

The complaint

Mr G complains that Legal and General Assurance (Pensions Management) Limited (L&G) caused avoidable delays to his pension transfer and annuity purchase, leading to a financial loss. He also complains that it provided him with poor customer service.

What happened

Ahead of his intended retirement, Mr G wanted to consolidate his pension plans. He wanted to transfer his pension plan from an existing pension provider – which I'll refer to as provider A - to L&G, with whom he held two other plans, so he could set up an annuity with it.

Mr G said that he contacted L&G in November 2023 to start the process. He said he received an annuity quote on 17 November 2023. He said he decided to take 25% Tax-Free Cash (TFC). He then received a new annuity quote on 18 December 2023.

Mr G completed an application form for the annuity on 27 December 2023. He listed his provider A pension on the form, but didn't provide a plan number for it. He also listed two policies he held with L&G with plan numbers ending 248/00 and 401. Mr G's application recorded details of his chosen beneficiary.

L&G received Mr G's completed form on 28 December 2023. It noted that he'd used two quotation reference numbers on the form, so it emailed him the following day for clarification. Mr G confirmed that he wanted to use the single life quote the same day.

Mr G said he told L&G in January 2024 that he was about to go on an extended business trip to a country I'll refer to as country B. He said it told him that it didn't need anything else. He said he then received an email during the first week of February 2024 to tell him that his purchase couldn't be progressed due to the lack of beneficiary details. So he returned a copy of the forms he'd submitted in December 2023. He said L&G didn't acknowledge this.

Mr G said he then received a further email from L&G in the middle of February 2024. This said that L&G couldn't find his policies.

L&G requested the funds using the information provided on the application form on 20 February 2024. It made the request through Origo.

Despite the missing plan number for the provider A plan, I understand that provider A was able to identify it. On 21 February 2024, provider A contacted L&G as the use of Origo wasn't supported where funds were coming from a drawdown wrapper. It said it would need the transfer request to be made through an Open Market Option (OMO) form instead.

L&G's file notes recorded that on 28 February 2024, it asked provider A for transfer forms. And asked Mr G to confirm his L&G policy numbers. The file note recorded that Mr G was on holiday.

On 3 March 2024, Mr G emailed L&G as he couldn't access his details online.

L&G requested the transfer forms from provider A again on 6 March 2024.

On 7 March 2024, L&G responded to Mr G's 3 March 2024 email. It told him that provider A had told it that it would need to submit the transfer request by form, which it had requested. It also said that it couldn't locate Mr G's policy with the policy number he'd provided. It asked him to confirm the correct number. I understand that Mr G then provided the same incorrect policy number again.

On 8 March 2024, Mr G replied to L&G. He was unhappy that it didn't have all the information it needed to process his annuity purchase, given he'd submitted his application in December 2023. He also said he was still having issues connecting to the website. He asked L&G what information it still needed. Mr G said he raised a complaint and asked L&G to call him as he didn't want to incur a bill for an international phone call.

On 15 March 2024, L&G emailed Mr G. It said its pension team had said that Mr G had provided an outdated policy number from before he'd taken the TFC from his policy and it had gone into drawdown. It explained that the policy number it needed to request the funds to set up his annuity would begin with the letter S. It also said that it'd sent documents including the policy number beginning with S in November 2023. It asked Mr G to check his documents and to then confirm the policy number so it could request the funds.

L&G also asked Mr G to check any documentation he had for the policy ending 248/00 to see if he could provide an alternate reference number it could then use to request those funds.

Mr G replied to L&G on 17 March 2024. He felt that L&G had asked him to confirm which annuity quote he wanted to progress with. And that it was unacceptable that it couldn't check this itself. He said he'd spent more than 40 hours in seven months on the phone with various sections of L&G. And that he didn't want to run up an enormous phone bill.

On 22 March 2024, L&G called Mr G. He told it he was frustrated and disappointed with the delays in this case. L&G explained that the policy numbers Mr G had provided weren't correct. It told him that it'd asked the pension team to send him the correct plan numbers. Mr G asked L&G to call him before sending any further emails. It agreed to do this. L&G's file note recorded that Mr G would send it the correct policy numbers so that it could re-request the funds. It also raised a complaint.

Mr G said that L&G couldn't tell him during the call on 22 March 2024 what further information it needed.

Mr G said that he didn't receive a reply to his emails. So he flew to the UK after putting his business meetings on hold. He said he arrived back in the UK on 4 April 2024. He said he then provided L&G with the policy number it had requested.

L&G called Mr G on 5 April 2024. The file notes recorded that it told Mr G that the L&G policy number ending 401 was in drawdown. And that the other L&G policy was with another provider. It said it would remove that policy and that Mr G would find out more information, and then call back that day.

During a second call later that day, L&G said it would re-request the funds for the policy number ending 401 using the correct policy number beginning with S. It also said that it'd emailed provider A to request the transfer form for Mr G's plan held with it.

L&G then re-requested the transfer of the L&G policy beginning with S on 5 April 2024. It received the funds on 18 April 2024.

L&G called Mr G on 9 April 2024 to tell him it was processing his application.

Mr G brought his complaint to this service on 9 April 2024. He felt his annuity should've already started. He said his complaint was about L&G's lack of communication and its inability to liaise internally. He said it'd cost him around £1,000 for his flight. He also felt he'd potentially lost business he was in the progress of negotiating in country B.

Mr G called L&G on 11 April 2024. He said he was still waiting for responses to his emails. L&G's records show that it chased the recipients of those emails for a response. Mr G also said a promised call back for that morning hadn't happened.

L&G called Mr G on 12 April 2024, although the file note suggests it had no update for him. It then called him again the same day for confirmation of the provider A plan number. Mr G said that he had then called provider A to get the correct Wrapper number. He felt L&G could've also done this in order to progress his claim.

On 16 April 2024, L&G called Mr G with an update. It said that provider A had said it needed OMO forms for the transfer request. Later the same day, L&G's file notes recorded that it emailed provider A to ask for its OMO forms as L&G didn't hold them. It also said that provider A would usually send these to either Mr G or L&G.

On 17 April 2024, L&G's file notes recorded that it called Mr G to discuss his OMO form and told him that he'd need to complete that form, which it'd requested from provider A, to get the funds transferred.

Mr G told this service that his pension should've started in March 2024. He said this had led to stress which had affected his health.

On 30 April 2024, L&G called Mr G. It said it still hadn't heard from provider A despite the chaser emails it'd sent. L&G's file notes recorded that Mr G told it that provider A had told him it would transfer his funds.

I understand that Mr G returned to country B on 2 May 2024.

On 11 May 2024, provider A wrote to L&G to say it'd received and processed a completed OMO request for Mr G. It said L&G should allow three to five working days for the funds to clear and then be credited into its account.

On 11 May 2024, Mr G told this service that he didn't think L&G could liaise with provider A. He felt he was taking the steps it should be taking to move the transfer forward. He said he'd emailed both companies to ask them to call each other, as he didn't feel that emails were resolving the issues.

L&G's file notes recorded that it called provider A about the transfer on 13 May 2024. The notes also stated that L&G needed to re-request the L&G fund.

L&G wrote to Mr G on 15 May 2024 to confirm that it'd set up his annuity, which would start on 30 April 2024. Mr G would receive £103.41 each month in arrears.

On 23 May 2024, provider A emailed a response to L&G's 16 April 2024 request for the OMO forms. It said it was pleased that the transfer had completed, with the funds being sent to L&G on 30 April 2024. It also said that it didn't have the OMO forms. It said it would request declarations and other documentation in order to make the transfers to L&G.

L&G issued its final response to the complaint on 19 June 2024. It acknowledged it'd caused delays to the set-up of Mr G's annuity. It said he'd given them a selected retirement date in January 2024 which was the date it should've asked provider A and its own pensions team

to send it Mr G's funds. It apologised for not doing this until 20 February 2024. And offered Mr G £400 compensation for the inconvenience caused.

L&G said it'd asked for the funds to be sent through Origo. But provider A had said that it couldn't support that request. L&G said that provider A had asked it to send an OMO form, which it said it didn't have. So it'd asked provider A to send it transfer forms instead on 28 February 2024. It said this was the standard practice where it couldn't complete a transfer using Origo. L&G said it had asked provider A again for a transfer form on 5 April 2024.

In respect of Mr G's pension funds with L&G, L&G said that its pensions team hadn't been able to find any funds for the policy number Mr G had provided ending 248/00. That team had also rejected the request for the policy number ending 401 as it couldn't locate that policy.

L&G said that it'd emailed Mr G on 7 March 2024 to tell him that it'd asked provider A for a transfer form and to ask him to clarify his L&G policy numbers. It said he'd only been able to re-confirm the policy number ending 401. L&G said it'd then been able to establish that this policy had already been placed into drawdown. So it had then asked Mr G for the drawdown plan number. It had also established that the other L&G pension Mr G thought he held with it no longer existed, so it removed it from the application.

L&G said that it received Mr G's L&G funds on 16 April 2024 and the provider A funds on 30 April 2024. It said that the date it'd received the provider A funds became the start date of Mr G's policy. And that because he'd chosen to be paid monthly in arrears, he then received his first payment on 29 May 2024.

L&G offered to pay Mr G £108.79 before tax in missed payments caused by the 32-day delay in requesting the funds. It also offered interest on the missed payments calculated using 8% simple interest.

Mr G made the following additional points:

- He'd only travelled to country B after providing all of the information L&G had needed. Despite that, L&G had asked him for the beneficiary details he'd already provided.
- When L&G had asked him for further information, it hadn't explained what it needed. Mr G then sent a number of emails to L&G and had a call with it on 22 March 2024. But it still couldn't tell him what it needed. And it failed to make the promised follow up call.
- Mr G said that because he'd had no response to his emails, he'd flown back to the UK. He said that if L&G had called him to tell him what was required, as it'd promised in March 2024, he could've resolved matters from country B. But that as it hadn't, he'd had to pay for a flight and forego lucrative business meetings.
- Mr G said he wanted compensation for the stress which had affected his health. He also wanted L&G to cover his travel expenses.

Our investigator considered whether L&G had taken reasonable steps to put things right. He didn't consider that L&G was responsible for all of the delays. He noted that at the start of the process, Mr G had used two quotation reference numbers on his application form. He also felt it was reasonable for L&G to request clarification about which quote to use. He said that there'd been issues with the information on the application form. And felt that it wasn't unreasonable for L&G to check the information provided.

He also noted that L&G had evidenced that Mr G had benefited from the delay as he'd received a higher rate for his annuity.

Our investigator acknowledged that the avoidable delays had led to Mr G receiving a higher annuity rate. But felt that a different annuity purchase date should've been used instead. He felt that the following should've happened, [with the date they actually did happen in brackets]:

- 19 January 2024 – L&G should've requested the funds from provider A. [20 February 2024 – 22 working days' delay].
- 22 January 2024 – provider A would've then told L&G one working day after its fund request that it needed an OMO form. [21 February 2024 – no delay].
- 29 January 2024 - L&G should've requested the OMO forms from provider A no more than five working days later. [28 February 2024 – no delay].
- 12 February 2024 - L&G should've chased provider A for the OMO forms no more than ten working days later. [Actually requested five working days later on 6 March 2024 – no delay].
- 21 February 2024 - L&G should've chased provider A again for the OMO forms seven working days later, in line with what actually happened. [Actually requested on 5 April 2024, which is 20 working days after 6 March 2024].
- 15 March 2024 – provider A would've then written to L&G with the same content as its 11 May 2024 letter. This is in line with the 17 working days provider A actually took after the 16 April 2024 email from L&G. [No delay]
- 20 March 2024 - L&G should've written to Mr G three working days later, in line with what actually happened, to confirm the annuity had been set-up. [15 May 2024 - no delay]

Our investigator didn't agree with Mr G that L&G should refund his travel expenses. He felt that the £400 compensation L&G had paid was reasonable under the circumstances.

Our investigator felt that L&G should take the following additional steps to put things right:

- It should conduct a loss assessment using an annuity purchase date of 20 March 2024. Any past loss identified should be paid to Mr G as a lump sum plus interest at 8% simple each year.
- It should amend the future annuity payments to what they would've been if the annuity had started on the correct date. If this wasn't possible, it should pay Mr G a taxed lump sum based on the purchase price of the annuity top up.

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

- He should've been able to complete the process by email. But he felt that L&G had often failed to respond or replied with incorrect information. He felt that it was only when he'd flown back to the UK and spoken to provider A – which he felt had clearly communicated its instructions to L&G – that he'd got the information to provider A. He felt L&G should've called either him or provider A to obtain the information.
- Mr G said he'd suffered health issues and financial loss because of L&G's poor

service. He felt that his many failed attempts to obtain information with no response and L&G's failure to return phone calls had led to a level of frustration over months. And that therefore the £400 compensation he'd received wasn't adequate.

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 agree with our investigator that the compensation for distress and inconvenience that L&G has already paid is reasonable under the circumstances, as I'm not persuaded that L&G should be required to cover Mr G's travel expenses. But I also agree that L&G should take further steps to ensure that Mr G hasn't lost out on his annuity payments because of the avoidable delays it caused. However, I've calculated a slightly different date for when the annuity should've been set up. I know my decision will be disappointing for Mr G. I'll explain the reasons for it.

Despite my view being slightly different from our investigator's, I don't consider that it's sufficiently different to warrant a provisional decision.

Where a business has made an offer to settle a complaint – as L&G has done – what I have to decide is whether, in all the circumstances, that offer is fair and reasonable.

In this case, L&G has acknowledged that it caused an avoidable delay of 32 calendar days – or 22 working days - when it failed to request funds in January 2024. This led to a delay in Mr G receiving his first income payment. And may have led to him receiving a lower annuity than he would've otherwise received.

L&G said that Mr G's annuity income is lower than that originally quoted because it could only use two of the three policies he initially put on his application form, as one had already been transferred away. There was therefore a lower fund value available to purchase the annuity. But L&G has evidenced that the annuity rate Mr G would've received but for the 22 working days of delay it caused would've been better than that available to him if there'd been no delays.

Although I can see that Mr G did originally intend to take TFC, the evidence shows that he didn't, therefore I'm satisfied that the delays didn't have an impact on the TFC taken.

L&G offered Mr G compensation of £108.79 for his missed income. And added interest at 8% simple.

L&G also paid Mr G £400 compensation for the distress and inconvenience it caused.

I first considered whether the settlement offer is fair.

Is the settlement offer fair?

L&G's file notes recorded that it should've requested the transfers on Mr G's nominated retirement date in January 2024. But it didn't request them until 20 February 2024. This led to a delay of 22 working days.

Our investigator agreed with L&G about this initial delay. But also felt that it'd caused a further delay when it'd failed to chase provider A for the transfer forms it needed until 5 April

2024. He noted it'd taken 22 working days since its earlier request for these on 6 March 2024, which he didn't think was reasonable, as he felt the onus was on L&G as the receiving scheme to ensure the efficient progress of transfer. Overall, our investigator concluded that L&G had caused a total of 37 working days of delay, which meant that the annuity should've been purchased on 20 March 2024 rather than 15 May 2024.

Based on everything I've seen, I agree with our investigator that L&G caused these two avoidable delays to the process. One when it failed to request the transfers in January 2024. And the other when it failed to chase provider A for the transfer forms after its until 5 April 2024 after its 6 March 2024 chaser. I think this took 20 working days, allowing for the bank holidays, when it should've only taken 10 working days. The evidence also shows that L&G repeated its request to Mr G for the beneficiary information he'd already provided several weeks later. But it's not clear whether or not this contributed to the delays, given Mr G hadn't yet provided correct policy numbers.

Having carefully reviewed the timeline of events, I'm not persuaded that L&G caused any other avoidable delays to the process. This is because I'm of the view that it was reasonable for L&G to chase provider A for the forms it needed within ten working days on each occasion it had to chase it. And it only failed to do this on the occasion I've noted above. I've also not seen any evidence that the actions L&G took were unnecessary.

Overall, I'm persuaded that L&G caused avoidable delays to the set up of the annuity of 32 working days. This means that I consider that the annuity purchase should've taken place on 27 March 2024.

I've thought about whether this date is consistent with the fact L&G could only set up Mr G's annuity once it'd received the funds from both provider A and its own pension team. The evidence shows that it didn't receive the funds from L&G until 18 April 2024, which is after the date I've said the annuity purchase should've taken place.

Having looked at the timeline for the L&G pension, I can see that it took L&G almost two months after receiving Mr G's application to tell him it didn't have the correct policy numbers. While it then took Mr G almost a further two months to provide those numbers, I'm satisfied that L&G could've told Mr G sooner that it didn't have the right policy numbers for his L&G policies. If it had, I'm satisfied that the L&G fund transfer would've been completed in time for the annuity purchase to have taken place by 27 March 2024.

I therefore uphold the complaint. And will require L&G to carry out a new loss assessment based on this date. I'll detail the required calculation later in my decision.

I next considered whether L&G should be required to pay for Mr G's travel expenses.

Should L&G cover Mr G's travel costs?

Mr G wants L&G to cover his travel expenses. He felt he should've been able to complete his annuity purchase by email. But that because L&G had failed to clarify the information it still needed, he'd had to fly back to the UK so that he could speak to both L&G and provider A. Mr G felt that L&G should've called either him or provider A to obtain the information it needed rather than relying on emails.

Mr G said that L&G hadn't explained what it still needed during its call with him on 22 March 2024. He felt that if it had, he could've resolved matters from country B. But that as it hadn't, he'd needed to return to the UK to sort things out.

L&G said it couldn't see how Mr G's travel expenses and lost business was directly caused

by it. It said it didn't ask him to come back to the UK. And felt the emails it'd sent Mr G were mainly the result of him providing incorrect information in the first place.

The evidence shows that there were issues with the two L&G policies Mr G included on his application form. The first policy had already been transferred and was unavailable, and Mr G hadn't provided the correct policy number for the second policy. I can't reasonably hold L&G responsible for either of these errors, as I'm satisfied it had provided Mr G with documentation for both of these policies with the correct information in it.

Mr G said that L&G didn't make it clear what it still needed, so he had to return to the UK as he didn't want to incur huge phone bills from country B.

While I appreciate the difficult circumstances, I can't fairly hold L&G responsible for the incorrect information Mr G provided it with. And I'm satisfied that L&G did clearly explain to Mr G what it needed before he returned to the UK in early April. I say this because L&G's 28 February 2024 file notes show that it asked Mr G to confirm his L&G policy numbers. And its 7 March 2024 response to his 3 March 2024 email explained that it hadn't been able to find his L&G policy with the policy number he'd provided. And asked him to confirm the correct number.

I do appreciate that Mr G may have felt that L&G had lost the information he'd originally provided, as it'd already asked him for the same beneficiary information twice, so I understand why he then provided the same incorrect policy number again. But I still think that L&G's request here, and on 28 February 2024, was clear.

While I acknowledge that Mr G felt that L&G couldn't tell him during the call on 22 March 2024 what further information it needed, I can't fairly agree. I say this because the evidence shows that during that call, L&G told Mr G that the policy numbers he'd provided weren't correct. Although I also acknowledge that Mr G asked L&G to call him before sending any further emails, I can't fairly agree that the failure to do so meant that L&G hadn't been clear about what it still needed. And I'm satisfied that it was reasonable for L&G to require the correct policy number to be provided before it could transfer the funds and buy the annuity.

I understand that Mr G's position is that he flew to the UK as he could see no other way of resolving the issues he was facing. But I can't fairly say that L&G's actions or failures required Mr G to travel to the UK.

I say this because I've not seen any evidence that the issue couldn't have been resolved by email, or that Mr G's return trip from country B to the UK was necessary to put things right. Therefore I can't fairly require L&G to cover Mr G's travel expenses.

I finally considered whether the £400 compensation L&G has already paid Mr G was reasonable under the circumstances of this complaint.

Distress and inconvenience

Mr G felt that L&G had provided him with poor service. And said that it'd failed to respond to his requests for information or return phone calls, leading to frustration and inconvenience over several months. He also said he'd suffered stress due to the issues he'd faced. He didn't think the £400 compensation he'd received was adequate.

I can also see that Mr G felt that L&G should've liaised better with provider A. He felt that it should've found out the policy number of the pension he wanted to transfer by calling provider A. But I can't reasonably agree. I say this because L&G would've had no way of knowing how many pension plans Mr G held with provider A.

I've carefully considered Mr G's points about the impact this process has had on his health. I can see that there have been some aspects of poor service. While I don't doubt that it has been a stressful time for Mr G, I'm satisfied that the £400 compensation L&G has already paid Mr G is fair and reasonable, and in line with what I would've otherwise recommended.

Putting things right

When considering fair compensation our aim is to put a consumer back into the same position they would've been, or as close to that as possible, had the error not occurred.

I'm satisfied that if Legal and General Assurance (Pensions Management) Limited hadn't caused avoidable delays to the processing of Mr G's annuity application, he may have received a higher annuity rate than he actually secured.

But for the delays caused by Legal and General Assurance (Pensions Management) Limited, I think that Mr G's annuity would've been purchased by 27 March 2024. Legal and General Assurance (Pensions Management) Limited must therefore calculate the rate of annuity that Mr G would've received if his annuity had been purchased on that date. It should then use this rate to calculate the annuity income that Mr G should've been receiving since April 2024, based on his fund value on 27 March 2024.

Once it has calculated the annuity income Mr G should've been receiving, Legal and General Assurance (Pensions Management) Limited must use that when considering past losses, as follows:

- A) The accumulated total of the net payments which Mr G should've received from the annuity since April 2024 to the date of my final decision, with interest added to each payment at 8% per year simple from the date it was due to the date of my final decision.
- B) The accumulated total of the net payments which Mr G actually received from his annuity to the date of my final decision, with interest added to each payment at 8% per year simple from the date it was due to the date of my final decision.
- C) If A - B shows a past loss has been incurred, compensation should be paid directly as a lump sum after making a notional reduction to allow for income tax that would otherwise have been paid on taxable income and interest payments at Mr G's likely rate of income tax, presumed to be 20%.

In respect of the future loss that may be incurred Legal and General Assurance (Pensions Management) Limited must consider:

- D) The notional gross pension per year which Mr G should've been receiving from the date of my final decision onwards.
- E) The actual gross pension per year Mr G currently will receive from the date of my final 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) Legal and General Assurance (Pensions Management) Limited must then work out what it would cost to replace any lost income in F) by buying an annuity on the open market with these features. It will need to refer to published annuity rate tables and get a quote from a competitive provider.

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

I think it's fair and reasonable to offset any past losses and future gains or vice versa. That may mean that there is no overall loss or that a residual loss is payable however offsetting can only be done after tax adjustments have been made as outlined above.

If payment of compensation is not made within 28 days of Legal and General Assurance (Pensions Management) Limited receiving Mr G's acceptance of my 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 Legal and General Assurance (Pensions Management) Limited deducts income tax from the interest, it should tell Mr G how much has been taken off. Legal and General Assurance (Pensions Management) Limited should give Mr G a tax deduction certificate in respect of interest if he asks for one, so he can reclaim the tax on interest from HMRC if appropriate.

It's not clear whether or not Legal and General Assurance (Pensions Management) Limited has already paid Mr G the £108.79 plus interest it offered to pay him in respect of the missed payments. If it has made any of the payments it's already offered, it can deduct those payments from any losses calculated above.

My final decision

For the reasons set out above, I uphold Mr G's complaint. Legal and General Assurance (Pensions Management) Limited must take the action detailed in "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 3 February 2025.

Jo Occleshaw
Ombudsman