

The complaint

Mr L complains about the role of Canada Life Limited (Canada Life) in purchasing an enhanced annuity with the proceeds of his existing pension plans. He says the process was delayed as it was suggested to him that the transfer ought to take no longer than 12 weeks and it actually took around six months to complete. He thinks Canada Life made errors as the annuity provider and was responsible for some of the delays. He would like the annuity payments he thinks were missed due to the delay to be paid to him.

What happened

Mr L met with his adviser in January 2024, just prior to his intended retirement date, to consider his retirement options. He held nine separate pension pots in addition to deferred occupational pension scheme benefits. After further discussions, completion of paperwork, and some corrections to Mr L's circumstances and medical history, the adviser identified Canada Life as the provider best placed to provide Mr L with the most appropriate enhanced annuity.

The adviser submitted the annuity application to Canada Life who said it received the application on 29 February and requested funds from the various providers on 1 March 2024. The electronic transfer system (Origo) was used for some requests but others required paper applications to be made. Most of the plans transferred relatively quickly but two were delayed and it wasn't until 18 June 2024 that Canada Life confirmed it had received all the outstanding funds, and the annuity was now in force.

Mr L believed the process had taken longer than it should have done so he complained to his adviser. The adviser passed the complaint to Canada Life who upheld it in part. It said it was unable to set up the annuity until the funds had been received from all the different providers, so it didn't think it had done anything wrong in that respect. But it did identify that it had asked one of the providers to transfer the whole fund without releasing tax free cash (TFC) to Mr L – which led to a significant delay in completing that particular transfer as the funds had to be returned and the transfer resubmitted.

Canada Life paid £200 compensation for any distress and inconvenience suffered by Mr L and also said it would offer redress of one month's net income with interest – for its part in delaying the purchase of the annuity. This was a total compensation package, with interest, of around £601 which was paid to Mr L in July 2024.

Mr L said this amount was paid without any advance warning and there was no breakdown of how the compensation amount was arrived at.

He said he was expecting compensation of around three to four months' worth of lost annuity income, so he didn't accept the offer/payment. By this time Mr L had extended the scope of his complaint to include the role of the adviser and one of the other pension providers. He was unhappy with all the outcomes issued to him and so he brought the complaints to us. One of investigators considered the matter and in respect of the complaint against Canada Life he concluded that its payment for redress and compensation was fair and reasonable. He said:

- Canada Life's role in the transfer was to request the funds correctly from all the ceding pension providers and set up the annuity.
- In the case of one of the transfers it hadn't included an instruction to pay the TFC so it received the entire transfer value instead. He highlighted that the provider had issued instructions on how to return the funds on 28 March 2024 but there followed a period of 22 working days before Canada Life completed this.
- Without this delay the earliest he thought the annuity could have been set up was 20 May 2024 – because that was when the last of the other transfers completed. And as Canada Life couldn't be held responsible for the time the other providers took to pay out their funds, he therefore believed the payment of one month's lost annuity payment was a fair and reasonable solution.
- He thought the £200 Canada Life paid for any inconvenience caused by the delay was also fair and reasonable.

Mr L didn't agree, he said:

- He thought he'd provided sufficient evidence to support his claim for the loss of several months' annuity payments.
- He thought that evidence showed Canada Life hadn't acted competently or in a timely manner, particularly in respect of the processing of funds from one of the providers.
- He thought that most of his funds had been disinvested – not earning any money for him – and *"sitting in Canada Life's bank account."* So he didn't think there was any incentive for Canada Life to expedite the transfer.
- In applying for an enhanced annuity, time was an important factor for him because of his health issues. He thought it was only because of his personal interventions and attempts to "chase up" outstanding information and requests that the transfer was eventually progressed. He had been "concerned" about the service Canada Life provided when he had cause to contact it.
- An email from his adviser about the delay to the transfer in question suggested there had been "system issues". He thought this should have been a sign to all parties involved to monitor and progress things more robustly.

Mr L asked for his complaint to be referred to an ombudsman – so it's been passed to me to 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.

And having done so I've reached the same conclusion as the investigator. I realise that outcome will disappoint Mr L as he would have been hoping for an award which reimbursed him for the lost annuity payments he thinks he should have received based on the timescale he was given for the transfer to complete. So I'll explain the reasoning behind my decision that Canada Life's payment is fair and reasonable below.

Mr L brought complaints to us against three parties involved in this transfer and annuity purchase. He has received answers for two of the complaints from us already, and this one focuses solely on the role that Canada Life played in the process.

Canada Life became involved in Mr L's pension transfer and annuity purchase when his adviser determined that it offered the most appropriate enhanced annuity for Mr L's

circumstances. I've seen evidence that it received the annuity application on 29 February and requested funds from the providers who held Mr L's nine separate pension plans on 1 March 2024. Once it sent off those requests Canada Life's role was to reconcile the funds as they were received from those providers and, when they had all been received, to set up the enhanced annuity on the correct terms using all the funds together.

So, my consideration here has to be whether Canada Life made any administrative errors or itself caused any delays to the receipt of the funds and thereby delayed the start of the annuity payments.

Did Canada Life cause any avoidable delays?

Following Canada Life's first requests for funds to be transferred on 1 March 2024, six of the providers paid the proceeds of Mr L's pensions with them within the first month. I think this was within a timescale that I would have expected, so I can't reasonably say any of those transfers were delayed beyond a normal expectation. Another provider confirmed it had transferred funds around one week later, although I understand there may have been an issue with it not paying Mr L a small amount of TFC. But regardless of the outcome of that, there's no evidence to suggest Canada Life did anything to facilitate that error or to cause any delay to the payment that was received.

That left two pension pots that were outstanding. The first was from an occupational pension scheme (a group stakeholder scheme) which didn't accept electronic transfers but instead required a paper application. I've also seen evidence that the scheme needed additional information and disclosures from Mr L relating to his ID verification and also to confirm his understanding of the risks and alternatives of transferring from the scheme. It was Mr L himself that discovered these requirements – which he then completed, but it meant the transfer took longer than the others and wasn't resolved until 20 May 2025. But there's no evidence to support the claim that the delay was Canada Life's responsibility nor that it didn't process the funds ready to set up the annuity in a timely manner when they were received.

However, the final pension to be transferred suffered the longest delay, and there's evidence to support the idea the delay was caused to some extent by Canada Life's actions. I've seen evidence to show that Canada Life requested that the ceding provider paid the full fund as a transfer, instead of advising that TFC should be paid to Mr L directly before transferring the residual funds. This error was picked up soon after the payment and Canada Life asked the provider to confirm the process for returning the funds. This was provided on 28 March but Canada Life didn't return the funds until late April 2024. After that it took around a further month for the new transfer request to be raised and the funds to eventually be transferred – after the TFC was paid – to Canada Life.

I understand the ceding provider made a small additional payment to Mr L for the delay it thought it had caused – along with compensation for the inconvenience caused. This was the subject of one of Mr L's other complaints. But I think Canada Life also contributed to the delay. It was Canada Life's administrative error within the transfer request form which meant the TFC wasn't paid and the incorrect fund value was originally transferred, and this was further compounded by the delay in Canada Life returning the funds when it had been advised of the process for doing so.

So I think it's clear that in respect of this one transfer Canada Life caused a delay to the annuity being set up because that process could only begin when all the various transfers had been completed.

But Canada Life has accepted this error and decided to pay Mr L a month's annuity payment as redress with a further £200 as compensation for the distress and inconvenience caused.

So I've gone to look at whether this payment was a fair and reasonable resolution to the matter.

Canada Life's payment/offer

I've first looked at the overall effect of the delay in transferring the pension that I think Canada Life had some responsibility over. I said previously that Canada Life hadn't been responsible for any delays in respect of the other transfers – and that it was unable to set up the annuity until it had the funds from all those transfers. Excluding the transfer which took the longest, the latest date that the last of the remaining funds was paid to Canada Life was 20 May 2024. These were the benefits from the group stakeholder scheme.

The annuity was eventually set up on 18 June 2024 which was 29 days after that (second last) payment was received by Canada Life. I think, taking into account the evidence I've seen relating to when the providers paid the transfers, that was the earliest date (20 May 2024) that Canada Life would have been in a position to set up the annuity – regardless of any delays it caused to the last remaining transfer. So an offer to reimburse Mr L for the loss of one month's annuity income seems appropriate when looking at the actual timeline of events which showed when Canada Life could reasonably have been expected to set up the annuity. Looking at the delay which Canada Life accepts some responsibility for, I think its redress payment put Mr L as close to the position he would now be in without that particular delay.

I know Mr L has said that he believes appropriate compensation would be for a refund of three months lost annuity payments based on the fact he was told the transfers would complete and payments began from the end of March 2024. And to support Mr L's assertion of this I've looked at the detail of Canada Life's annuity illustration issued to him prior to the annuity application submission. It said, using a purchase price of £74,421.25 (after fees) Mr L's annuity would be £5,583.48 pa and the first payment date would be 26 March 2024. But the notes section underneath this information said, *"while the rate used in this quotation is guaranteed, the first payment date is for illustrative purposes only. Your annuity and payments from it, cannot start until we have received the total purchase amount in full. If this falls outside the guarantee period for this quotation, it is possible your rate will differ from what we have quoted in this document."*

So Canada Life didn't provide Mr L with any guarantees of when his annuity would begin and it clearly noted that it wouldn't be set up until the total purchase price had been received – which is what happened in this case. There's no evidence Canada Life guaranteed Mr L would receive his annuity payments from the date in question and so I can't reasonably say it's done anything wrong by setting it up when it had received all the payments. In this case with nine separate pensions to be transferred and administered, it was always possible the process would take longer than usual because of the complexity and sheer number of different parties with their different systems and procedures.

But, based on the information I've been presented with, I also wanted to consider the extent of Mr L's perceived loss against the realities of the payments that have been made. As I said previously six of the pensions were transferred in a timely manner and were received by Canada Life the same month it had requested them.

Canada Life's own payment schedules and letters that were issued to Mr L show that these funds were given an annuity start date of 28 April and that when the payments first began on 24 June 2024, they were backdated to the April date. So in effect Mr L received two payments for each separate notional part of the annuity in June 2024 and, as his annuity was set up to be paid *"monthly in arrears, level and guaranteed for 10 years"*, this seems to support the idea that he hasn't suffered a loss for those aspects of his annuity as a result of

the delay.

But I've also looked at the three remaining transfers which were paid out later over the following months. I note that the total monthly annuity payments from these funds combined was around £40 per month, so even if it were the case that Mr L should have received three additional payments from these transferred funds, this would have only amounted to around £120.

But even if I am wrong in any aspect of my assumption of what happened here, this might give Mr L some closure in respect of the payments he thinks he didn't receive. It also supports the idea that Canada Life's payment, in making up for the delay it caused in part, is fair and reasonable in the overall circumstances. And I think the payment of £200 compensation for the impact this matter had on Mr L – from Canada Life's perspective – is within the range of what I'd expect to see for a matter such as this.

My final decision

For the reasons that I've given I don't uphold Mr L's complaint. My decision is that the total payment Canada Life Limited made to Mr L in resolution of his complaint was fair and reasonable in the overall circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 30 September 2025.

Keith Lawrence
Ombudsman