

The complaint

Mrs P is unhappy with delays she said were caused by Just Retirement Limited trading as Just (Just) which led to her receiving less per year after purchasing an annuity.

What happened

Mrs P had a personal pension scheme (PPS) with Firm R. She contacted them to discuss taking her benefits. After initially selecting her benefits in September 2024 she changed her mind. Instead, she decided to purchase a lifetime annuity with Just. And take a 25% pension commencement lump sum (PCLS). She received annuity quotes with an expiry date of 22 November 2023.

Just say they received the application on 15 October 2023, they requested the funds via Origo on 21 October 2023. On 30 October 2023 Firm R sent a message via Origo, which said:

"The value at deallocation does not equal the 'expected amount' specified on ORIGO for TFC & BOMO. This is because the plan values fluctuate daily. Please specify a percentage required for both TFC and BOMO"

On 7 November 2023 Just emailed Mrs P's financial intermediary to ask how they should respond to the message received. A response was received from Mrs P's intermediary on 22 November 2023 with renewed values, this stated exact values rather than a percentage of the fund. Just replied to this email on 4 December 2023 to clarify if Mrs P still required 25% of the fund as a PCLS. They said:

"we previously had this down as maximum TFC on the app - do you need me to select max again on the new request, or the above specific amounts?"

The intermediary responded on the same day, they said:

"these amounts are max amount of TFC, they 25% of the values. So yes can select max on new request, Thanks"

Just requested the funds again via Origo on 4 December 2023 and they were received by them on 22 December 2023.

Mrs P began to receive her annuity payments, which were lower than she had expected. She raised a complaint, she said that there had been delays which meant that the annuity she was receiving had reduced. Mrs P asked to be put back into the position she would have been in had there been no delays.

Just provided their response to the complaint on 6 March 2024. They didn't uphold Mrs P's complaint, they said they had not caused any unnecessary delays and so they were not responsible for any loss Mrs P may have suffered.

Mrs P remained unhappy and so she referred her complaint to this service. An investigator reviewed the complaint and upheld it. They awarded £150 compensation for the stress and upset this had caused Mrs P. And suggested Just calculate any past and future losses and award these to her.

Just didn't agree with the assessment, but hasn't been clear about why they disagree in their response. The complaint was passed for an ombudsman to review it.

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 upholding Mrs P's complaint. I will go on to explain why below.

Just received Mrs P's application on 15 October 2023, they requested the funds from Firm R via Origo. A message was received on 30 October 2023 from Firm R that let Just know that the values of the plan fluctuate daily and they were asked to input a percentage, rather than specific values. On 4 December 2023, following receipt of renewed figures from Mrs P's intermediary Just responded by setting out that Mrs P had requested the maximum PCLS (25%).

When Just received the new figures from Mrs P's intermediary, they responded immediately by saying that Mrs P had selected the maximum PCLS (25%) within her application. So, Just already knew that Mrs P wanted a 25% PCLS. It therefore follows that, on 30 October 2023, Just could have done what Firm R had instructed and input the percentage requirements due to the daily fluctuations – rather than a set figure. Had they done so Mrs P's annuity would have been set up sooner than it was.

It took 18 days for Just to receive the funds after they had requested them. So, had Just input the percentages as requested by Firm R on 30 October 2023 the transfer would have completed and funds been received by Just on 17 November 2023. Which is within the expiry date of the annuity quotes Mrs P had received.

Just backdated the policy to begin on the day they received the funds. Therefore, had Just done what they ought to have, Mrs P's annuity would have begun on 17 November 2023. Mrs P would also have received her tax free cash 35 days earlier than she did.

I put this to Just and requested some additional information, but I received no response. So, I have based my decision on the information that this service had already been provided with. As such I am upholding Mrs P's complaint.

Putting things right

It is my intention to put Mrs P back into as close to the same position she would have been in, had Just provided the information Firm R requested from them on 30 October 2023.

As set out above I believe that Just should have set up Mrs P's annuity from 17 November 2023 and so they must calculate:

Past loss

A) Total of all the notional payments which Mrs P should have received from her pension had it begun on 17 November 2023, net of her marginal rate of tax, presumed to be 20%, up to the date of this decision.

B) Total of all the actual payments which Mrs P has received from her annuity, net of her marginal rate of tax, up to the date of this decision.

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

The difference should be paid to Mrs P in a lump sum with the addition of 8% simple interest per year from the date she should have received each annuity payment to the date of the decision. This is to reflect the time that Mrs P has not had use of the funds.

Future loss

D) The notional gross pension per year which Mrs P should have been receiving from the date of this decision.

E) The actual gross pension per year Mrs P currently will receive from the date of this decision onwards.

F) Future Gross Loss per year = D – E. If the answer is negative, there's a future gain and no redress is payable.

G) Work out what it would cost to replace any lost income in F) by buying an annuity on the open market with these features. Just will need to refer to published annuity rate tables and get a quote from a competitive provider.

I) The purchase price of the annuity found in G) is Mrs P's gross future loss. This should be paid directly to her as a lump sum after making a notional reduction to allow for income tax that would otherwise have been paid at her likely rate on the income in F – presumed to be 20%. This is because future income from the annuity is taxable as unearned income.

Tax free cash

Had Just done what they should have, Mrs P would have received her tax free cash 35 days earlier than she did. To account for the loss of use of those funds Just should calculate:

- a) 8% simple interest for 35 days on the tax free cash Mrs P would have received had she taken her tax free cash 35 days before it was received by her.
- b) Add a) to the amount of tax free cash Mrs P would have received.
- c) Is the amount Mrs P did receive in tax free cash.
- d) Loss of use consideration = b – c. If the answer is negative, there's a gain and no redress is payable. The amount must be paid to Mrs P in a lump sum.

Distress and inconvenience

Had Just acted correctly Mrs P's annuity would have been set up within the quoted deadline. I understand that this has caused Mrs P some distress, and a level of inconvenience from realising that her annuity payments were less than she thought they would be. As such I am directing Just to award her £150 compensation.

Interest

If payment of redress is not made within 28 days of Just receiving this final decision, interest must be added to the compensation at the rate of 8% per year simple from the date of my final decision to the date of payment.

Income tax may be payable on any interest paid. If Just deducts income tax from the interest, it should tell Mrs P how much has been taken off. Just should give Mrs P a tax deduction certificate in respect of interest if Mrs P asks for one, so she can reclaim the tax on interest from HMRC if appropriate.

My final decision

I uphold Mrs P's complaint and direct Just Retirement Limited trading as Just to award compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 25 November 2024.

Cassie Lauder
Ombudsman