

The complaint

Mr L complains that Scottish Widows Schroder Personal Wealth Limited trading as Schroders Personal Wealth (SPW) failed to honour an annuity quotation after he'd accepted it.

What happened

Mr L approached SPW for retirement advice in November 2023. He says he agreed he wanted to purchase an annuity. He went back to SPW in July 2024 and explained that he was planning to retire shortly and he wanted the annuity income to commence in October 2024. He submitted medical forms to SPW at that time.

On 2 August 2024 SPW emailed him. It provided annuity quotations based on the size of his pension pot at that time and on the basis that he'd take 25% tax free cash. SPW said that no enhanced annuity rate was available based on specific medical conditions that had been declared. He had a further meeting with SPW in September to finalise the arrangements. SPW sent him a quotation on 25 September. Mr L says this was not on the correct basis and he had to request a revised quotation which he received on 27 September 2024. The revised quotation was on the basis that he'd take 25% tax free cash and use the rest of his pension to purchase a level, single life annuity. Mr L says this was a "contract certain" and he accepted the quotation.

On 10 October 2024 Mr L says SPW collected its fee from his bank account (albeit after three failed attempts caused by SPW's errors). Later that day it telephoned him to say the annuity provider had informed it that it couldn't honour the quotation. The reason for this was because SPW had made a keying error when it had provided personal details about Mr L. As a result the annuity quotation dated 27 September 2024 had been for an enhanced annuity. Mr L wasn't entitled to an enhanced annuity and the amount it could offer him was around 20% less than its previous quotation.

SPW wrote to Mr L the next day. It said it had made a keying error for which it apologised. It set out six alternative options. However, Mr L says that all of these required him to use part of his tax free cash to boost his annual income back to what had originally been offered. He didn't think it was fair that SPW should be allowed to use its own errors to not remedy the situation. He said it should honour the original quotation. He complained to SPW.

SPW investigated his complaint. It acknowledged it had made an error when it had provided information to the annuity provider. However, it said it had made him aware of the error as soon as it had been informed. It had also set out various alternative options for him. SPW pointed out that the quotation had not been guaranteed. It said it would not be able to honour the quotation dated 27 September 2024. It agreed to pay him £300 for distress and inconvenience and it subsequently refunded the advice fee it had collected. SPW told Mr L that if he had taken out any formal financial agreements on the basis of the quotation he'd received, it would consider any evidence he could provide.

Mr L did not agree. He thought SPW had breached various Principles set out in the Financial Conduct Authority (FCA) Handbook. It had not acted with integrity (Principle 1); it had not

acted with due skill care and diligence (Principle 2); it had not treated its customer fairly (Principle 6); it had not provided clear fair and not misleading information (Principle 7); and it had not acted in a way which had resulted in good outcomes for its customer (Principle 12). Mr L also said SPW showed a basic lack of due diligence. It hadn't "sense" checked the quotations provided before it had issued them to him and it had made other careless errors. He referred his complaint to our service.

Our investigator looked into his complaint. SPW had made a mistake. However Mr L was never entitled to the higher quotation and our investigator didn't think it was fair and reasonable that SPW should be required to honour that quotation. He thought about the FCA Principles which Mr L had quoted. But, he noted that the mistake had not been deliberate and had been corrected immediately it came to SPW's attention. SPW had considered the impact of its mistake on Mr L and had provided alternative options to him. It had also refunded its fee. He thought this was fair. He said that the £300 which SPW had offered for distress and inconvenience was in line with our guidelines for awards of this nature. He didn't think SPW should have to do anything further to resolve the complaint.

Mr L did not agree. He reiterated that the error made by SPW had gone on for some time and it should have picked it up much earlier. He pointed out that SPW had made other errors which showed that its level of care and due diligence was not at the level he'd expected. He explained that the alternatives SPW had set out all required him to make a significant financial contribution to counter the errors made by SPW. He didn't think £300 was enough compensation for a 20% reduction in annual annuity payments for the rest of his life.

Our investigator considered what Mr L said, but he didn't change his view. So, the complaint has been passed to me to decide.

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.

Mr L has referred to several of the Principles set out in the FCA Handbook. He thinks that SPW hasn't acted in accordance with these Principles. When thinking about how a complaint should be resolved we take into account the law, codes of practice and industry guidance. Each complaint is decided on its own facts and our decisions are based on what we think is fair and reasonable in the circumstances of the case. So, when considering Mr L's complaint I have thought about the FCA Principles. However, it is important to point out that we are not the regulator.

There is no dispute that SPW made an error when it incorrectly keyed information which Mr L had provided to it. That incorrect information was provided to various annuity providers and annuity quotations were obtained and forwarded to Mr L. When the error was noted new quotations were provided – however these were all for a lower amount than Mr L had believed he would be receiving.

Mr L says that SPW should honour the initial annuity quotations. He's set out various reasons why he thinks that should be the case. I've considered the points which Mr L has made:

The quotations issued in September 2024 were for a "contract certain"

Mr L received a quotation in August 2024. He was told that this quotation had taken into account the information he'd provided in a medical questionnaire - but none of the specific medical conditions disclosed impacted the annuity quotations with which he'd already been

provided. However, as Mr L has pointed out, it's likely the annuity quotations he was provided with in August 2024 had taken account of the incorrect information SPW had keyed.

The next quotations he received were dated 27 September 2024 (just over a month later). The error had still not been detected or corrected.

I've looked at the quotation which was issued to Mr L at this time. He says this was for a "contract certain." However, although he accepted the quotation, I can see that the quotation was not guaranteed. The quotation stated that it included an enhancement based on the information about Mr L's lifestyle and medical conditions. The quotation included the following important information:

"The figures quoted....are based on the information provided to us by you or on your behalf. These figures could change if:

- any of the information provided is inaccurate*
- any of the information provided changes in any way before your policy start date.*

The regular income amount quoted...includes an enhancement based on the information about your lifestyle and medical conditions that you have provided to us. We will request confirmation of these details from your medical practitioner. If this varies from the information provided, the amount of the regular income may reduce or we may cancel the policy..."

Having considered the wording included in the quotation, I'm satisfied, on balance, it was not binding where some of the information provided by SPW "on behalf of" Mr L was inaccurate. And where the details provided differed from the confirmations that the annuity provider subsequently received, the amount of the annuity could reduce. That was what happened here.

On 10 October 2024 SPW informed Mr L that an error had been made. It accepted it was responsible for incorrectly keying certain information when it had submitted the application for an annuity quotation. Because of that error an enhanced annuity quotation had been issued – but Mr L didn't qualify for an enhanced annuity. So, he wasn't entitled to receive an enhanced annuity.

SPW shouldn't be able to rely on its own errors as an excuse for not offering to honour the quotations

It is the case that errors can sometimes happen. Mr L thinks SPW has been careless and he's also pointed to other careless mistakes he says it has made. However, as our investigator said there's no evidence to suggest that the keying error SPW made here was deliberate.

When a business makes a mistake we look to see whether the consumer has suffered a loss as a result of the error. Although Mr L has been disappointed because the annuity quotation he's now being offered is much lower, there's no evidence he's suffered a financial loss as a result of the error. I'll explain why.

As I've stated above, Mr L wasn't entitled to an enhanced annuity. He'd only been provided with an enhanced annuity quotation because of the keying error SPW had made. So, if the error hadn't been made he would've been issued with a quotation which was more in line with what he's now been offered.

SPW apologised for its error and set out various alternative options – including options to use part (or all) of his tax free cash to increase his annuity income. It subsequently refunded the advice fee it had debited to his account. SPW also indicated that if Mr L had evidence he'd taken out any financial agreements because of the quotations he'd obtained it would consider that evidence further. Mr L hasn't provided any evidence he took out any financial agreements or incurred any financial loss because of his reliance on the incorrect quotations. So, although he's experienced distress and inconvenience because of what happened, I'm not persuaded, on balance, he's suffered any financial loss.

In this case SPW did take action as soon as the error was identified. It wasn't willing to honour the incorrect annuity quotation. But, having considered everything, I don't think it's fair and reasonable to require it to have done that. It did set out various options that Mr L could consider in terms of making alternative arrangements for his retirement – including steps he could take to maximise his annual income in retirement. So, I think SPW's response to what happened was fair and reasonable.

Having considered the actions taken by SPW here, I think it has acted fairly and reasonably. I'll comment further below about the distress and inconvenience Mr L experienced.

Distress and Inconvenience

I can understand why Mr L was disappointed when he was informed that an error had been made and the income he could expect during his retirement was substantially less as a result. SPW has offered to pay him £300 by way of compensation for distress and inconvenience. Our investigator thought this was reasonable and in line with our guidelines for awards of this nature. Mr L disagrees. He says that the error had gone on, undetected, for several months. He thinks SPW should've picked it up much earlier and should've realised that the quotation was incorrect.

I've considered what Mr L has said here. Although it is the case that SPW should've taken more care when keying the information, I'm not persuaded it would've known that an error had been made until after the annuity provider alerted it to this in October 2024. I say that because the calculation of an annuity value is complex. It involves a number of factors including interest rates, type of annuity, personal details of the annuitant and the annuity provider's own costs and expected investment returns. Annuity quotations also vary between different providers – which is why SPW obtained quotations from different providers.

Having said that, it is the case that Mr L has been inconvenienced. And I can understand why he was upset about what had happened.

He was informed about the error around two weeks after he'd accepted the annuity quotation. As mentioned above, SPW did set out alternative options he could consider to try to optimise his income in retirement. It did that the day after it had told him about the error it had made. Whilst I appreciate that none of the alternatives SPW set out would have matched what Mr L had initially thought would be the case, I think the offer of £300 for distress and inconvenience is fair in all the circumstances that applied here - and in line with our guidelines for awards of this nature. So, I don't require SPW to have to do anything further to resolve this complaint.

My final decision

For the reasons given above, I uphold this complaint about Scottish Widows Schroder Personal Wealth Limited trading as Schroders Personal Wealth.

Scottish Widows Schroder Personal Wealth Limited trading as Schroders Personal Wealth

has already made an offer to pay Mr L £300 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is, if it hasn't done so already, Scottish Widows Schroder Personal Wealth Limited trading as Schroders Personal Wealth should pay Mr L £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 24 July 2025.

Irene Martin
Ombudsman