

The complaint

Mr T is represented by his adviser.

His online annuity application was submitted to Canada Life Limited ('CLL') on 17 February 2025. The original and revised quotes he received for the annuity, in the same month, confirmed a guaranteed payment period of 35 years. However, this was incorrect, the maximum CLL offers is 30 years, so the annuity was set up on this basis. Mr T complained about this. His complaint was upheld and CLL offered him £300 for the poor service and inconvenience it had caused in the error.

In his complaint, Mr T and his adviser said – the offer is derisory; due to CLL's error Mr T lost the opportunity to secure an additional five years of guaranteed income; Mr T should be compensated by CLL for the lost opportunity and for its service failure; and CLL should reimburse the costs incurred by his adviser in pursuing the complaint [the adviser has since withdrawn this claim for costs].

What happened

One of our investigators looked into the complaint and concluded that CLL does not need to do more than the £300 compensation it has offered.

He noted the lost opportunity claim made by Mr T, but considered that, in real terms, his claim is about a loss of expectation – he selected the 35 years guaranteed payment period and reasonably expected to receive that, but the selection had been facilitated in error, the guaranteed payment period he received is for 30 years, because that is the maximum period CLL can provide.

In his view, CLL had done something wrong by causing this loss of expectation, but it had applied the maximum term available to the annuity, it had paid the annuity from the date the funds were received from Mr T's pension, it says it has put measures in place to correct the system error, and its offer of £300 for the inconvenience caused is reasonable in the circumstances of the case. The investigator said CLL could not be forced to offer a 35 years guaranteed period that does not exist in the annuity product it provides.

He also addressed a part of the complaint about dissatisfaction with CLL's handling of the internal complaint Mr T made. The investigator said complaint handling, in isolation, is not a matter we have jurisdiction to address.

Mr T's adviser confirmed disagreement with this outcome, and the matter was referred to an Ombudsman.

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 have reached the same conclusion expressed by the investigator. I find that CLL's offer of £300 for the trouble and inconvenience caused to Mr T fairly and reasonably resolves his complaint.

I uphold Mr T's complaint, for the reasons summarised next. I note that CLL essentially did the same. This decision is an 'Uphold' decision because CLL has done something wrong and the case remains unsettled. If CLL questions why the complaint is being upheld despite my agreement with its settlement offer, this is because the settlement offer has not been accepted by Mr T. Therefore, I repeat, the case remains unsettled, so it must be determined, hence this decision. A different consideration might apply if the offer had been accepted by, and settled with, Mr T.

With regards to merits, there is ample evidence in the two annuity quotes received by Mr T in February showing that the 35 years guaranteed payment period was confirmed. That is what he relied upon in his application, and that is what he was entitled to expect in the annuity he purchased.

Unfortunately, he learnt, after buying the annuity, that the actual length of the period is 30 years, and that this is the maximum length of a guaranteed payment period that CLL can offer in its annuity product.

I have seen evidence that seems to show the steps CLL took, after this matter was brought to its attention, to address the system error that caused this mistake to happen. Having said this, I also note that Mr T/his adviser has highlighted that quotes for the annuity were still presenting availability of the 35 years option even after CLL said it had addressed the system error. In any case, my focus is on Mr T's complaint. In this respect, the error has already happened and its effect on the annuity he purchased is a reality, so the issue to deal with is about a fair and reasonable outcome for him.

Having bought the annuity product on erroneous terms (with regards to the guaranteed payment period), I have considered what CLL did to fix his position, distinct from what it did or did not do to fix the system error. It appears to have done what, in the circumstances, it ought reasonably to have done, which is to consider cancellation of the purchase. It would not have been fair to expect Mr T to retain a product that he had bought under the wrong description (with regards to the guaranteed payment period).

The terms and conditions for the annuity confirm a right to cancel either at any point before the annuity starts or within 30 days from the date on which notice that the annuity has started is received.

In Mr T's case, the application was submitted on 17 February, on 18 February CLL requested the pension funds that were to be used for the purchase, on 19 February a revised quote was submitted, on 4 March the pension funds were received by CLL, the annuity was set live on 18 March and on 3 April Mr T's adviser contacted CLL to complain about the guaranteed payment period error.

There are two letters, both dated 19 March, from CLL to Mr T and to his adviser confirming that the annuity had started, and enclosing his Confirmation of Benefits document. Therefore, the complaint on 3 April happened within 30 days of this notice.

Evidence of correspondence (on the guaranteed payment period error) between the parties has been shared with us. It shows that the offer to cancel the annuity was promptly made to Mr T in response to the complaint. His adviser's email to CLL of 3 April included –

"I have spoken with him and he will make a decision after speaking with his wife this evening.

The fact that you now have a fix in place is good news for the future, but in our case this is very much after the horse has bolted.

If he does decide to cancel then the least you can do is let him keep the payment you have already made to him. However, I do not believe this alone will be enough recompense." [my emphasis]

At this point, it appears that Mr T had been offered cancellation of the annuity, but he was still considering whether (or not) to cancel it.

CLL's complaint response letter (in May) included –

"I've noted you communicated the situation to [Mr T] and he was willing for the annuity to continue with the 30 year guarantee period."

By this point, it appears that Mr T had decided not to cancel the annuity and instead to retain it, despite the guaranteed payment period being for 30 years, not 35 years.

As such, he raised the issue within 30 days of the annuity's commencement notice, the option to cancel was live at the time and the offer to do so was made to him, but he chose not to cancel the annuity.

In these circumstances, I do not find any grounds to consider a financial loss to Mr T, or compensation for the loss of opportunity that his adviser has argued for. He chose to accept the annuity that he had bought on erroneous terms (with regards to the guaranteed payment period) where he could have cancelled it and reviewed his position.

I appreciate that a cancellation would not have automatically meant his previous position could be fully restored. There could have been some uncertainties to resolve. It is not a given that his pension provider would have accepted a return of the pension funds or done so on the same terms that previously applied. However, I have not seen evidence that Mr T took any steps towards cancellation – whereby he could have sought to mitigate the matter by attempting to recover his previous position and/or by attempting to put himself in a position to consider alternative opportunities. Instead, he appears to have accepted the CLL annuity, despite the circumstances.

I understand that he could have had the opportunity to consider alternatives if the CLL quotes had correctly confirmed *30 years* and if that did not match what he was looking for, but, in the above context, he potentially had the same or similar opportunity from the cancellation that was offered to him, which he declined. For this reason, I do not consider there is merit in his claim for lost opportunity.

I have also not seen grounds for a tangible financial loss. Mr T has not been deprived five years of guaranteed annuity payments. The CLL annuity never offered a maximum of 35 years in this respect, it offered a maximum of 30 years and his annuity began with this 30 years guaranteed payment period, so he has not been deprived of something he previously had.

Like the investigator said, the main issue is about a loss of expectation, including the trouble and inconvenience caused to Mr T by that loss and by his experience in the matter.

Our service can consider awards for trouble, distress, inconvenience and/or upset caused to

a complainant in a complaint. Guidance on how we approach these awards 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 £100 and £300 can be given where a complainant has been caused *some* disappointment or loss of expectation. CLL's offer to Mr T is at the top end of this range. The trouble and inconvenience the system error caused him is acknowledged. It meant he did not get the exact annuity product he was expecting, and that he was entitled to expect. However, as I have addressed, he could have cancelled the annuity and that could possibly have restored his position, but he chose not to. Therefore, his disappointment and loss of expectation in the matter is qualified by this, and by the argument that it might have been possible to reduce both (disappointment and loss of expectation) if he had chosen otherwise. This does not mean there is no loss of expectation. There is. However, it means the loss is not as severe as he and his adviser have asserted.

I agree with the level of CLL's offer, I have considered whether (or not) a higher award should be made but, for the above reasons, I am not persuaded that there is ground for a higher award.

I have noted his adviser's confirmation that a claim for its costs is no longer being pursued. On this basis, I need not address this aspect.

Like the investigator, I have noted the parts of the complaint related to CLL's complaint handling. The investigator is correct. Complaint handling, in isolation, is not a regulated activity. It is also not an ancillary activity connected to a regulated activity. Sometimes, depending on the circumstances, a firm's complaints process can find itself within the core facts of a complaint's subject matter, whereby it does not stand apart from the complaint itself. In such cases further consideration might be warranted, with regards to whether (or not) we have jurisdiction to address any complaint handling issues.

This is not the case for Mr T. The wrongdoing by CLL happened before his complaint. It seems that as soon as the issue was brought to CLL's attention the option to cancel the annuity was conveyed to him. The wrongdoing and the means to potentially correct it were both separate to and, it seems, ahead of the complaints process. In this context, I consider that the complaints process was isolated, and that we do not have jurisdiction to address any issues about it.

Putting things right

I order CLL to pay Mr T £300 for the trouble and inconvenience the complaint matter has caused him.

My final decision

I uphold Mr T's complaint, and I order Canada Life Limited to pay him £300 compensation as confirmed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 5 January 2026.

Roy Kuku
Ombudsman