

The complaint

Mr M is unhappy with the service provided by Liverpool Victoria Financial Advice Services Limited (LV) who were appointed to arrange the purchase of an annuity.

What happened

Mr M had pensions with Willis Towers Watson and Aviva. In February 2023 he was looking to purchase an annuity. LV was appointed to facilitate the purchase of annuity and obtained quotations from various providers. Mr M wanted the annuity to be paid annually in arrears with the first payment being made in the 2024/2025 tax year. He was still working at the time and didn't want the first payment to be made until then because he'd have to pay more income tax.

LV obtained quotations from various providers. Mr M accepted a quotation from Just Retirement Limited (Just). LV contacted Just on 27 February 2023. Just said that the start date would be the date on which Just received the funds. So, for an annuity paid annually in arrears, the first payment would be a year from the date the funds were received. LV asked Just if there was any way to make sure the annuity didn't get set up before 6 April 2023. Just said that could be requested but not guaranteed as would depend on date the funds are transferred which was down to the ceding provider. Just also said they had a backlog and didn't see the annuity being set up before 6 April 2023 as they were operating a 20 working day turnaround.

On 31 March 2023 LV sent Just the annuity application form. Just then said the payment would be backdated to the first of the month in which the funds were received. LV queried that given what LV had previously been told – that the payment date would be the date the funds were received. Just said they'd check with their technical team. But Just then requested the funds from Willis Towers Watson on 2 April 2023 and which were received on 17 April 2023. The first payment date was therefore set as 1 April 2024.

Because that wasn't what Mr M wanted there were discussions between LV, Just and Willis Towers Watson about returning the funds and sending them back in May 2023. But Willis Towers Watson wouldn't accept the funds back.

LV then obtained quotations from Scottish Widows – Just was prepared to transfer the funds received from Willis Towers Watson to Scottish Widows which would ensure the first payment was made in the 2024/2025 tax year.

Mr M eventually decided against that. He says he was put off by online reviews and because the process could potentially take up to 12 weeks to complete. Mr M had the right to cancel his annuity with Just within 30 days of receiving the policy documents. He didn't cancel and instructed LV to proceed with the Just annuity on 31 May 2023.

Mr M complained to LV about what had happened. LV issued a final response letter on 31 July 2023. Essentially LV said Just had given incorrect information and LV hadn't been at fault.

Mr M referred his complaint to this service. The investigator didn't uphold it. She said LV were acting as the intermediary between the pension provider(s) and the elected annuity provider (Just) to bring the annuity purchase to fruition. It wasn't disputed that, throughout the process Mr M had made LV aware of his need for the first payment to be within the 2024/2025 tax year, no sooner. LV had said that much of the communications with Mr M and Just were over the phone. So the call recordings were requested as part of the investigation. However LV had changed to a new telephone system in September 2023 and told us they no longer had access to the call recordings on the old system. So the investigator had therefore relied on the evidence she'd seen – the email exchanges between LV and Just.

The investigator referred to the queries LV had made of Just. Given what Just had initially said, it seemed there was a chance that the funds could've been received prior to 6 April 2023. So the investigator considered if LV should've delayed a week or so to ensure the funds wouldn't have been received before then. But even if LV had done that the funds would still have been received in April 2023 so the outcome would've been the same with the payment date set as the first of that month.

The investigator also considered if LV had done enough once they became aware that the payment date would be 1st April 2024. The investigator said LV had done what we'd expect – taken reasonable steps to try to resolve the position and put Mr M back in – or as close to – the position he'd have been in if the mistake hadn't been made. LV had communicated the options to Mr M but the decision as to what to do had rested with him and he'd chosen to proceed with the Just annuity knowing the tax implications that would have. The investigator said we wouldn't hold a business responsible for matters outside its control and she didn't think LV needed to do anything.

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.

As mentioned above, another business, Just, was also involved. Mr M has also complained about Just's part in the matter. That complaint has been dealt with under separate reference but I've considered both complaints together, as did the investigator.

I've considered carefully all Mr M has said. I can see he feels very strongly about what's happened. I understand Mr M's position. From the outset he made it clear that he didn't want the first annuity payment to be made in the 2023/2024 tax year. He's done nothing wrong and was guided by Just and LV. So it's understandable that he considers he shouldn't have to meet the higher tax charge that will result from the payment being made earlier than he wanted and had made clear. So he expects the extra tax liability to be met, whether by Just or LV or between them.

But as far as LV is concerned, I don't see that LV has done anything wrong. I agree with what the investigator said about LV's position and the reasons she gave as to why she didn't think LV needed to do anything. I don't have much to add. LV understood Mr M's requirements and made appropriate enquiries of Just to try to ensure that Mr M's instructions were met. I don't see that LV is responsible if Just gave wrong information to LV. We wouldn't expect a business to be familiar with another's processes and procedures and it was reasonable for LV to rely on what Just told LV.

Based on what Just initially said, LV understood that, so long as the funds weren't received by Just until on or after 6 April 2023, the annuity start date would be after then and so the first payment would be made in the 2024/2025 tax year. LV sent the application form to Just on 31 March 2023. So, as the investigator pointed out, there was an outside chance that the

funds could've been requested and received by Just before 6 April 2023. But, based on what Just had told ReAssure about turnaround times, that was unlikely. Further, and in any event, even if the funds were received later in April 2023 (they were in fact received on 17 April 2023) the outcome would've been the same as what Just had originally said was wrong and the payment date would be the 1st of the month in which the funds were received.

When all that came to light I think LV did what we'd expect a business to do and even if the situation which had arisen wasn't that business' fault. LV made enquiries and liaised with other parties to try and reach a solution. I note here what Mr M has said about returning the funds to Willis Towers Watson. But I don't see anything untoward. Sometimes where a transfer payment has been made in error the ceding scheme will agree that it can be returned and resent at a later date. I don't see that indicates irregularity or illegality. It reflects the situation that's arisen – that the transfer payment was requested on the basis of a mistake.

Mr M has said that he had no choice but to continue with the annuity with Just. I've considered what he's said about that in dealing with his complaint about Just. Given that I don't think LV did anything wrong, any financial loss which Mr M says he's suffered (the extra tax he'll incur as a result of the first annuity payment being made in the current tax year) isn't down to LV. Nor is LV responsible for any distress and inconvenience Mr M has suffered in consequence of his annuity purchase not going as it should've done. So I'm not upholding the complaint against LV and I'm not making any award against LV.

My final decision

I don't uphold the complaint and I'm not making any award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 April 2024.

Lesley Stead
Ombudsman