

The complaint

Mr M says he planned to retire on 22 September 2023. He met with The Pentagon Partnership ('TPP') in May to discuss his retirement income options, based on his pensions with Sun Life of Canada, Aviva and Prudential. Annuity quotes were considered, and on 25 July 2023 TPP confirmed a preferred/best annuity quote from Scottish Widows ('SW'), available for 45 days. He instructed TPP to arrange this SW annuity for him.

He says TPP caused delays in the process (it did not submit the application until 30 August and did not provide SW with required information until a day before the 8 September quote deadline) and caused an error in the process (it did not include his Prudential pension in the application), both of which led to the expiration of the quote and loss of the associated opportunity. He terminated TPP's service and used another firm to arrange the annuity (which became effective from December 2023). He seeks compensation for the loss of retirement income in October and November, and for the trouble he was caused.

What happened

I issued a Provisional Decision ('PD') for Mr M's case on 1 March 2025. It had been previously investigated by one of our investigators, and upheld. I too upheld the complaint, but my conclusion on redress differed from the investigator's. Both parties were invited to comment on the PD, and they promptly did so.

My findings in the PD were as follows –

"It is quite apparent that there is no dispute over the merit of Mr M's complaint. TPP accepts that it caused the delays that he, and the investigator, have cited, and it has provided us with reasons to explain its failure to arrange the SW annuity as it was instructed to. I do not find it necessary to go into those reasons. None of them justify TPP's failure in service and, to its credit, it does not appear to have presented the reasons as justifications – instead, it appears to have done so in order to provide some transparency in the matter.

Mr M was fully entitled to timely and competent execution, by TPP, of the SW annuity arrangement he had instructed in July, and TPP was fully aware of the associated quote time limit – in addition the time limit arising from Mr M's plan to retire in late September. In other words, its delays in liaising with Mr M and with SW with regards to information and documents required for the process were significant errors. Those errors were compounded by its omission of the Prudential pension from the application.

I summarise the above as a basis to say that, whilst TPP appears to concede merit, even if it did not, there is sufficient evidence in the complaint's facts and information to support the conclusions that there is merit within Mr M's complaint and that it is upheld – which are the provisional conclusions I have reached.

The matter in dispute is redress. Before treating this, I observe that the issue of compensation for trouble and inconvenience also seems to be undisputed. Mr M appears to have accepted the investigator's award, and my reading of TPP's response is that it does the same. In any case, I have reached my own finding on it, and I agree with and endorse the

investigator's award.

Our service's guidance on how we approach awards for trouble, distress and inconvenience can be found on our website, at the following link – <https://www.financial-ombudsman.org.uk/businesses/resolving-complaint/understanding-compensation/compensation-for-distress-or-inconvenience>. Under this guidance, awards between £300 and £750 can be considered where a firm's wrongdoing has caused a complainant considerable distress, upset and worry. I am mindful of the distress, upset and worry described by Mr M with regards to the two months in which he had to re-arrange the annuity application and was without retirement income. I have also balanced my consideration with the fact that by the third month he had in place an annuity that was better than the initial SW quote, which would undoubtedly have had a mitigating effect on the trouble and inconvenience he faced. Overall, I am satisfied that an award at the lower end of the above range is fair, and that the amount of £350 is a reasonable award for the trouble and inconvenience caused to him in the matter.

With regards to financial loss, I agree with TPP.

There was no actual financial loss, in the conventional sense, to Mr M. He did not lose something that he previously had. TPP's service failure led to expiration of the initial SW annuity quote in September. However, despite that, he retained all his pension funds and their values, none of these were lost. Three months later he had secured an alternative annuity that paid more than was offered in the initial SW annuity quote. The pursuit at the time was the purchase of an annuity, which required liquidation of his pensions. As such, any invested pensions were to be encashed in any event, so there is also no case of lost investment performance.

At best, Mr M's case is about a loss of the opportunity he had between July and September with regards to the initial SW annuity quote. Therefore, it is not about redressing lost money (capital, growth and/or returns) that previously belonged to him. It is about considering what, if anything, was lost in the expired initial SW annuity quote. On balance, the facts support the conclusion that nothing was lost, because the re-arranged annuity paid him more (than the initial SW quote) from December onwards.

As I alluded to above, the annuity transaction would have been based on him using the liquidated values of his pensions to purchase the annuity. It could be said that had he purchased the initial SW annuity quote, whilst he would have had retirement income in October and November, thereafter and in the long term he would have been worse off than he presently is, because that quote was/is less than the annuity rate he achieved in December.

Furthermore, the notion of compensating him for lost income in October and November conflicts with the fact that he retained his pensions' full values during those months. He continued to do so to the point of purchasing the annuity that began in December. He would not have had those values if the initial transaction had concluded and annuity payments were made in October and November, so that cannot reasonably be ignored. In other words, it cannot be fair for him to have retained, during October and November, the full values of the pensions needed to purchase annuity income for both months, then for him to have used those values to purchase a better annuity beginning in December, but to still be compensated for said income for both months. There is no allowance in this for the fact that he could not have had annuity income in October and November, and still retained the full values of his pensions at the same time.

If the circumstances in Mr M's case were such that he did not secure a better annuity rate in December, there might have been ground to consider quantification of a loss of opportunity,

in terms of redress, along the lines of comparing the payments he would have received from the initial SW annuity quote with the payments he secured from December onwards. The idea being to compensate him for any deficit. However, these are not the circumstances in his case. There is no deficit. As TPP says, and as the investigator noted, he achieved a gain as a result of the higher annuity rate he secured.

Overall, on balance and for the above reasons, my provisional conclusions are that Mr M will be fairly and reasonably compensated for the trouble and inconvenience he was caused in the complaint matter by the award of £350; this trouble and inconvenience includes the absence of income in October and November whilst he re-arranged the annuity purchase; but, as explained above, he did not lose any money and the delay allowed him to achieve a gain in December, in the form of a better annuity payment rate from that month; so I do not find ground to award him redress for financial loss."

TPP accepts the PD. Mr M accepts the upholding of his complaint within the PD, but he disagrees with its findings on redress.

On the PD's finding that he did not incur a financial loss, he said –

"I lost in excess of £2,000 that I previously had in a savings account because I had to use it to pay my household bills for October and November 2023. Whilst this may not have been directly related to my annuity, this is a significant financial loss in my opinion, and is a direct result of the poor service provided by The Pentagon Partnership. I do not know what I would have done if I did not have sufficient savings available."

He accepts that he secured an annuity rate in December that was in excess of what he would have received from the initial SW annuity quote, but he considers that this happened purely by chance, and that it does not excuse TPP's service failures (some of which he recounted). Mr M also considers that the £350 award does not sufficiently cover the trouble (in having to find a new adviser and re-pursuing the annuity), stress and worry the matter caused him.

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 thank both parties for their prompt responses to the PD.

I have reviewed the case, especially in light of Mr M's comments. Having done so, I have not been persuaded to depart from the findings and conclusions in the PD, including those related to his financial loss claim. I endorse those findings and conclusions, and I incorporate them into the present decision.

I do not find that Mr M's comments have established a basis for his financial loss claim. As he concedes in the quote above, the money he has referred to was/is unrelated to his annuity. Depending on the circumstances, and where there is a distinct basis to find that there has been a financial/pension related loss, there might or might not be grounds to consider evidence on the costs incurred by a complainant in mitigating that loss.

I believe this might be the argument Mr M seeks to make by referring to the cost to him in using his savings to cover his expenses in October and November 2023. However, there remains an absence of a financial loss in his pension and in his annuity. I acknowledge the trouble and inconvenience caused to him in having to use his savings to mitigate, but that is not the same as a financial loss related to his pension or annuity.

I was mindful of the trouble caused to him in both months, in terms of the trouble and inconvenience award I addressed in the PD and within my consideration of “... *the distress, upset and worry described by Mr M with regards to the two months in which he had to re-arrange the annuity application and was without retirement income*” (as I stated in the PD).

Beyond compensation for trouble and inconvenience, the notion of awarding Mr M the savings drawings he has mentioned, in the absence of a financial loss, would essentially and unfairly put him in a better position. This would be so because he retained his pensions' values throughout both months and achieved a better annuity rate by December, so such an award would be *in addition* to these. Whereas, had the initial SW annuity been successfully secured, his pensions' values would have gone towards it (so they would not have been retained during both months) and he would have received a lower value annuity.

I accept that the improved annuity rate he achieved in December was a matter of good fortune, and I also agree that it does not dilute TPP's failings. The PD was reasonably clear on those failings. However, the improved annuity rate is a matter of fact relevant to the complaint that cannot reasonably be ignored, and it is also a fact that obstructs Mr M's claim about a financial loss.

With regards to the trouble and inconvenience award, I remain satisfied that £350 is a fair and reasonable amount, for the reasons given in the PD. The trouble caused to Mr M is undisputed. I consider that TPP's concession, and perhaps remorse, on this is quite apparent in its submissions. However, there are mitigating factors. As I said in the PD, the improved annuity rate achieved in December was/is one such factor. Another appears to be presented in his explanation about using his savings for his expenses. It is fortunate that he had savings to assist in this respect, and I do not view this in any way as excusing TPP's wrongdoing, but it means the savings helped to reduce the trouble and inconvenience caused to him during the relevant two months.

Putting things right

I order TPP to pay Mr M £350 for the trouble and inconvenience caused to him in his case.

My final decision

For the reasons given above, and in the PD, I uphold Mr M's complaint. I order The Pentagon Partnership to pay him £350 compensation for the trouble and inconvenience caused to him.

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

Roy Kuku
Ombudsman