

The complaint

Mr W complains that HUB Financial Solutions Limited (HUB) provided a poor service when it set up his annuity with a provider I'll refer to as provider S. And that this led to his annuity being lower than it should've been.

Mr W has also brought a complaint he's made to provider S to this service. This decision will only consider Mr W's complaint against HUB.

What happened

Mr W had a personal pension with a provider I'll refer to as provider P. I understand that he spoke with provider P on 20 September 2022 as he was considering using his funds to buy an annuity.

Provider P's call records show that it told Mr W that it'd stopped offering annuities. So it provided him with the details of an annuity arranger – HUB - but said that he didn't have to use that arranger. Mr W chose to use HUB to help him to buy an annuity with his provider P pension.

HUB said Mr W was first referred to it on 3 October 2022. And that it booked an appointment call with him for 10 October 2022. During this call, HUB took Mr W through the risks involved in taking an annuity and asked him how he wanted it to be set up. It also took details about his medical history and health and lifestyle. HUB told Mr W that the value of his pension fund could change between now and the date the money was transferred, which meant that the final income could be higher or lower than the values it'd just quoted. It also said that the quote had an expiry date. And therefore if it got a later quote, it could be higher or lower.

HUB told Mr W what the highest provider was offering at that time. But said that Mr W chose to place the process on hold as he didn't want to start receiving an annuity until later that year.

HUB said that on 14 October 2022, Mr W called it as he'd changed his mind and wanted to proceed with an annuity purchase. HUB arranged a follow-up appointment for 24 October 2022. But Mr W didn't want to talk to the agent who called him that day, as it wasn't the same agent he'd spoken to before. HUB therefore arranged for a call with the original agent on 26 October 2022.

During the 26 October 2022 call, HUB told Mr W that provider S was offering the highest rates. Its quote was for an income of £2,028.12 each year, or £169.01 each month. It also stated that although the quote was guaranteed for a short time, it would arrange a re-quote if the process went past the expiry date.

HUB also told Mr W that, after he'd agreed to the annuity, it would only contact him if his fund value changed by more than 10%. It said: *"In all other scenarios, we'll continue to process the application"*. Mr W acknowledged this information by saying: "yes".

HUB sent an application pack and a copy of the quotation to Mr W the day after the call, on

27 October 2022. This was based on Mr W's pension with provider P having a transfer value of £28,305.71 to be used for the annuity purchase. The quotation stated:

The quotation is guaranteed if:

- *the personal details, including your current main residential postcode, are correct, and*
- *the Single payment shown and application form is received by 24/11/2022.*

It also stated:

The fund(s) value held within your pension investment(s) can fluctuate on a daily basis resulting in a higher or lower amount transferred from your existing pension provider(s) to your chosen annuity provider. This will affect the annuity offered within the personal quotation.

Mr W signed the provider S annuity application form on 9 November 2022. HUB date stamped this on 10 November 2022, but said it received it on 11 November 2022.

HUB generated an updated annuity illustration on 21 November 2022. This was based on the same annuity purchase price of £28,305.71 as the previous quote, and still showed provider S as the highest provider. But it now showed income of £1,889.16 each year, or £157.43 each month. On the same day, HUB sent the completed application to provider S.

HUB said it'd re-run the quotation as Mr W had changed the year he'd retired on the health and lifestyle form from 2018 to 2019. It said it tried to contact Mr W to discuss this, but it couldn't reach him. HUB said that as the re-quote was within its 10% tolerance, it continued with the application.

If none of the personal details or purchase amount changed, the 21 November 2022 re-quote was guaranteed until 20 December 2022.

HUB said it chased provider S to confirm receipt of Mr W's application on 30 November 2022 and then again on 7 December 2022. It said that as it still hadn't heard from provider S, it escalated the case.

I understand that Mr W called HUB on 21 December for an update. It said it confirmed that it had submitted his application form to provider S but that it hadn't heard from it. It agreed to chase provider S again that day. HUB said that provider S then confirmed it'd received the application and said it'd requested funds from provider P that day. But it couldn't provide HUB with any further timescales as it had a backlog.

Provider S said that it emailed HUB on 21 December 2022 to confirm that it would need to receive the annuity purchase price by 5 January 2023 to be able to secure the annuity rate it'd based the 21 November 2022 quotation on. It said it'd requested the transfer of funds from provider P through Origo, so the expected completion date was 2 January 2023.

Provider S said it received the annuity purchase price through the Origo system on 7 January 2023.

HUB said that on 10 January 2023, provider P emailed it to say that Mr W had made a further contribution to his plan on 25 December 2022. Provider P said it was reviewing if this needed to be included in the funds to be used to purchase the annuity or refunded to Mr W. HUB spoke to Mr W about the additional contribution on 11 January 2023.

I understand that Mr W called HUB on 18 January 2023 as he wasn't happy that he'd received a letter from provider P which said that as he hadn't told it what he wanted to do with his contributions, his plan would continue until 2027.

HUB said it spoke to provider P, but it wouldn't give HUB any information other than it still needed to speak to Mr W. It said that provider P had told it that it couldn't take any instruction over this issue from HUB.

HUB said it then spoke to Mr W again about this. It said he initially refused to speak to provider P due to previous issues with it. It said it then agreed with Mr W that it would get the exact number and details of which team at provider P that he needed to speak to. HUB said it did this and then passed the details onto Mr W.

I understand that provider P paid Mr W a tax-free lump sum of £9,711.99 on 24 January 2023. It paid the remaining fund of £29,135.98 to provider S.

On 30 January 2023 provider S issued the annuity documents to Mr W. It also confirmed his right to cancel the annuity within 30 days of receiving the letter. The documents showed a higher annuity purchase price of £29,135.98, but a lower yearly income than Mr W had been expecting. The documents said that £1,944.60 would be paid each year, or £162.05 each month. The annuity start date was shown as 27 January 2023.

HUB said that on 5 February 2023, provider S contacted it to confirm it'd received Mr W's funds. It said that Mr W's policy completed with provider S on 8 February 2023. And his annuity income was £1,944.60 each year, or £162.05 per month.

HUB spoke with Mr W on 13 February 2023. During this call he said he'd called HUB the previous week, but no one had got back to him. He'd lost confidence in HUB. He also said he'd wanted an email but that hadn't arrived. And said that he'd been told that the process would take four to six weeks, but it had already taken more than twelve.

HUB told Mr W that it'd sent him an email on 8 February 2023 which explained that his annuity purchased had been completed. And that he'd receive documents in the post. It said they should be with him soon. HUB confirmed that the annuity would start on 27 January 2023. And that £29,135.98 had been used to purchase an annuity of £1,944.60 each year, or £162.05 each month.

Mr W wasn't happy. He said he'd been guaranteed £2,022.12 each year, or £168.51 each month. He felt that someone from HUB had told him that once the quote was received back within the deadline, it wouldn't be changed again, so the income offer would remain the same. He said that his pension pot had increased since the earlier quotes so he'd been expecting a higher annuity. Mr W wanted provider S to honour the original rate. He said if not, he would cancel. HUB said it would log an official complaint with HUB and provider S. It also confirmed that Mr W's 30-day cancellation period had started on 27 January 2023 and ran until 27 February 2023. Mr W didn't accept such an early start date for his cancellation period as he'd only just been given the annuity figures.

On 22 February 2023, HUB shared Mr W's complaint with provider S.

HUB issued its final response to the complaint on 30 March 2023. It apologised for how long the annuity purchase had taken to complete. It agreed it'd taken longer than it normally expected. It said this was because it'd taken provider S from 21 November 2022 - when HUB had sent it the application - until 21 December 2022 to request the funds from provider P. It also said that when provider P had received the fund request, it'd needed to speak to Mr W to confirm his acceptance to go ahead with the transfer, but he'd had trouble reaching the

right team to discuss this.

HUB acknowledged that it'd initially provided a quote for £169.01 each month, but said that this had expired by the time Mr W's purchase had completed. It said that the final amount for Mr W's annuity was £162.05 each month, which it was pleased to note was bigger than its 21 November 2022 re-quote of £157.43. It noted that annuity providers only guaranteed their rates for a certain amount of time and that rates could go down as well as up.

HUB felt it wasn't responsible for any delays. But it acknowledged that it hadn't kept Mr W updated about what was happening. It apologised for this and offered Mr W £150 compensation.

Unhappy with HUB's response to his complaint, Mr W brought his complaint to this service on 26 September 2023. He felt that his annuity had taken too long to process and that this had led to the lower re-quote. And that there'd been no communication with him about what was happening. He felt HUB had arranged the re-quote in complete secrecy. He said the manner in which HUB had operated had filled him with mistrust, anger and stress. And that he'd been left feeling it'd defrauded him.

Our investigator wrote to HUB to ask it for further information. He said that in its final response letter, HUB had stated that it'd received Mr W's application on 11 November 2022, but that the quote for £169.01 each month had expired by this time. He said that this quote had been guaranteed until 24 November 2022. He asked HUB to provide its comments on this. HUB said this was an error. It said it should've said that the change Mr W made to his retirement date on his application forms had led to the need for a re-quote. It also explained which information Mr W had changed on the enhanced quotation form. It said that it was certain that this changed information would affect the quote, but it couldn't comment on how much it would change it.

HUB also told our investigator that it hadn't sent Mr W the revised quote produced on 21 November 2022, because it had been within its 10% tolerance against the previous quote. HUB said it made this 10% tolerance point clear to its customers during the appointment call.

Our investigator issued his view on 19 June 2024. He didn't think that HUB needed to take any further steps to put things right. He felt that the £150 it'd offered Mr W was fair under the circumstances.

Our investigator didn't think that HUB was responsible for the change in the annuity rate. He said this was because when the information provided changed, the original quotation was no longer valid, therefore he felt HUB had acted correctly when it ran a new quote. He said it would've been preferable for HUB to have discussed this with Mr W. But he didn't think the outcome would've changed if it had. He said this was because he felt that even if HUB had spoken to Mr W about the re-quote, he felt Mr W would've told HUB to proceed anyway.

Our investigator also felt that HUB had fairly progressed the quote as it had been within its 10% tolerance policy. He felt this was a reasonable policy, which HUB had made Mr W aware of earlier in the process.

Mr W didn't agree with our investigator. He felt that HUB had lied when it'd told this service it'd tried to contact him before arranging the re-quote. He also felt that this service should consider the fact that he is a full-time carer.

Our investigator asked HUB to provide evidence to support its claim that it had tried to contact Mr W to discuss the potential need for a re-quote after it had received his annuity application on 11 November 2022. He chased this on a number of occasions, but HUB didn't

reply.

Mr W made the following points:

- he was unhappy that our investigator had believed HUB when it'd said it'd tried to contact him. He felt our investigator had ignored HUB's lies. He wanted an Ombudsman to review the complaint and this service to get evidence from HUB that it'd tried to contact him when it said it had.
- He was unhappy that our investigator had failed to mention his personal circumstances and those of his immediate family. He felt that this complaint had impacted both him and the person he was full-time carer for.

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

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 considered all the circumstances of this complaint, I'm not going to uphold it. I know this will be disappointing to Mr W. I'll explain the reasons for my decision.

I first considered whether HUB was responsible for any avoidable delays to the annuity process.

Was HUB responsible for any delays to the annuity process?

Mr W felt that his annuity had taken too long to process and that this had led to the lower re-quote.

I've carefully considered this point. But I've not found any evidence that HUB caused any avoidable delays. From what I've seen, it processed Mr W's policy in a timely fashion. The evidence shows that certain parts of the process were deferred by Mr W himself. And that provider P and provider S also caused some delays. But I've not seen any evidence that shows that HUB also delayed the process.

Mr W felt that someone from HUB had told him that once the quote was received back within the deadline, it wouldn't be changed again, so the income offer would remain the same. He therefore felt he'd been guaranteed £2,022.12 each year, or £168.51 each month. I'm unsure where Mr W has taken these numbers from. But I've gone on to consider whether the initial 26 October 2022 quote should've been honoured, given Mr W returned his completed application on 9 November 2022, well before its expiry date on 24 November 2022.

Should the 26 October 2022 quote have been honoured?

I've listened to all the call recordings between Mr W and HUB that HUB provided to this service.

During the call on 10 October 2022, HUB produced a range of annuity illustrations based on the information Mr W had provided about himself. This included a date for when Mr W had ceased employment, which he said during the call was April 2018.

Then on 26 October 2022, when Mr W had another call with HUB about further annuity options. He decided to proceed with a provider S annuity for £169.01 each month. This

quote had been based on April 2018 as the date when Mr W had ceased employment.

When Mr W returned his completed application form to HUB on 9 November 2022, the date on which he'd stopped work had been changed to April 2019. HUB has provided this service with a screenshot showing the information that had changed.

HUB told this service that although the amendment seemed minor, the fact that annuity quotes could be enhanced based on a customer's health and lifestyle meant that any change to this information would require the quote to be run again.

HUB also told this service that it'd tried to contact Mr W to discuss this. But that it couldn't reach him. It therefore completed a re-quote based on the updated information on 21 November 2022. This still showed provider S as the highest provider, but with a reduced yearly annuity of £1,889.16, or £157.43 each month. HUB said that as this was within its 10% tolerance, it continued to process the application, which it sent on to provider S.

I acknowledge that Mr W felt that he'd returned his completed application form ahead of the expiry date of the October 2022 quote. And that he felt someone from HUB had told him that in that case, it wouldn't be changed again, so the income offer would remain the same. But I can't fairly say that this quote should've been honoured.

I say this because the evidence shows that Mr W amended his application with a retirement date that was a year later than that on his original application. This meant that there was a change to the information used to produce the original quote. And that this quote therefore needed to be re-run. It didn't matter that the original quote was still guaranteed up to 24 November 2022, as the information used for that quote wasn't correct.

HUB noticed that Mr W had amended his application. So it then ran a re-quote on the correct information. This showed that although provider S still offered the best rates, the annuity that Mr W could purchase was lower than it had been in the initial quote. The October 2022 quote had been based on incorrect information about the date Mr W ceased employment. Therefore, he was never entitled to it. HUB then continued to process the application as the re-quote was within the 10% tolerance figure it had informed Mr W it worked with.

I next considered Mr W's complaint that HUB had arranged the re-quote in complete secrecy, without telling him what was happening.

Should HUB have told Mr W about the re-quote, before sending his application onto provider S?

From the information I've been provided with, I can see that HUB told Mr W during the 26 October 2022 call: *"In some instances we may need to perform a re-quote when we receive your completed application form, this could be if the quotation has passed its expiry date, if any of your personal or pension fund details change. We will only contact you if your fund value reduces by more than 10%. In all other scenarios we will continue to process the application."*

Therefore I'm satisfied that Mr W had been clearly informed that his application would continue to be processed unless his fund value reduced by more than 10%. And I agree with our investigator that this is relatively common amongst many annuity providers and broking services, to avoid causing delays to the process.

Mr W felt our investigator had acted unfairly when it appeared he'd believed HUB when it'd said it'd tried to contact Mr W at the time of the re-quote. He wanted this service to ask HUB for evidence to support this.

I can see that our investigator has asked HUB on several occasions to provide this evidence, but without success. I've also requested this from HUB. I told it that if it didn't provide the evidence before I issued my final decision on this case, I would have to assume that it couldn't provide it. And that it therefore hadn't attempted to contact Mr W to tell him about the re-quote.

To date, HUB hasn't provided the requested evidence. Therefore I've assumed that it didn't try to contact Mr W about the re-quote.

However, I'm not persuaded that HUB should've contacted Mr W. I say this because the evidence shows that HUB had already clearly explained that it might have to run a re-quote if any of Mr W's personal details changed. But that it would only contact him if his fund value reduced by more than 10%. It said that in all other scenarios, it would continue to process his application without contacting him.

Therefore, although I agree with our investigator that it would've been better if HUB had discussed the re-quote with Mr W, I'm satisfied it had made it clear to him earlier in the process that it didn't have to.

In any event, I also agree with our investigator that it's more likely than not that Mr W wouldn't have changed his decision to take his annuity if HUB had contacted him about the re-quote, rather than simply processing it, given the new quote was within its 10% tolerance levels. Although I can't be sure what Mr W would've done, I'm persuaded that he would've been more likely to have continued with the process than to have suspended it altogether.

I say this because Mr W did, in the end, take the annuity, despite having the opportunity to cancel it. I appreciate that he ended up with a slightly higher income than the re-quote, but he could've cancelled the purchase, and he chose not to.

Therefore I'm not persuaded that HUB did anything wrong when it processed the annuity application on the basis of the lower re-quote, regardless of whether or not it attempted to speak to Mr W about what was happening.

I finally considered whether the £150 compensation I understand HUB has paid Mr W is fair under the circumstances of this complaint.

Distress and inconvenience

Mr W felt that HUB hadn't tried to communicate with him about the re-quote. He said the manner in which HUB had operated had filled him with mistrust, anger and stress. And that he'd been left feeling it'd defrauded him.

HUB acknowledged that it could've done more to keep Mr W updated about what was happening. It apologised for this and offered Mr W £150 compensation.

While I can see that the lack of communication has caused Mr W to feel mistrustful of HUB, I noted earlier in my decision why I didn't consider that HUB had needed to contact Mr W about the re-quote. I therefore consider that the £150 HUB has already paid Mr W is reasonable under the circumstances.

Mr W also felt that our investigator should've mentioned his personal circumstances and those of his immediate family in his view. He felt that this complaint had impacted both him and the person he was full-time carer for.

Our investigator said that he did take the fact that Mr W was a carer into consideration when

he was considering the complaint. But he didn't refer to it as he didn't feel that it impacted the outcome of the complaint.

I agree with our investigator here. While I understand that it must be incredibly difficult being the full-time carer of a family member, I've not been presented with any specific evidence that this has prevented Mr W from dealing with his complaint. And I've also seen no evidence that it should impact the outcome of the complaint. Therefore I can't fairly recommend additional compensation for this.

Overall, I'm satisfied that HUB wasn't responsible for the delays to the annuity purchase process. I'm also persuaded that although there's no evidence to show that HUB tried to contact Mr W when it needed to run a re-quote because of the amended information on his application form, it's more likely than not that Mr W would've continued with the purchase if it had. In any event, given HUB had clearly explained its 10% tolerance level, I'm satisfied it didn't need to talk to Mr W before it continued to process his application, despite the reduction in the annuity. I'm also satisfied that although this issue has caused Mr W stress and inconvenience, the £150 HUB has paid him is fair and reasonable under the circumstances of this complaint. I therefore don't require HUB to take any further steps to put things right. And I don't uphold the complaint.

My final decision

For the reasons I've set out, I don't uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 18 September 2024.

Jo Occleshaw
Ombudsman