Financial Ombudsman Service

The complaint

Mr C complains that My Pension Expert Limited (MPE) caused avoidable delays when it was arranging his annuity. He believes this led to him receiving a lower annuity and Tax-Free Cash (TFC) from his pension funds.

Mr C has also complained to MPE about the suitability of the annuity. That complaint is being separately considered by this service. My decision here only covers the alleged avoidable delays MPE caused.

What happened

Mr C had three pension policies. I understand two were held with a provider I'll refer to as provider R, and one was held with a provider I'll refer to as provider S.

In March 2023, Mr C contacted MPE for advice about using the funds in his pensions to take TFC and use the rest to buy an annuity.

On 22 March 2023, Mr C had an initial call with MPE. It provided him with initial quotes.

On 24 March 2023, Mr C had a further call with MPE. During this call, MPE provided further detail about his options. It also booked an appointment with a financial adviser for 29 March 2023.

Mr C spoke with the adviser on 29 March 2023. She completed a fact find with him. And recommended a 100% joint life level annuity with a ten-year guarantee period. Mr C said he was making enquiries with other companies and was still waiting to receive information and quotes from some of them. The adviser told Mr C that the annuity quotes didn't last for long and that they may need to be updated if he decided to proceed. MPE sent Mr C the annuity application pack the same day.

MPE called Mr C on 31 March 2023 and 3 April 2023. He said he'd received the pack, but hadn't had the chance to look at it yet. He also said he was still waiting on other information so that he could do some comparisons. He said he'd call MPE back when he was ready, but asked for a call back in ten days if MPE hadn't heard from him.

MPE called Mr C on 13 April 2023 as he'd requested. He said he was still waiting for other quotes. MPE told him that it would get new quotes on new rates sent to him.

On 18 April 2023, Mr C told MPE that he'd received some quotes from other suppliers which offered him a better annuity rate as the fees that they were charging were lower. MPE then reduced its initial adviser charge to 2% and refreshed the quotes.

A different annuity provider then came out as the top provider on the open market. So MPE sent Mr C a new application form to complete for that provider.

On 24 April 2023, Mr C called MPE to tell it that he'd received a quote from a different annuity provider which gave him a better annual income than its quote, so he was going to go ahead with the other provider. He quoted an amount of £9,566. MPE said it would see if it could improve its quote and that it would get back to him.

MPE then called Mr C on 25 April 2023 to tell him that it'd reduced its fee even further to 0.89%. And that this had increased the annual annuity to £9,613.44.

On 5 May 2023, MPE received Mr C's completed application forms. It acknowledged these by email, stating that it could now take three to 12 weeks to complete the process. The email also contained sections headed: "*Contact your existing provider if your funds are invested and you want some guarantees about the amount transferred*" and stated: "*if you're taking an annuity, rates are subject to change*". Also on 5 May 2023, MPE contacted providers R and S to complete the required pension checks. MPE then called both providers on several occasions in May 2023 for information about Mr C's policies.

On 26 May 2023, MPE received policy information from provider S. As one of Mr C's pensions had a Market Value Reduction (MVR), MPE sent new quotes to him - which allowed for the MVR - on 30 May 2023.

The same day, MPE told Mr C that his provider R policies contained MVRs and that one of them also contained an Exit Charge. These totalled about £7K. It booked him an appointment with a financial adviser to discuss the charges and how they would affect his transfer.

Mr C spoke to the adviser on 30 May 2023. He explained what an MVR was and then ran some new quotes. The first quote was based on Mr C completing the transfer immediately and accepting the MVR and the charges. The second quote was based on Mr C completing the transfer at his Nominated Retirement Date later that year, when the MVR wouldn't have applied. Mr C asked for time to think things through.

Mr C emailed MPE after the call on 30 May 2023 to ask it to email him a copy of the figures discussed. It sent him the following information the same day:

Quote 1) Fund value total £240,820 gives £11,667 annuity

Quote 2) Fund value total £247,070 gives £11,978 annuity

(both allow for full tax free cash, 100% spouse benefit + a 10 year guarantee)

Quote 1 is if it is taken now and accept 2 x Market Value Reductions (£2645 + £3605).

Quote 2 wait till November when MVR's drop off, markets might be better/worse also annuity rates could be better/worse, £311 difference in rate, at 20 years. This is £6220 but will also have missed out on 5 months payments (£4861) so in 20 years - would actually be £1359 better off (all figures are approximate).

Mr C emailed MPE on 31 May 2023 to confirm he wanted to go ahead with quote 1. MPE submitted Mr C's application to his chosen provider on 1 June 2023. The following day, that provider then told MPE that it needed Mr C to complete some additional details on the Medical Details form. MPE posted this to Mr C the same day.

On 5 June 2023, MPE issued its recommendation to Mr C. This stated in summary that Mr C wanted to release 25% TFC from his three pensions, which had a total value of approximately £240,820, then use the remaining funds to buy a lifetime annuity. The report stated that the TFC would be approximately £60,205. And the estimated £180,615 fund remaining would then be used to buy an annual annuity of £11,667.12.

The report contained a section headed "What do you need to do now?". Within this, it stated: "*If your pension is still invested, and you want to provide more security with regards to the transfer amounts, contact your existing provider and ask about moving your pension to secure funds while this transfer takes place*".

On 7 June 2023, MPE received Mr C's completed Medical Details form. It emailed this to his chosen annuity provider the same day. MPE called that provider the following day to ask it when Mr C's application would be processed. It told MPE to call again the following day when further details would be available about processing timescales. The annuity provider emailed MPE on 9 June 2023 to tell it that Mr C's full application had been received and had moved on to the processing stage. MPE emailed Mr C to tell him what was happening.

MPE emailed Mr C on 16 June 2023 to tell him that it had called his chosen annuity provider, which had told it that it expected to request his funds at the end of the following week. Mr C replied the same day to tell MPE that he wanted to know the final figures before completion. He said that if they were different from those proposed he would be considering his options. MPE emailed Mr C to tell him that his fund values wouldn't be fixed until the day of transfer, therefore they wouldn't be known until they'd transferred. It said Mr C could contact it if he wanted to discuss this with his financial adviser.

On 19 June 2023, Mr C emailed MPE to ask it to arrange a call with the financial adviser. He also spoke with MPE, telling it he was worried that his fund values had decreased and that the income amounts might change before the transfer.

The same day, the chosen annuity provider asked MPE for confirmation of provider details before it requested the funds. MPE sent the requested details back by email the same day. I understand that the chosen annuity provider requested funds on 20 June 2023.

On 21 June 2023, Mr C spoke with his adviser. He said it'd been a long time between getting the original valuations and the transfers going through. And that he wanted to know what the final values were going to be before making the final commitment. The adviser said she'd pass his concerns on and ask MPE to call him back with any further information.

On 23 June 2023, MPE contacted providers R and S to ask if there was any way they could contact it with the final valuations before completing the transfers. It was told that two of the policies had already transferred on 21 June 2023 and the last remaining transfer was due to leave within the next five to ten working days. MPE called Mr C to update him on the situation. It told him that the funds hadn't yet been received by his chosen annuity provider, and that if he was unhappy with the valuations, he could contact providers R and S to ask them if they would take his funds back.

MPE also ran a new quote on the new transfer value to give Mr C an idea of what annuity he could now get. The funds had fallen in value so at current rates his annual annuity would be £9,911.52. It offered to ask the annuity provider to return the funds. Mr C asked for time to consider his options. He called later that day to confirm he still wanted to go ahead with the purchase of his annuity based on the new values.

On 17 August 2023, MPE wrote to Mr C to offer to review the advice it'd given him. This led to Mr C making a complaint about delays and the values of his pension falling. The letter stated:

We are concerned that our advice to you to purchase a lifetime annuity now may not have been the most suitable advice. In view of these concerns, we have decided to offer you the opportunity to have us review your case to confirm whether the advice given, and service provided met our standards and was suitable for your needs and objectives. If it does not, *we will also determine whether you have suffered financial loss and are entitled to redress.*

Mr C told MPE he'd like it to review the advice.

Mr C said he'd been very concerned about the time taken to process his application. He felt that MPE hadn't managed the process professionally, leading to a financial loss. Mr C said that he'd asked MPE not to complete his annuity purchase without giving him the final figures first, but that it'd failed to do this. He felt this had led to him receiving TFC of £52,000, rather than the £60,000 he'd expected. And to a reduced annual income of around £10K, rather than £12K.

Mr C was also concerned about the timing of his purchase, noting the stock market had been particularly volatile. He said MPE hadn't made him aware of any possible options such as switching his funds into a deposit/cash fund to protect him from market volatility during the purchase process.

MPE issued its final response to the complaint about delays and the values falling on 13 December 2023. It said it would separately review the suitability of the sale.

MPE didn't think it'd caused any avoidable delays. It felt it'd handled everything in a timely manner. It therefore didn't think it was responsible for Mr C receiving lower TFC and a lower annual income than he'd expected.

MPE acknowledged Mr C had asked it to confirm the final valuations before transfer on 16 June 2023. It said it'd told him this wouldn't be possible. But it'd tried to see if anything could be done by contacting Mr C's providers. It also noted that Mr C had been aware of the final figures before his annuity had been set up, and that it'd given him the option of having his funds returned and the transfer cancelled, which he'd decided not to take.

MPE felt it had made Mr C aware of his options for safeguarding his funds from stock market downturns while the transfer took place. It referenced the email it'd sent him on 5 May 2023.

Mr C brought his complaint to this service in May 2024. He felt that the way MPE had handled his annuity purchase had led to a reduction in the TFC and the annuity income he received.

Mr C felt that MPE hadn't offered him the opportunity to move his funds into a safe place to protect them from fluctuating markets. He also said that he'd asked for final figures before transfer. And that MPE had agreed to this. But the transfer had already happened by the time he received the requested information.

Our investigator didn't think the complaint should be upheld. He didn't think MPE had caused any avoidable delays. He also felt MPE had made it clear that Mr C could contact his pension providers if he wanted to guarantee the fund value. And while he felt that MPE should've been clearer about what it could tell Mr C before the transfer went ahead towards the end of the process, he felt it'd checked what he'd wanted to do before his chosen annuity provider requested the funds. He therefore didn't consider that clearer information at that point would've changed Mr C's decision to go ahead with the transfer and annuity purchase.

Mr C didn't agree with our investigator. He made the following points:

- He acknowledged that MPE had written to him to tell him he could contact his providers if he wanted to safeguard his pension values. But he felt MPE had a moral obligation to take him through all of his options verbally as well, so that he could make the best decision available to get the best outcome from his investments. He said it hadn't done this.

- He said he'd expected MPE to look after his interests and support him through the complexity of the process to secure the best financial outcome.

Our investigator acknowledged Mr C's points. But they didn't change his view. He said that MPE wasn't required to discuss the potential of selling his funds to cash with Mr C. He was satisfied that MPE had made Mr C aware in writing that his funds would remain invested throughout the process, and that he had the option to sell if he wanted to know the exact amount being used to purchase the annuity. And that this was enough to allow Mr C to make a decision about whether he remained invested or not.

Our investigator said it was unfortunate that Mr C's funds had fallen in value before the transfer went ahead. But said that MPE was giving him advice about the annuity to purchase, not when he should sell his investments. He also noted that although Mr C's funds hadn't been sold at the highest value they'd reached during the purchase process, they hadn't been sold at the lowest point. He therefore felt that any sale to protect the value of the investments wouldn't necessarily have timed favourably.

Mr C still didn't agree. He felt that MPE should've taken him through all the options available in person, given the one-off nature of the annuity purchase. He said if the process had been carried out correctly, he would've been able to re-evaluate the situation. Mr C said that the independent auditor MPE had itself appointed had pointed out the above situation and recommended he take action against it.

Our investigator told Mr C that he didn't know of any independent review about the alleged delays. He felt that the independent auditor had been appointed to consider the advice Mr C had been given to buy the annuity. He noted this was being considered separately.

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 done so, I'm not going to uphold it. I know this will be disappointing for Mr C. I'll explain the reasons for my decision.

I first considered whether MPE caused any avoidable delays to the transfer process

Did MPE cause avoidable delays to the transfer process?

MPE said it didn't cause any delays to the transfer process.

The evidence shows that MPE was in regular contact with providers R and S to make sure it had the information it needed to give a recommendation. I'm satisfied that it produced that recommendation in a timely manner. The evidence also shows that although one of the policies had an MVR, MPE were quick to arrange a call to discuss this with Mr C and to produce new quotes for him, after checking he was still happy to proceed.

After some discussions between MPE and Mr C, his application was sent to the chosen annuity provider the day after MPE received it. MPE also forwarded the completed medical form the day it received it. The evidence shows that the chosen annuity provider then started to process the application on 9 June 2023. And that it requested funds on 20 June 2023.

There's no evidence that MPE caused avoidable delays throughout the process.

The evidence shows that MPE often progressed each stage within a few working days, unless it was waiting for information from other parties. Therefore I can't reasonably say that MPE should've done anything differently. And I don't uphold this part of the complaint.

I next considered if MPE did enough to ensure Mr C was aware of his investment options. I also considered whether this should've been done in person.

Did MPE do enough to make Mr C aware of his investment options?

Mr C said that if MPE had carried out the process correctly, he could've re-evaluated the situation.

The Terms of Business (TOB) between Mr C and MPE state the following, under "*Things we won't do*": "*We won't manage any investments or make choices on your behalf – and we don't hold any client money*".

I think this is clear that MPE wouldn't tell Mr C what he should do with his invested funds.

Mr C signed the TOB on 2 May 2023, indicating through the declaration that he understood and consented to the terms. Therefore I'm satisfied that Mr C should've been aware that MPE wouldn't and couldn't advise him on his investment choices.

However, I consider that MPE could, and should, alert Mr C to the possibility that his funds were at risk of market movements during the purchase process. So I went on to consider whether its 5 May 2023 email, which I've noted above, did that.

The email noted that MPE couldn't control certain things, such as the response time of Mr C's existing providers. It went on to explain that this meant the process should take between three and 12 weeks from the date the completed application was sent to the new provider.

The email said that MPE had already told Mr C when it'd sent his application out that he should contact his existing providers if he was concerned about his funds suffering from market volatility. But it repeated that warning, stating the following:

If your funds are invested, in the time it takes for the funds to be transferred to your new provider(s), movement in investments and stocks and shares could affect the value of your funds either up or down.

We will get an up-to-date value of any funds at the start of your application, and if there's any meaningful change in the amount at that point we'll let you know, but that will be accurate only for a short while, so the amount that is transferred may well be different (depending on how and where your existing provider has invested your pension funds).

If you would like to know exactly what will be transferred, you should contact your existing pension provider(s) and ask how you can secure the funds. Please check for penalties if you do that, we can talk this through with you if you need support.

I can also see that some similar wording was included in the 5 June 2023 recommendation report.

I think this is clear that Mr C's funds were likely to change in value during the purchase process if they weren't held in cash. And that any fund value MPE accessed would only be accurate for a short while. I also consider that MPE explained to Mr C that if he wanted to know exactly what would be transferred, he should ask providers R and S how to secure the funds.

I therefore agree with our investigator that this was enough to make Mr C aware that he could protect the value of his funds if he wanted to. It was then Mr C's decision about whether to sell his funds during the purchase process, or whether to keep them invested.

I acknowledge the concern it must've caused Mr C to see his annuity quotes go up between April 2023 and early June 2023, only then to see them reduce by the time his transfer completed. But I'm satisfied that MPE did enough to make him aware that this was a possibility if his funds remained invested over the purchase period.

I also acknowledge that Mr C felt MPE had a moral obligation to take him through all of his options verbally, as he was making a significant one-off purchase. He expected MPE to have a duty of care for him, so that he could secure the best financial outcome.

While I understand why Mr C feels this way, I can't fairly agree that MPE has done anything wrong. As I noted earlier, it didn't have any obligation to manage his investments or make choices on his behalf. It did, however, have a duty of care to make Mr C aware of what could happen if he left his funds invested. As I've explained, I'm satisfied that it fulfilled this obligation. I therefore can't fairly uphold this part of the complaint.

Mr C said MPE had agreed to provide him with the final fund values he'd requested before transfer. He said the transfer had already taken place by the time he'd been given the requested information. So I next considered whether MPE failed to do what it said.

Did MPE offer to provide Mr C with final fund values before the transfer?

MPE said that Mr C first asked to be provided with the final figures before deciding on whether to transfer by email on 16 June 2023. It said it'd told him this wouldn't be possible as the final figure wouldn't be known until the date of transfer. But it did then try to see if Mr C's providers could help.

MPE also noted that Mr C had been given the option of having his funds returned and the transfer cancelled, which he'd decided not to take.

I haven't seen any evidence that MPE agreed to provide Mr C with the final fund values before the transfer. I'm satisfied that the 5 May 2023 email it sent to Mr C explained that he would only know exactly what would be transferred if he secured his funds with his existing providers before the transfer. I'm also satisfied that the 16 June 2023 email MPE sent Mr C explained that his fund values wouldn't be fixed until the day of transfer, therefore they wouldn't be known until they'd transferred.

Our investigator felt that MPE had an opportunity to check the figures and let Mr C know between 16 and 19 June 2023, before his chosen annuity provider had requested the funds from providers R and S. But he considered that even if it had done this, it wouldn't have changed Mr C's decision to go ahead with the transfer. He felt this way because when MPE did tell Mr C the final figures, he'd decided to go ahead with the transfer, even though MPE had offered to ask for the funds to be transferred back. He therefore wasn't persuaded that if MPE had told Mr C about the figures before the transfer, he would've changed his mind.

I agree with our investigator, and for the same reasons, that if MPE had been able to provide Mr C with final fund values before the transfer, it wouldn't have changed his decision to go ahead with the transfer.

I’ve haven’t found that MPE has done anything wrong. Therefore I can’t reasonably hold it responsible for any financial loss Mr C feels he’s suffered. And I can’t fairly uphold the complaint.

My final decision

For the reasons explained above, I don’t 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 18 December 2024.

Jo Occleshaw
Ombudsman