

## The complaint

Mr G complains that R.A. Cowen & Partners (Financial Services) Limited (Cowen) provided unsuitable advice around the arrangement of an annuity and subsequently dropped him as a client.

## What happened

Mr G says he'd been advised by Cowen for many years and had pension plans with Standard Life and Elevate. In June 2023 Mr G met with his adviser from Cowen. The meeting notes record that he was interested in reducing the risk of his investments, by switching to cash, given the improved interest rates available. Instead, Cowen suggested that the pensions be used to secure an annuity to provide a regular, guaranteed income. Subsequently Mr G provided information about his pre-existing medical conditions including an enlarged prostate and rising PSA blood test level, which might mean a higher annuity rate was available.

Various illustrations were obtained by Cowen on both a medically enhanced and standard basis over a period of months with Mr G updating further test results. Mr G agreed to proceed on 21 November 2023. But on 23 November 2023 he emailed Cowen saying he'd decided against purchasing an annuity at his age (77) and that he and Mrs G no longer needed Cowen's advice. Mr G then reconsidered and said he would proceed as he felt due to the long-standing relationship, Cowen would be acting in his best interests. A suitability report was issued on 19 December 2023, recommending that the available tax-free cash sum be taken and the balance of funds be used to buy an annuity with Legal & General (L&G).

The annuity was on a 100% joint life basis with Mrs G, meaning there would be no reduction in the income paid if Mr G died, and 100% value protected, so that if both Mr G and Mrs G died before the full purchase cost had been paid out as income, a capital payment of the balance would be paid to their estate. Cowen said this met Mr G's financial objectives of providing a guaranteed income for both him and Mrs G for life, with no investment risk. Mr G accepted the recommendation and returned the completed application forms. This was sent to L&G, and the annuity was set up in February 2024. The purchase price was £147,904 and it provided an annual income of £11,956.

In May 2025 Mr G complained to Cowen about the annuity. He didn't think this had been explained fully or that alternatives had been discussed. And he was unhappy Cowen had ended the relationship with him once the annuity was purchased and hadn't called him back having promised to do so in 2024. Cowen didn't accept the complaint. It said it had confirmed in the initial recommendations in June 2023 that if Mr G and Mrs G accessed their pension benefits (as recommended) there would be no assets left for Cowen's to advise on. It said to continue to charge Mr G for ongoing services after then wouldn't have been fair. It said the adviser had called Mr G in June 2024, but he'd been unable to discuss things as he was on holiday and that Mr G said he would call it back on his return. It said the annuity had been fully discussed at the various meetings and explained in the suitability reports it had provided, which also considered alternative courses of action. It said Mr G had raised

queries by email about alternatives like drawdown, which it had answered, further showing these had been considered.

Mr G referred his complaint to our service and raised some queries with L&G. He said L&G had told him that despite him providing medical information to Cowen's, it hadn't requested or applied for an enhanced annuity. He said L&G had confirmed that an enhanced rate would have been available, increasing his annual income to £12,475.68 from the £11,956 arranged.

Our investigator looked into the complaint, and she said it should be upheld in part.

Our investigator said she thought the advice to purchase an annuity was suitable given Mr G's objectives and attitude to investment risk. And it wasn't unreasonable for Cowen to have ended the business relationship given there were no longer any investments under its management once the annuity was established. But she said based on what L&G had stated Mr G may have benefited from a medically underwritten or enhanced annuity, had medical details been provided. And the suitability report had said an enhanced annuity was being arranged but wasn't actually applied for. Our investigator said Cowen should establish what annuity rate L&G would have offered on enhanced terms and if this was better, it should calculate Mr G's losses. Being any shortfall in income paid in the past and in the future. She said Cowen should either arrange an annuity to cover this shortfall or pay a lump sum, notionally adjusted for income tax to compensate Mr G.

Mr G said he didn't think Cowen had made a proper attempt to contact him after the annuity was arranged. He said he doubted that L&G had offered the best enhanced rate in the market, as it had told him his PSA test results had been dismissed as an "*irrelevance*" when quotes were requested in November 2023. He said Cowen's should have challenged this, as he felt his medical position "*would normally generate an enhanced annuity offer of between 30 & 50% of a Standard Offer*" and consequently the compensation proposed by our investigator was inadequate.

Cowen didn't agree. It said the reference in the suitability report to applying for an enhanced annuity was a typing error which didn't change anything as L&G had consistently offered the best annuity rate in the market for Mr G, despite it not offering any medical enhancement when it was provided with his medical details. Cowen said the quotation applied for was generated by L&G having been requested on the telephone, where Cowen asked for the previous quotes (reflecting medical details) to be updated. It said it was reasonable that it concluded this was L&G's best rate for Mr G, and it wasn't for Cowen "*to question the actuaries at L&G*". Cowen said it didn't understand why L&G was now stating an enhancement would have been available, unless it had made errors in generating the quotes and if so, the complaint should be addressed to L&G rather than to it.

As neither Mr G nor Cowen agree it has come 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.

Having done so, I'm upholding the complaint in part.

Mr G has made several points in bringing his complaints and I've considered everything he has said in coming to this decision. But I'm going to focus on what I consider to be the central issue, which is the annuity rate secured for him.

Mr G clearly feels very strongly that Cowen terminated the business relationship in an abrupt manner after some 40 years of dealing with it and I understand that. But like any business Cowen is free to choose who it wants to do business with. Here I think the need for an ongoing business relationship had come to a natural end with the purchase of the annuity, with Cowen confirming it would be available to Mr G and Mrs G if required. I think that's reasonable, whereas charging a retainer of some sort in case future advice was needed wouldn't have been, as Cowen has said itself. I also think the advice to purchase an annuity was suitable for Mr G and he was provided with full details about the implications, including the alternative options and the relative pros and cons of each, which he discussed with Cowen. So, I think the issue is how well that advice was executed.

Broadly the objective when buying a lifetime annuity, where the "deal" is fixed at outset, is to get the best rate on the market. So, it's important that any medical factors that might be relevant are considered. But it isn't always the case that pre-existing medical conditions will result in an enhanced, compared to a provider's standard, annuity rate being offered. And an enhanced rate as far as one provider is concerned, could still be lower than a standard rate from another provider.

Cowen has provided a great number of illustrations from different providers it obtained over a period of several months. It says that despite not offering enhanced terms based on Mr G's medical conditions, L&G were consistently the most competitive provider on the annuity basis he wanted. It's relevant that not all providers offered the recommended annuity profile. Cowen also obtained a number of comparison quotes from a third-party system for financial advisers called Assureweb, which operates rather like a money supermarket in rapidly sourcing quotations from most of the major participants in the annuity marketplace. Internal emails at Cowen show that on several occasions the adviser queried (with Cowen staff) why L&G's standard quote was superior to the enhanced one. This doesn't seem to have been answered, but I note that the Assureweb comparison says in the notes section about L&G's quote,

*"If you have supplied lifestyle/medical details then we have been unable to offer an enhanced rate on those conditions".*

What Cowen's refer to as the "final" L&G quote was generated on 11 December 2023, as was an Assureweb comparison. On the Assureweb comparison L&G were offering the best rate, but this showed a higher income than on the final quote. In the notes on the Assureweb comparison it says based on the information provided (which isn't confirmed) this is the best rate L&G can offer. The final quote says something similar but also separately refers to potential medical enhancements being available if not already considered, so there's some ambiguity here as to whether this comparison included medical details. The comparison shows only three providers, led by L&G followed by Aviva and Just. The quoted annual incomes were:

*"L&G £12,375.36  
Aviva £10,993.08  
Just £10,754.16"*

So, the income quoted on the Assureweb comparison was higher than the L&G quote sourced on the same day of £11,876.64, which Cowen applied for. But I couldn't see any evidence it had queried this discrepancy with L&G. So, I asked it about this, because the higher Assureweb L&G figure was very similar to the actual enhanced rate L&G has subsequently told Mr G would have likely been available. Perhaps indicating the Assureweb comparison was medically enhanced.

Cowen said that its comparisons were obtained before it provided medical details, with no enhancement being available from L&G, but who still offered the best rate. It said the final quote on 11 December 2023 therefore reflected L&G's best rate. It said if L&G had mistakenly returned a standard rate rather than an enhanced rate this was an issue for L&G rather than Cowen. It said the Assureweb comparison dated 11 December 2023 showed a rate "*marginally higher*" than the quote directly from L&G and was only "*indicative*" and "*often based on slightly stale data or default assumptions*" and that advisers were expected to rely on "*provider-confirmed quotations*".

I don't agree with Cowen's arguments here, in part because Assureweb itself can be used to obtain provider quotes and submit an application once the comparison has been generated. If Assureweb comparisons are based on stale data and default assumptions, it seems to me that they could hardly be used for reliable market research. And it's the adviser's responsibility to know exactly what it is recommending to its clients. I think the discrepancy should have been queried with L&G because combined with the subsequent evidence from L&G that it would have offered an enhancement, the Assureweb comparison does show that Mr G might have been able to secure a better rate than he did. Whilst the difference in income between these two quotes is £498.72 per annum, at the annuity rate secured this equates to around £6,000 in capital terms. This is a similar difference to the enhanced rate subsequently advised by L&G. Had Cowen queried this, the issue of whether L&G's final quote was enhanced or not might also have been clarified.

So, from the evidence it seems more likely than not that Mr G could have obtained a better annuity rate than he did. I can only consider the actions of Cowen here, not L&G. Cowen strongly feels L&G are at fault around what illustration was or wasn't provided and L&G should explain this. I understand that, but I think that is an issue to be settled between Cowen and L&G. And as Cowen advised and arranged the annuity for Mr G, it needs to resolve any problem as a separate matter. I'll explain how it should do that below.

In terms of Mr G's point about whether L&G were offering the best annuity rate taking into consideration his medical conditions, I appreciate his concerns here. I'm not considering a complaint about L&G here. But the evidence from the quotations Cowen obtained previously, including those from 21 November 2023, suggest that L&G were offering superior rates to other providers. Rates do change frequently, and some providers may be in and out of the market depending on their own business objectives.

Mr G has said he believes the enhanced rate available to him should be significantly higher than the figure now indicated by L&G, which is about 4% higher than the standard rate actually applied for. He says the rate should be 30-50% higher, although he hasn't provided specific evidence of this. I'm neither a medical professional or an actuary, but I have wide experience of the enhanced annuity market, and I think such a high level of enhancement is unlikely. There are two reasons for that. First, and without understating Mr G's health issues, which naturally will be of concern to him, he had a number of what might be termed preconditions, that might point to the possibility of worsening medical issues in years to come, rather than ones that were specifically reducing his life expectancy when he applied for his annuity. For example, his prostate tests results were that he was of increased risk of developing cancer rather than actually having cancer, and his doctor recommended a watching brief rather than treatment.

Second, the annuity profile chosen provided a 100% spouses pension for Mrs G, meaning no reduction in the income paid in the event of Mr G's death if Mrs G survived him. And the annuity also offered value protection, so if the total income paid (before tax) was less than the annuity purchase price in the event of both Mr G and Mrs G having died, the balance would be paid to their estate. It's likely that any enhancement in the annuity for Mr G's own medical conditions would be significantly reduced because of these options. I haven't seen

one on Cowen's file, but an enhanced annuity illustration on Mr G's life only without value protection, might explain this issue more fully.

What the evidence does show is that L&G's rates were superior in the run up to the final quotations being sought and the application made. But it does appear a better rate could have been obtained had Cowen clarified matters with L&G, as I think it should have done given the conflicting quotes before it. Consequently, it's possible that Mr G has suffered a loss, and if he has, it's fair that he be compensated for that.

### **Putting things right**

My aim in awarding compensation is to put Mr G as closely as possible back into the position he would have been in but for errors made.

Cowen must establish from L&G the best rate available for Mr G, whether enhanced or standard on the same annuity features and terms that were arranged. If this offered more income than the annuity in place Mr G has a loss and Cowen must;

- Calculate the underpaid net of tax income from outset to the date of settlement with interest added at 8% per year simple in respect of any past loss.
- In respect of any future loss Cowen should arrange for the annuity to be rewritten with L&G or arrange a further separate annuity to meet the shortfall. Should this not be possible it should calculate the cost of providing the additional income on those terms L&G would have offered to cover the shortfall and it should pay this amount to Mr G as a lump sum.
- As the future income that that annuity would have provided would be taxable, it's fair that a notional reduction is made for income tax at Mr G's marginal rate, which he has confirmed is 20%, on any compensation due.
- Income tax may be payable on any interest paid. If Cowen deducts income tax from the interest, it should tell Mr G how much has been taken off. Cowen should give Mr G a tax deduction certificate in respect of interest if Mr G asks for one, so he can reclaim the tax on interest from HMRC if appropriate.
- Cowen should provide Mr G with a simple calculation of how it worked out the figures.

### **My final decision**

My final decision is that I uphold this complaint against R.A. Cowen & Partners (Financial Services) Limited.

I direct R.A. Cowen & Partners (Financial Services) Limited to undertake the loss redress calculations set out above and pay any compensation due.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 26 February 2026.

Nigel Bracken  
**Ombudsman**