

The complaint

This complaint is about the level of service provided by HUB Financial Solutions Limited (“HUB”) to Mrs C and her representative between 10 November 2022 and 8 September 2023 (the “relevant period”) in connection with buying a care annuity for Mrs C. The representative had power of attorney to act on Mrs C’s behalf during the relevant period.

The representative initially complained that HUB’s errors during the relevant period caused distress, inconvenience, and an undue delay of around six months before the annuity eventually started on 8 September 2023.

Since making this complaint, Mrs C has sadly passed away. The representative, now acting in the capacity of executor for Mrs C’s estate, has told the Financial Ombudsman Service that the estate of Mrs C wants us to continue to investigate and decide this complaint. To put things right, the representative wants HUB to pay compensation equivalent to six months’ worth of annuity payments to account for the undue delay.

What happened

The sequence of events isn’t in dispute and were set out in detail by our investigator in his assessment which he provided to the parties to this complaint. I do not intend to repeat here what our investigator stated so I’ve only set out a brief summary of what happened.

On 10 November 2022, Mrs C’s representative contacted HUB to enquire about buying a care annuity for Mrs C to cover the cost of her care home fees. HUB told the representative that it typically took around three months to complete the process. Based on the information provided, the representative instructed HUB to provide a recommendation for an annuity. HUB sent its terms of business to the representative. Amongst other things, this document set out the right of both parties to terminate the relationship at any time.

Over the next several months there followed an exchange of correspondence between HUB and the representative during which time a fact find document and a medical questionnaire in respect of Mrs C were completed. HUB also obtained several annuity quotes from different providers and provided a recommendation for an annuity for Mrs C based on the requirements specified by the representative.

On 3 August 2023, while still in the process of arranging the annuity, HUB told the representative that it was unable to continue progressing Mrs C’s case due to unforeseen circumstances. HUB didn’t explain the reasons why at the time. There followed an exchange of correspondence. HUB initially provided a link to MoneyHelper and told the representative to seek advice elsewhere. But the representative wasn’t happy with this and complained. HUB then introduced the representative to Firm E who then went on to provide a recommendation and arranged for an annuity to be set up from 8 September 2023. This was for the same purchase price (including advice fees) as quoted in HUB’s earlier recommendation.

This complaint

The representative was dissatisfied about the level of service provided by HUB during the relevant period and complained. In summary, the representative:

- was unhappy it had taken until 8 September 2023 for the annuity to start after HUB had said at the outset in November 2022 that it typically took around three months to complete the process;
- was unhappy HUB had unexpectedly terminated the relationship on 3 August 2023 without an explanation and that it initially failed to provide sufficient support to ensure the annuity was secured through another route;
- questioned whether HUB's adviser who had been dealing with Mrs C's case was suitably qualified to advise on the matter; and
- was concerned that HUB's website continued to state that it provided advice on care annuities after it said it was unable to progress Mrs C's case.

HUB's response

HUB upheld this complaint in part. It accepted that it had made some errors which, in its view, had caused an undue delay of around one month in the annuity income starting. It apologised to the representative for unexpectedly terminating the relationship. It explained that this was due to internal unforeseen circumstances which meant it didn't have any advisers available to continue to progress Mrs C's case at the time. It said that while this was regrettable, the terms of business set out the right of both parties to terminate the relationship at any time. It said that it provided sufficient support by introducing the representative to Firm E who then went on to recommend and arrange the annuity to start on 8 September 2023. HUB said that it had acted in Mrs C's best interests by providing to Firm E information it had already gathered during 2023 to help speed up the process and avoid any further delay.

In respect of the undue delay it caused, HUB offered to pay the following compensation:

- One month's annuity income of £2,723 plus interest at 8% simple; plus
- £250 compensation for the distress and inconvenience caused by the delay.

Our investigator's view

The representative didn't accept HUB's offer. Our investigator initially recommended that this complaint be upheld. In summary, he didn't agree with the representative's view that HUB had caused an undue delay of six months. But he did think it was responsible for an undue delay of around two months (rather than one month, as stated by HUB). In other words, our investigator thought that had HUB done everything it should have done during the relevant period, the annuity would have started on 8 July 2023 and not 8 September 2023.

To put things right, our investigator recommended that HUB pay two months' annuity income plus interest at 8% simple and £250 compensation for the distress and inconvenience it had caused.

Neither the representative nor HUB accepted our investigator's initial view. Both provided additional comments. After considering these, the investigator was persuaded that HUB's existing compensation offer was fair and reasonable in the circumstances and explained why to the representative. But the representative continued to dispute the matter and provided

additional comments, some of which included reference to the Financial Conduct Authority's ("FCA") 'Consumer Duty' and the reasons why it believed HUB had failed to comply with this.

Since agreement couldn't be reached between the parties, this complaint has been referred to me to review afresh and decide. This is the last stage of our process.

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've taken into account the law, any relevant regulatory rules, guidance and good industry practice at the time. Where the evidence is unclear, or there are conflicts, I've made my decision based on the balance of probabilities. In other words, I've looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

I've considered all the evidence afresh including additional comments and evidence provided by HUB and the representative. I'd like to clarify that the purpose of this decision isn't to repeat or address every single point raised by the parties to this complaint. So if I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

HUB's operational processes

The representative has expressed concern about how HUB operates its business and believes it failed to prepare for and comply with the Consumer Duty, specifically the cross-cutting rule that requires firms to avoid causing foreseeable harm. The representative has also questioned some information stated on HUB's website and whether the adviser who had been dealing with Mrs C's case was suitably qualified to advise on the matter.

I'd like to address these comments. We're not the regulator of financial businesses, and we don't "police" their internal processes and systems, or how they operate generally; that's the role of the FCA. We deal with individual disputes between businesses and their customers. So any concerns the representative has about how HUB operates its business, information presented on its website or the competency of its advisers should be directed to the FCA.

As for the representative's comments about the Consumer Duty, I've carefully considered this but don't think it's relevant in helping me to decide this complaint. I'll explain why. The Consumer Duty applies to open products and services from 31 July 2023 and to closed products and services from 31 July 2024. The representative has made the point that HUB knew that the Consumer Duty was going to be implemented and so ought to have effectively been adhering to it before it was formally implemented on 31 July 2023. I don't agree. The Consumer Duty doesn't apply retrospectively to complaints about events that happened before 31 July 2023. The events in this complaint primarily happened before 31 July 2023 before HUB terminated the relationship on 3 August 2023. So I won't be considering the Consumer Duty for the very short period it applied in this case since I don't believe it affects the outcome of this complaint.

My findings

My role here is simply to decide whether I think HUB made an error or treated Mrs C/the representative unfairly. And, if so, what I think HUB should do to put things right.

Having considered the evidence, I've reached the same conclusion as our investigator and

for much the same reasons. I do not see the need to repeat what our investigator has already stated to the parties. But I want to make the following points:

- The representative has repeatedly referenced the three-month timescale mentioned by HUB at the outset. And that because the annuity wasn't secured within three months from the point HUB was appointed, it was at fault and should pay compensation. I don't agree it's as simple as that. The three-month timeframe wasn't guaranteed and was merely an estimation based on previous experience on different cases. There's no industry rules or regulations which set three months as a fixed timescale for providing and implementing annuity advice. HUB was reliant on other parties to the transaction such as the representative and annuity providers to provide information in a timely manner. HUB cannot be held responsible for any delays caused by other parties over which it had no control. What matters is whether HUB did all that it could be reasonably expected of it during the parts of the process over which it had control.
- HUB has provided to the Financial Ombudsman Service a detailed timeline of events during the relevant period. I've read through the timeline. It aligns with other evidence provided. I haven't seen anything to make me think the timeline isn't an accurate record of events. I can see that at some points during the relevant period, HUB was waiting for the representative and annuity providers to provide information or take steps before it was able to progress matters. So it's clear some of the delay complained about was attributable to other parties.
- Like our investigator, I think HUB could have completed some steps sooner during the relevant period. Two important points in the timeline I want to highlight are as follows. On 17 April 2023, HUB and the representative agreed to delay the annuity application by about 10 days until Mrs C's birthday later that month with the expectation that securing the annuity at an older age would reduce the cost of it (which it did). So I cannot find HUB at fault for this. In addition, the representative didn't clearly accept the updated annuity quote provided on 23 May 2023 until 26 June 2023. Again, I cannot find HUB at fault for the delay in the representative accepting the updated quote.
- Overall, based on what I've seen, and in line with our investigator's view, I think HUB caused a total undue delay of around one month during the relevant period. In other words, had the undue delay not occurred, I think the annuity would have started on 8 August 2023 rather than 8 September 2023.
- I completely understand that the representative was shocked and upset that HUB unexpectedly terminated the relationship on 3 August 2023. HUB has explained that this was due to internal unforeseen circumstances which meant it didn't have any advisers available to continue to progress Mrs C's case at the time. It said that while this was regrettable, the terms of business set out the right of both parties to terminate the relationship at any time. I've reviewed the terms of business and agree that this enabled either party to terminate the relationship at any time. So I don't think HUB has made an error here. I think it's important to note that HUB didn't charge any fee for the work it carried out before the relationship was terminated.
- After terminating the relationship, HUB introduced the representative to Firm E who then went on to provide a recommendation and arranged for an annuity to be set up from 8 September 2023. This was for the same purchase price (including advice fees) as quoted in HUB's earlier recommendation. Strictly speaking, HUB wasn't required to help the representative obtain advice elsewhere. But it recognised that

the representative required support and took steps to make an introduction to Firm E. HUB then provided to Firm E information it had already gathered during the relevant period to help speed up the process and avoid any further delay.

Conclusion

As I've stated above, I think HUB caused a total undue delay of around one month. HUB has already accepted this. To put things right, it offered to pay the following compensation:

- One month's annuity income of £2,723 plus interest at 8% simple; plus
- £250 compensation for the distress and inconvenience caused by the delay and termination of the relationship.

I think this is a fair and reasonable outcome in the circumstances of this complaint. It's my view that HUB should settle this complaint in line with the above if it hasn't already done so.

I don't think there was any other financial loss caused by the undue delay bearing in mind the annuity eventually secured through Firm E was for the same purchase price (including advice fees) as quoted in HUB's earlier recommendation.

My final decision

For the reasons given above, I don't uphold this complaint or make any award against HUB Financial Solutions Limited. If the estate of Mrs C now wishes to accept the previous compensation offer, it should contact HUB Financial Solutions Limited to arrange settlement if it hasn't already done so.

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

Clint Penfold

Ombudsman