

The complaint

Mr C complains about mistakes by Retirement Line Limited (RLL) that delayed his annuity application and meant he missed out on a higher rate than he could've received.

What happened

Mr C said RLL failed to include details of both his pension policies on his application and wrongly told him he needed to have a UK GP for his application. These errors caused delays and meant he missed out on a higher rate of annuity. Mr C eventually purchased an annuity in spring 2023 but at a lower rate than he said he could've got in late 2022.

RLL accepted that it had made some errors that caused delays but didn't think it had caused any financial loss. It accepted the error in failing to include both of Mr C's policies but didn't think it should have known that a UK GP wasn't required for his application. Had it checked this with the annuity provider it would have taken just as long as it took Mr C to check. It offered £1,000 for distress and inconvenience due to its mistakes.

My provisional decision

I issued a provisional decision in this case. I said the following:-

As RLL accepted it made a mistake I could consider an award for financial loss and distress and inconvenience arising from that mistake.

It was clear there was delay. In making an award for financial loss I was seeking to put Mr C back in the position I think he would most likely have been in but for the mistake. In order to help with that consideration I set out a timeline of events. I considered what would most likely have happened had there not been a delay due to the missing information and the issue of the need for a UK based GP.

In both cases if the delay caused by the missing information and confusion regarding a UK GP, is ignored, I didn't think there was sufficient time for Mr C to have accepted the higher annuity offer before the rates changed and therefore he was no worse off and there was no financial loss. I did not therefore consider the arguments as to whether or not RLL should have known there was no requirement for a UK GP as it made no difference to the outcome.

In considering what would most likely have happened I thought it made most sense to use the actual time periods that Mr C, RLL, the annuity provider and pension provider were working to at that time. I didn't think it was appropriate to use industry guidance time periods nor as RLL suggested the stated average turnaround times for a provider at that time. I said that as I did not need to use such time periods as I had direct evidence of what was actually happening at the time and these timescales were less than the industry guidance time periods and average suggested for the provider.

In short the process could have started on 7 November 2022 but the money needed to be received as cleared funds by the annuity provider by 28 November 2022 to secure the higher annuity. I therefore considered whether on balance that would have been possible.

As there were delays between the annuity and pension provider as a consequence of the mistake I asked the pension provider how quickly it would have acted on the claim and issued payment had all information been present. It said at the very best this would have been three working days, so I have used this time period.

Original Timeline

Day 1 - Monday 7 November 2022 Mr C called RLL to confirm he wanted a single life annuity with a 5-year guarantee. This offered an annual income of around £10,700. This was an enhanced annuity. RLL said it needed a UK based GP. This was queried and RLL said they would double check the GP requirement.

RLL start to complete the papers and advised that the fund value could fluctuate and there was no guarantee the application could be completed in the validation period of the original quote.

Day 3 - Wednesday 9 November 2022 Mr C chased RLL for the application form. He was informed he needed a UK based GP. Mr C emailed the annuity provider to check this.

Day 5 - Friday 11 November 2022 the annuity provider replied to Mr C that a UK based GP was not a requirement. They said they had notified RLL of this so that Mr C could submit his application. RLL agreed to email the form as he was not at home.

Day 6 - Monday 14 November 2022 the annuity provider prepared a quote for Mr C showing annual income of around £10,700 (with 25% tax free cash of around £37,000). (It notes the amounts are not guaranteed but it stands by the rate for 10 working days after any change in annuity rates). RLL send on the quotes and request missing information.

Day 7 - Tuesday 15 November 2022 Mr C received the application form and completed and emailed it back the same day. The draft form only listed one of his pension policies but showed the combined value. He corrected this and added the other policy. (I have seen a copy of the application dated 15/11/22 with both policy numbers included). He confirmed he had used the NHS app to check which GP surgery he was last registered with and gave details. Mr C also asked funds were not accessed until his 65th birthday.

Day 10 - Friday 18 November 2022 RLL wrote to the pension provider asking for confirmation as to whether there are any special policy characteristics. e.g. higher tax-free cash, MVR exit penalties etc.

Day 10- Friday 18 November 2022, RLL sent the application form to the annuity provider but without the corrections Mr C had made.

Day 11 - Monday 21 November 2022 The annuity provider emails RLL and said they have verified Mr C's ID and have requested funds (one policy is listed) if then says-

Please note that since your initial quotation, our rates have decreased. In order to secure the rate on your initial quotation, we need to receive all funds for the policy on or before 28 November 2022. if we receive the funds after 28 November 2022 the revised income for Mr C will be £10,051.20 (previously £10,749.96), using the same purchase price and basis as your initial quotation.

Whilst I have requested the funds from the pension provider(s) specified on the application I cannot guarantee the funds will arrive by the required date. I recommend that you contact the pension provider

Day 11 Monday 21 November 2022 message from pension provider to annuity provider questioning the large difference in value between the policy value and the amount needed. The annuity provider does not reply.

Day 16 Monday 28 November 2022 message from pension provider to annuity provider questioning the large difference in value between the policy value and the amount needed. The annuity provider does not reply.

(**28 November** the original deadline for securing the higher annuity rate.)

Day 20 Friday 2 December 2022 RLL called Mr C with an update. They confirmed the money was requested on 21 November 2022 but a bank statement was needed. It forwarded the email from the annuity provider which contained the reference to the 28 November deadline that had now passed. Mr C complained that the deadline had gone and RLL had only requested one policy from the pension provider.

Day 21 Monday 5 December 2022 Pension provider contacts the annuity provider saying it is settling only the one policy claimed and confirming transfer of the money from one pension policy.

Day 22 Tuesday 6 December 2022 Mr C called RLL to complain. He was told the quotes are only valid for 10 days.

Day 22 Tuesday 6 December 2022 the annuity provider replied to an email from RLL of the same day. It noted the annuity provider had missed three alerts (21/11, 28/11 and 5/12) from the pension provider through the Origo system regarding the mismatch in value. Because of this the annuity provider said it could refund the money or hold the current (15 November 2022) value until the second policy funds were received if the money from the second policy was received on or before 14 December 2022. If it was later they would consider the fact they had caused a delay in producing a final quote. The email was sent on to Mr C to ask him for a decision and to ask if he wanted the annuity provider to hold onto the funds.

Day 22 Tuesday 6 December 2022 Mr C called RLL to ask them to honour the quote. He was sent the release forms for the pension provider but again they were wrong with only one policy number listed. He was told RLL would check whether another form was needed for the second policy but quotes were only valid for 10 days.

Day 22 Tuesday 6 December 2022. Mr C instructed the return of the money as he didn't think they could meet the 14 December deadline.

Day 23 Wednesday 7 December RLL informed Mr C one of the pension funds had been transferred to the annuity provider. RLL contacted the annuity provider and requested the application and funds be returned to the pension provider once they are in the annuity providers account.

Day 26 Monday 12 December 2022 the annuity provider sent forms to RLL (14 December second deadline for receipt of funds from the second policy to receive higher

annuity rate.)

Day 31 Monday 19 December 2022 the annuity provider received the money from the first policy (date referred to in a later email from the annuity provider to the pension provider asking to return the money).

Day 33 Wednesday 21 December RLL advises annuity provider that the money received on

19 December for around £87,000 needs to be sent back and the annuity cancelled.

NB The Pension provider had since confirmed that had all the information been correct when it received the transfer request on Monday 21 November 2022 (Day 11) the very shortest timescale in a best-case scenario to process the claim, authorise the claim and send it, would be three days which would have been Thursday 24 November 2022 (Day 14).

Most likely timeline had there been no delay.

If I assumed there was no delay caused due to the missing information and the confusion about the need for a UK GP, then on balance based on the evidence, I thought the most likely timeline would be as follows.

Day 1 Monday 7 November 2022 Mr C calls RLL to go ahead. Had there not been any confusion about the need for a UK based GP Mr C could have started to act on the 7 November 2022. Assuming the annuity provider issued a new quote on the following day,

Tuesday 8 November Mr C would have signed and returned the papers the following day on Wednesday 9 November 2022. (This follows the time pattern that happened from 14 November)

Day 3 Wednesday 9 November signed papers returned to RLL.

It took RLL 3 working days from receipt of the papers from Mr C to send them onto the annuity provider (receipt Tuesday 15th November and sent on Friday 18 November).

Day 6 Monday 14 November 2022 – three working days after receipt- Mr C's application sent to the annuity provider who also sends it to the pension provider on the same day.

Day 9 Thursday 17 November the pension company would have sent the money from both policies to the annuity provider (this assumes a 3-day turnaround).

We know it took 11 working days from the date the money was sent (5 December) to the date it was received as cleared funds by the annuity provider (on Monday 19 December 2022).

Thursday 1 December 2022 Applying the same timescale to this scenario the money would have arrived 11 days later on 1 December 2022.

On balance based on the evidence I didn't think Mr C would have been able to accept the terms available up to 28 November 2022. This timeline showed that even if there had not been any delay due to missing information or the need for a UK GP, and I assumed the most optimistic three-day turnaround by the pension company, the money would most likely not have arrived with the annuity provider before the 28 November deadline for the increase in the annuity rates. Mr C did not therefore miss out nor suffer a financial loss.

Even had Mr C decided to accept the further offer the annuity provider made on 6 December (to extend the time period for receipt of funds to 14 December) there was not sufficient time for the claim to be made to the pension company for the second policy (3 working days) and then the 11 working days needed for the money to clear the system before 14 December.

I considered an award for distress and inconvenience. It was clear Mr C was put to trouble chasing RLL, correcting its errors and checking facts with the annuity provider. I could understand this must have been frustrating for him and he lost confidence in them. I noted he later purchased an annuity direct from the annuity provider without using RLL. Having

considered this impact I thought the payment of £1,000 was fair and reasonable in all the circumstances and I was not proposing any higher award and understood that payment had been made. If that was not the case I would ask Mr C and or RLL to confirm this when they responded to my provisional decision.

So in summary while I thought RLL made at least one mistake (omitting information about the two pension policies) Mr C has not suffered a financial loss for the reasons given. Because RLL made a mistake I could make an award for distress and inconvenience but I thought the current award was fair and reasonable. I did not therefore propose to direct RLL to take any further action.

I didn't propose to uphold this complaint or direct Retirement Line Limited to take any further action. I thought that Retirement Line Limited had acted in a fair and reasonable manner.

RLL didn't comment further.

In summary Mr C responded and said:-

- He had entered into a contract with RLL and had been given a quote. They were aware of the timeline before the quote was given. It had failed in its duties. Mr C listed many duties including to act with integrity, due skill, care and diligence, to treat customers fairly and pay due regard to their interests. He also referred to the broader general standards imposed by the regulator and argued these would also include such things as timely execution, communication and efficiency.
- He felt my conclusion condoned as fact that any quote by RLL or any other financial institution was meaningless and worthless.
- He did not agree with the timeline of events. He said his first contact with RLL was by phone on 31 October 2022 and he received an introductory email on 31 October 2022. Various quotes were sent on 1 November and he confirmed the exact policy required on 4 November which he said was day 1. Assuming a one working day turnaround (which was achieved after he sorted the GP mistake) his completed application would be back with them by 8 November (Day 5) and the document request by 9th November (day 6). Assuming three working days to process the application with would be 14 November (Day 11). Assuming one working day, for the annuity provider to respond they would have been ready by 15 November (day 12) and there was sufficient time for the claim to be made to the pension company (three days) and then the 11 days to allow the money to clear. This would be 26 November (day 23).
- He also said that when he eventually dealt directly with the annuity provider in May 2023 it took 16 days start to finish, using this timeline everything would have been done by 20 November.
- He wanted further explanation as to why the GP mistake had not been considered further. It was not in the annuity providers terms and costs 6 days delay.

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.

I have carefully considered what Mr C has said and would comment as follows:-

1. I agree with Mr C that it is very likely RLL is in breach of a number of the obligations imposed by the regulator and may well have breached several duties it owed to him. I have not considered these in further detail. That is because I have already concluded that the impact of those breaches did not cause a financial loss so would not change my conclusion on the likely timeline of events. I have already considered the award for distress and inconvenience whose purpose is to reflect the impact on Mr C (not to punish RLL).
2. I do not agree that my conclusion renders any quote by a financial institution as meaningless. Clearly had the circumstances been different and the annuity rate had not changed during the events it could have been possible to accept a rate offered. But that isn't what happened in this case.
3. I have carefully considered his points on the timeline of events. In particular he says it should start on Friday 4 November (day 1). I have considered the emails supplied by Mr C to support this. I can see that he did, as he says issue an instruction to RLL as to which annuity he wished to purchase on 4 November. But I note this was after the end of the business day and that RLL still needed to contact Mr C to complete the application on Monday 7 November just as my current timeline shows. So this does not make any difference to the actual or possible timeline of events which remains the same. So I don't agree that papers would have been received on 8 November and not 9 November as I assumed nor that documents would have been requested on 9 November and not 14 November for the same reasons. The remainder of the likely timeline remains the same for the reasons I have given.
4. I note also that in Mr C's proposed timeline he assumes that after day 11 the annuity provider would act on 15 November and the funds would be received on 26 November. But this assumes *actual* days whereas my timeline uses *business/working* days. This means that his shorter timeline could not have been achieved.
5. I note that when he dealt directly with the same annuity provider in early 2023 he achieved much shorter timescales and argues if these are used it would have been done in time. But I don't think it is appropriate to use those timescales. I say that as these were achieved at a different date and therefore different business circumstances and didn't involve a third party (RLL). In setting out a possible timeline to check for loss I am not seeking to assume the *most optimistic* timeline possible but to conclude, on balance, based on evidence, what would most likely have happened had there not been a delay. I am satisfied that what I have concluded is based on evidence of what was actually happening at that time and is therefore fair and reasonable in all the circumstances.
6. I do understand Mr C's frustration that RLL didn't know whether a UK GP was a requirement, then didn't check the situation and gave him wrong advice that one was needed. But I did not need to consider whether or not RLL should have known about the requirement for a UK GP and /or checked it. I say that because I have already assumed that there would not *be any delay* at all due to checking the GP requirement and missing the second policy information. So even if I did conclude that RLL should have known there was no need for a UK GP, it would not make the timeline any shorter than it already is. That has already shown there was not sufficient time to accept the annuity quote before the rates changed. For that reason I did not need to make any finding about whether or not they should have known.

Neither Mr C or RLL dispute my assumption that the £1,000 for distress and inconvenience has already been paid, so I have not made any direction about its payment.

My final decision

I don't uphold this complaint.

I think that Retirement Line Limited has acted in a fair and reasonable manner.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 18 September 2023.

Colette Bewley
Ombudsman