiple occasions that Canada Life was experiencing delays, which HUB had no control over. She said its role was to facilitate the policy transfer from Citibank to Canada Life and it could only provide updates about the application process rather than what the policy returns would be, and this query should have been directed to Canada Life. Mr C didn't agree. He questioned what HUB's responsibilities and duties were. He said it seemed to have added to Canada Life's own delays and hadn't responded to his queries. He said his recollection of HUB's warnings about delays from Canada Life were framed as "*a worst-case scenario*". He said it hadn't followed up on the receipt of his pension funds with Canada Life for 67 days until he'd requested an update. He said he had no direct contact details for Canada Life so couldn't have raised queries with it.

Our investigator said she still thought HUB had acted reasonably and that its responsibilities and duties were set out in its Welcome letter. She said it had tried to get Canada Life to prioritise setting up the annuity and the income payment had been backdated to 1 November 2023.

As Mr C doesn't agree it has come to me to decide.

### **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 am not upholding the complaint.

I understand how frustrating this was for Mr C, but I can only consider the actions of HUB in this complaint, and I don't think it has treated him unfairly. It did advise that Canada Life was taking around twice as long as other providers to set annuities up. I've considered what services it had undertaken to provide to Mr C. These were 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 identify the preferred options and to obtain the best rate. And that 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*". However, HUB wasn't in control of the whole process which was dependent on third parties.

I've listened to the call on 19 September 2023 and having confirmed Mr C's requirements, HUB said Canada Life was experiencing processing delays and "*probably takes about double*" the time of other providers. Mr C asked for clarification, and HUB said most providers typically took between four to six weeks to set an annuity up. But for Canada Life this was around eight to twelve weeks "*depending on their processing delays in setting it up*". But this would impact when income payments would start rather than the payment of tax-free cash. On this basis Mr C said he was "*happy to stay with Canada Life if they're the best*."

Once HUB received the application it processed it promptly as did Mr C's SIPP. Unfortunately, the very prompt payment from the SIPP probably resulted in some of the subsequent confusion at Canada Life, with it not processing the application until after this, and then requesting funds it had already received. HUB did try to clarify this with Canada Life, who took around 16 weeks to set the annuity up. So, around four weeks longer than HUB's high-end estimate, although this had been qualified as being subject to Canada Life's processes. So, I think Mr C was reasonably informed that delays were likely, and he was

given a reasonable expectation of how long it might take, and this wasn't set out as being only a worst-case scenario.

If HUB had been more proactive in chasing Canada Life the problem in reconciling the funds it had received might have been identified sooner. But it still took a further month for Canada Life to finalise the annuity after this issue was first identified and it seems clear that the delays around setting the annuity up weren't caused by HUB and were outside its control.

HUB accepted in its response to our service that it should have suggested Mr C spoke directly with Canada Life about what the annuity might return during the 2023/24 tax year. That would have been helpful, but again it isn't clear that this would have changed the outcome. The annuity was to pay income annually in advance, so provided it was set up before 5 April 2024 the income from it for that tax year was known. These details were set out on the illustrations Mr C had been provided with.

Unfortunately, HUB wouldn't have known whether income would be paid before then and it isn't clear that Mr C would have obtained any more information from Canada Life than HUB did, if he had contacted it. It was likely that the annuity would be in payment before the end of the tax year but not certain. So, I don't think it's reasonable to say HUB interfered with his tax planning.

And the situation in respect of any specific cashflow needs Mr C may have had is the same. It's clear from the call of 19 September 2023 the payment of the tax-free cash sum was more pressing than the income payment. When he queried what income would be available in January 2024, this was still within the possible eight to twelve weeks set up period HUB had advised initially and nearly three months before the end of the tax year. Mr C may have felt he had no option but to make alternative arrangements at that point, but that issue wasn't caused by HUB.

So, whilst I understand the whole situation has been frustrating and inconvenient for Mr C, it isn't reasonable to say the delays were caused by HUB and I don't think it has treated him unfairly.

### **My final decision**

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 19 November 2024.

Nigel Bracken  
**Ombudsman**