DRN-5742287

The complaint

Mrs M complains Legal and General Assurance Society Limited ('L&G') caused delays and errors in relation to her enhanced joint life annuity, leading to financial loss, distress and inconvenience.

Mrs M suggests her husband should also be added as a complainant. But this isn't necessary, because it's her annuity and her husband is simply the designated 'dependent' who would then receive it in the event of her death.

What happened

It appears Mrs M had shopped around for annuity quotes on the open market. On 7 March 2024 L&G gave her a quote for an enhanced joint life annuity which said she'd receive £11,353.92 a year - tax free cash ('TFC') wasn't part of the quote. L&G says the quote was guaranteed until 21 April 2024.

L&G received Mrs M's acceptance of this quote on 21 March 2024. It asked her for some further information, which she provided on 22 March 2024.

The same day L&G submitted transfer requests via the Origo system to the providers of the three pensions Mrs M intended to buy her annuity with. I'll call these 'Provider 1', 'Provider 2' and 'Provider 3'. For all three requests L&G said the transaction type was Open Market Option ('OMO') and a 'scheduled completion date' of 3 April 2024 was set.

On 26 March 2024, L&G received funds of £78,776.42 from Provider 1.

L&G's system records show it chased Provider 2 via Origo on 13 April 2024, which then sent funds of £74,662.58 to L&G two days later on 15 April 2024

Regarding the transfer from Provider 3, I've set out what I see to be the relevant points from the comments and L&G systems records provided to us:

- On 27 March 2024 Provider 3 told L&G via Origo that it couldn't complete an OMO transfer via Origo. L&G says it posted a 'fund request letter' to Provider 3 on 3 April 2024. And on 13 April 2024 L&G emailed Provider 3 to chase the transfer.

- The existing annuity quote expired so L&G issued a new one to Mrs M on 2 May 2024 showing her annuity would give an annual income of £11,278.08. The expiry date for this quote was 16 June 2024.

- On 4 June 2024 Provider 3 emailed L&G to again say it couldn't complete an OMO transfer via Origo and L&G must re-request the transfer with the transaction type Immediate Vesting Personal Pension ('IVPP'). It seems L&G missed this, as it called Provider 3 three days later for an update and was again told it needed to re-request the transfer via Origo. L&G set up an Origo task for the re-request as an IVPP, but didn't actually make the re-request at that time.

- On 27 June 2024 L&G emailed Provider 3 for an update on the transfer. And on 28 June 2024, Mrs M passed on to L&G the same re-request message that Provider 3 had by now given to her too. L&G made the Origo re-request on the same day but included incorrect information – the wrong reference for Mrs M and the wrong transaction type of OMO; L&G accepts these were incorrect. The same day, Provider 3 told L&G via Origo it couldn't find the account.

- On 15 July 2024, Mrs M called L&G for an update and complained about the delays. L&G contacted Provider 3 while she was still on the phone, and was told it should re-request the transfer and funds would then be sent within seven to ten working days. L&G did the re-request the same day, this time using the correct reference and transaction type.

- Two days later, L&G chased Provider 3 via Origo and Provider 3 said the request was in its queue for review.

- On 31 July 2024, Provider 3 sent L&G funds of £15,654.63.

As the last annuity quote had expired, L&G issued a new one for Mrs M on 13 August 2024. This explained it was setting up her annuity but the figures had changed since its last quote, and her annuity would now provide a monthly payment of £879.38. It asked Mrs M to check this quote and said she didn't need to do anything if she wanted to go ahead, because after seven days it would proceed and make her first payment. But if she didn't want this to happen, she should contact L&G within seven days.

Around this time, L&G also responded to Mrs M's complaint about the delays. It thought it had caused an 18-day delay (from 28 June 2024) as it hadn't reviewed why the Provider 3 transfer failed and only became aware it needed to re-request it when Mrs M complained. But its calculations showed this delay had left her with a higher annuity, so it would compensate her £520.04 plus interest for her lost income, and a further £300 for the frustration its error caused. A few days later, L&G clarified to Mrs M that it wasn't able to pay her lost income until her annuity was set up and in payment.

On 21 August 2024, L&G wrote to Mrs M saying the annuity was set up and monthly payment would begin.

A week later, Mrs M called L&G as she'd not heard anything and was surprised to learn the annuity had started. She complained, as she'd previously told L&G she was out of the country and it should only communicate by email, so she'd not seen its August annuity letters. She said she'd not agreed to the August 2024 quote, so L&G shouldn't have put this annuity in place. And she returned the single monthly payment L&G had made.

L&G accepted it should've sent its 13 August 2024 letter by email not post, and hadn't clarified what quote was available. It paid a further £100 compensation for any confusion and set out the options going forward; redraw the annuity and put it back into payment; return funds to her ceding providers; or Mrs M could seek an annuity from another provider.

Mrs M and L&G had further communication. She thought its calculations were incorrect, its recent quotes were too low, and it was too late to return funds to the ceding providers. But L&G said its calculations were correct, so she could either have her L&G annuity redrawn and put into payment with a start date of 31 July 2024 (the date it had received the final transfer of funds from Provider 3) or seek another provider to take her benefits with.

Mrs M asked for an updated annuity quote. But L&G said it couldn't refresh a previous quote as it could no longer give the annuity rate she wanted, and it could only give a new quote if she wanted to change any of the options on the quote.

So the next day, Mrs M asked L&G for a new quote that now included 25% TFC. L&G told her it would prepare this but some of the medical information initially provided seemed to have changed, so it asked her for further information. In the meantime it prepared an indicative quote, which it highlighted may change in light of the information it had asked for. This quote dated 29 October 2024 said Mrs M would receive £42,273.41 TFC, then an enhanced joint life annuity of £8,703 (£725.25 a month).

Mrs M provided the medical information L&G had asked for, and on 1 November 2024 it issued a new quote which said she'd receive £42,273.41 TFC and an enhanced joint life annuity of £8,836.32 (£736.36 a month). Mrs M accepted this quote the same day.

On 4 November 2024 L&G issued another new quote across three letters, one for each ceding scheme. Taken together, these said she'd receive £42,273.39 TFC then an enhanced joint life annuity of £8,017.56 (£668.13 a month).

Mrs M complained this new quote was lower, and she thought it hadn't been based on the medical information she'd provided. So she didn't want to proceed with this latest quote.

L&G's response to this complaint said the quote of 1 November 2024 was incorrect and should be ignored, and it would pay her a further £100 compensation for her frustration. It said that the quotes dated 4 November 2024 were the correct ones, and were based on the appropriate rates, the medical information provided and the right start date of 31 July 2024. So it would now pay her TFC and the overdue annuity payments, but it wouldn't pay interest on these amounts given the time she'd taken in choosing one of the options it had previously set out.

Mrs M said she didn't accept it paying these pension benefits to her. L&G told her she should now either accept its offer or refer her complaint to the Financial Ombudsman Service, or it would look to return her funds to the three ceding schemes.

So Mrs M brought her complaint to our Service. In summary, she said she'd been caused distress, disappointment and inconvenience that had marred her retirement. That not having her annuity meant she'd relied on savings to cover day-to-day expenses. And she'd suffered an investment loss since the two funds transferred first hadn't been invested or attracted interest. She wanted L&G to provide an annuity based on the 1 November 2024 quote even though she thought this was a bit lower than it should have been, but the 4 November 2024 quote was far too low. And she thought L&G hadn't disclosed its fee, or provided evidence that her annuity had taken account of the medical information provided.

For its part, L&G reiterated its position and added that its records showed it had 26 calls lasting a total of eight hours with Mrs M between May and November 2024.

One of our Investigators considered Mrs M's complaint about L&G's handling of her annuity process. In summary, he said if L&G had handled the Provider 3 transfer request as it should've, it would've received those funds sooner, albeit still outside the March 2024 quote's expiry date, and Provider 2 also transferred funds outside that date anyway which L&G wasn't at fault for. That Mrs M had been able to change how she wanted to take her benefits, as she later asked for TFC. The 1 November 2024 quote was incorrect and raised her expectations, but L&G had quickly addressed this. The 4 November 2024 quote was the correct one here, and Mrs M had likely not taken her pension benefits yet because she'd wanted us to investigate first so L&G wasn't responsible for any delay after this. If Mrs M was unhappy with that quote, it was open to her to seek an annuity elsewhere. L&G's fee information had been set out on its quotes, and its underwriters had reviewed the basis on which the quotes had been enhanced. In conclusion, the Investigator thought the total of £400 compensation L&G had already paid Mrs M for distress and inconvenience was fair and it didn't need to do anything further here.

Mrs M disagreed. She thought that if L&G had done what it should, all funds would've been received before the May 2024 quote expired. That the time passed meant her funds could no longer be returned to the three ceding schemes. She'd not wanted to take TFC but had to in order to help pay bills that became outstanding while waiting for the annuity, and exercising her choice didn't negate the impact of L&G's errors. She said the Investigator hadn't addressed her lost income and £400 didn't properly reflect the distress and inconvenience she'd been caused.

As agreement couldn't be reached, Mrs M's complaint was referred to me. I issued a provisional decision in which I explained that if L&G had handled her annuity process as I thought it should have, it would have received funds from all three ceding scheme providers by 19 April 2024, so that would have been her annuity's start date and it would therefore have been based on the factors used in the quote of 7 March 2024. I said L&G should put Mrs M's financial loss right on this basis. And that L&G should also pay Mrs M a further £100 for her distress and inconvenience, so that the total compensation for this was £600.

Mrs M accepted the provisional decision and had no further comments to add.

L&G didn't agree that it would've received all the transferred funds before the March 2024 quote expired. L&G provided a timeline of when it thought it would've received funds from Provider 3, had L&G not caused any delays. I've carefully considered everything L&G has said here, but I'll only set out what I see to be the key relevant points it makes:

- The scheduled completion date is set by the Origo system, not L&G. If Provider 3 couldn't meet this date, it could have changed the date to let L&G know. And Provider 3's Origo note of 27 March 2024 made no reference to IVPP.
- L&G acted on this Origo note on 3 April 2024 by posting a 'fund request letter' on an OMO basis to Provider 3. L&G's email of 13 April 2024 was to chase this letter.
- Provider 3 replied on 22 April 2024 with an encrypted email that L&G couldn't open. On 25 April 2024, L&G emailed asked for it to be re-sent unencrypted or posted. It was re-sent on 2 May 2025, and said Provider 3 had sent forms to Mrs M.
- L&G should've contacted Provider 3 on 15 May 2024 for an update, so L&G caused a delay of 17 working days here.
- L&G should've resubmitted an IVPP Origo request on 16 May 2024. Provider 3 would then have taken 12 working days to send the funds, so L&G would've received them on 4 June 2024.
- The March 2024 quote expired on 23 April 2024. L&G couldn't have received the funds before then, as Provider 3 only sent the encrypted email on 22 April 2024 in which it explained it had sent Mrs M forms to complete. And when L&G called Mrs M on 8 May 2024, she said she'd returned Provider 3's forms in April.

I'm now in a position to make my final decision.

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.

Firstly, I'd like to acknowledge that both parties have provided our Service with a substantial amount of comments and evidence to support their positions, and I'd like to reassure them that I've considered all of this. But while I mean no discourtesy, this decision will only address what I think is relevant in reaching a fair and reasonable outcome to this complaint.

It's not disputed that Mrs M has wanted an enhanced joint life annuity from the start and that, after seemingly searching the open market, she accepted the March 2024 quote from L&G.

I'm satisfied that to start with, L&G acted promptly and correctly, as it moved her annuity process forward on the same day it had received her acceptance, 22 March 2024. That day, it asked Mrs M for the further information it needed, which she very quickly provided. And it also requested the transfers from her three ceding providers.

But after this point, I think L&G made errors that caused delays in Mrs M's annuity process. As I say, L&G submitted Origo transfer requests to all three ceding providers. And a scheduled completion date of 3 April 2024 was set for all three. I know L&G says that the scheduled completion date is set by the Origo system and not L&G. But nonetheless, this date is still a type of prompt or reminder on the system L&G was using about when it should receive each of the transfers it had requested. And it's important to remember that L&G would have been aware that its annuity quote for Mrs M at that time was only guaranteed until 21 April 2024, as it issued the quote.

L&G received Provider 1's funds on 26 March 2024, within the scheduled completion date.

But according to L&G' system records, it hadn't received anything at all from Provider 2 by the scheduled completion date of 3 April 2024. L&G didn't take any action about that until 13 April 2024 when it messaged Provider 2 via Origo to ask for an update on the transfer, and was then sent the funds two days later. L&G says that if the ceding provider couldn't meet this date, it could have changed it on Origo to let L&G know. And I accept it's possible that Provider 2 made an error that meant it didn't simply carry out the transfer by when L&G expected it to, though there is nothing in the Origo records I've been provided with to suggest Provider 2 was having any difficulties with the request.

But L&G had its own responsibility to keep Mrs M's annuity process moving without avoidable delays, and a reminder had been set for when it was expected that the transfer from Provider 2 would be received. Had L&G acted fairly and reasonably, I think it L&G should have chased Provider 2 sooner, and certainly within a week of the scheduled completion date on Origo. Had it done so, I think it's likely Provider 2 would then have sent L&G the funds within two days, as this is what in fact happened when L&G did chase Provider 2, and so L&G would have been sent the funds by 12 April 2024 – more than a week before the May 2024 quote's expiry date.

Regarding the transfer from Provider 3, I've carefully considered this timeline too, including everything L&G said in response to the provisional decision. It's clear that Provider 3 told L&G on 27 March 2024 via an Origo message that the OMO transfer it had asked for couldn't be completed via Origo. I think it's reasonable to expect L&G to have picked up on this within a week, which would in any case have been the 3 April 2024 scheduled completion date set for this transfer. In its response to the provisional decision, L&G says it posted an OMO funds request letter to Provider 3 on 3 April 2024. I've not been provided with a copy of this letter, so I can't be certain what it says. But given Provider 3's Origo message was very short with no detail about what it wanted L&G to do, I don't think it was reasonable for L&G to simply assume that posting a funds request letter was what was required, particularly when the March 2024 quote was due to expire in less than three weeks. Instead, I remain of the view that the reasonable step at this point would have been for L&G to have sought to clarify with Provider 3 on 3 April 2024 what it needed to do, and I think L&G could have called and got this clarity immediately, as it in fact did on 15 July 2024.

I know L&G says Provider 3 emailed L&G in April 2024 saying it had sent Mrs M forms to sign. But I've not been provided with a copy of this email, so I'm not persuaded about when such forms were sent, or even of their purpose or necessity in relation to this transfer at that stage. And I note that L&G's records suggest Mrs M returned the forms to Provider 3 quickly in any case. So on balance, I still think that if L&G had called Provider 3 for clarity on 3 April 2024 and then re-requested the transfer with all the correct information, I think L&G would have been sent the funds by 17 April 2024 given the seven to ten working days Provider 3 later on said it would take, and certainly by 19 April 2024 given the twelve working days it actually took.

Taking all this into account, I'm satisfied that if L&G had done what I think it should have, it would have been sent all three of Mrs M's transfers by 19 April 2024 at the latest. And since this is before the March 2024 quote's expiry date, had things happened as they should, Mrs M's annuity would have started in line with this quote.

Both parties have provided a lot of comments and evidence about later events and, as I say, I've considered everything provided. But my role here is to put Mrs M back into the position she would have been in if not for the errors I'm satisfied L&G made. And had L&G not made these earlier delays and errors, none of what followed would have occurred.

I acknowledge that some months later, in October 2024, Mrs M changed her mind about TFC and asked for it for the first time. But had things happened as they should've, her annuity would have been in place for several months and she would not have been able to change it so that she could take TFC. I'm not persuaded that TFC was something Mrs M wanted in any case. I say this because it wasn't something she'd asked for at the start; she only asked for it many months later in October 2024. Also, she's told our Service she'd not wanted to take TFC but she felt she later had to in order to help pay bills that became outstanding while waiting for the annuity. In addition, I think it's possible Mrs M asked for TFC in order to get a new quote from L&G since she didn't want to accept its current quote at that time – in October 2024, she asked it re-quote her annuity but was told it couldn't do that, but could provide a new quote if she wanted to change any of the options. And immediately, Mrs M did change her options by now asking for TFC.

Though not the crux of her complaint, I note Mrs M also says L&G hadn't disclosed its fee or provided evidence that her annuity had taken account of the medical information provided.

I've not been provided with copies of all the documents L&G provided to Mrs M when it first provided her with an annuity quote in March 2024. But I can see its later quotations set out its fees, saying its charges were taken into account when it set the annuity rate so there were no further charges to pay, but that if she had used its pension tracing or consolidation service before applying for her annuity, L&G would pay that service £100. Given that pensions is a heavily regulated area, I think it's more likely than not that L&G also told Mrs M this when it issued her first annuity quote. Mrs M chose to accept that quote, and I've not seen anything to make me think she did in fact use the tracing or consolidation service mentioned. So I don't think anything about L&G's fees would have stopped her proceeding with L&G's March 2024 annuity quote.

And regarding the medical and lifestyle information, I'm satisfied the annuity quotes took this into account. It doesn't appear to be disputed that all of L&G's quotes for Mrs M have been enhanced because of some of this information. And I note L&G's underwriter has reviewed this matter and provided their comments; they thought there were no issues from an underwriting perspective and the medical and lifestyle information provided had been taken into consideration. So I'm not persuaded L&G has done anything wrong on this point.

Taking everything into account, I think L&G should put things right for Mrs M in the way I've set out below, which is based on it arranging an annuity using exactly the same factors as the March 2024 quote. This doesn't include L&G arranging for Mrs M to be paid any TFC, because Mrs M hadn't chosen this option at that time. But perhaps it's helpful for me to point out that since L&G will need to pay the monthly annuity payments she should've had along with 8% simple interest per annum, Mrs M will receive a lump sum payment (albeit smaller and not tax free) as well as receiving monthly payments going forward.

Putting things right

My aim here is to put Mrs M back in the position she would have been in had L&G correctly handled her annuity process from the beginning. As I say, I'm satisfied that if L&G had done this, I think Mrs M's L&G annuity would have had a start date of 19 April 2024 and would therefore have been based on the factors used in its quote dated 7 March 2024.

So L&G must then set up an annuity on this same basis and pay it going forward.

In addition, L&G must calculate what net income payments Mrs M should have received since the annuity's start date of 19 April 2024 and pay this to Mrs M.

L&G must add interest to these missed income payments from the date they became due to the date of settlement at 8% per year simple.

Income tax may be payable on any interest paid. The amount of tax payable is dependent on Mrs M as there are different tax thresholds and various rates of tax depending on Mrs M's earnings. If Mrs M feels tax shouldn't be payable, she'll need to contact HMRC to either reclaim the tax if she's entitled to, or to pay additional tax if owed.

L&G should provide Mrs M with a simple calculation of how it worked out the figures.

Mrs M has been caused distress and inconvenience by what has happened. Our Investigator said L&G had itself already paid Mrs M a total of £400, and this was a fair amount in the circumstances. However, my understanding of L&G's final responses to the complaint points Mrs M raised is that it has in fact already paid Mrs M a total of £500 for her distress and inconvenience. And neither party has disputed my understanding.

In any event, I've thought about what a fair and reasonable amount of compensation would be for this. This matter has gone on for over a year now, and L&G accepts its errors across that time caused Mrs M confusion and frustration. I think they also caused her uncertainty about what her annuity payment should be, to the extent I think she lost trust in what L&G told her. She's also been inconvenienced by trying to sort all this out; as well as the emails I've seen, L&G itself accepts she's had many hours of calls with it. Additionally, Mrs M had her expectations raised that she'll now be able to receive TFC from the three pensions that were transferred; although I realise that is something she asked for later on and L&G worked to accommodate her request, she simply wouldn't have been in a position to ask for TFC if not for L&G's errors. So in addition to the £500 compensation it has already paid Mrs M for her distress and inconvenience, L&G should pay her a further £100 to take the total to £600.

My final decision

For the reasons set out above, I uphold this complaint. Legal and General Assurance Society Limited should put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 4 September 2025.

Ailsa Wiltshire
Ombudsman