

The complaint

Mr D complains that Sun Life Assurance Company of Canada (UK) Limited (SLoC) didn't take account of his health and lifestyle factors when they arranged an annuity for him. He also said that SLoC didn't make clear that he was able to shop around for a better deal with other providers under the 'open market option'.

Mr D would now like SLoC to recompense him for the lost income he believes he would've been entitled to had they correctly highlighted his options at the time.

Mr D is being represented by a third party. For ease, I'll refer to all submissions that have been made by the third party as having come from Mr D.

What happened

In November 2009, Mr D contacted SLoC, asking them about the income options that were available on his two pensions with them. Shortly afterwards, SLoC sent him a retirement pack setting out what choices were available to him as he approached retirement. The pack included various options that were available to him including taking all of his pension funds as an income or taking tax-free cash with a reduced income.

After reflecting on the information SLoC had provided to Mr D, he completed the enclosed application form and sent it back to them. Mr D opted to take the maximum tax-free cash on both plans and use the remaining monies to take a guaranteed income for life.

At the beginning of 2023, Mr D decided to formally complain to SLoC. In summary, he said that they didn't make it clear to him at the time that he might be able to receive a higher income elsewhere if he shopped around. In addition, he said because of his health conditions at the time, had SLoC told him about enhanced annuities, he would've most certainly gone elsewhere.

After reviewing Mr D's complaint, SLoC concluded that they were satisfied that they'd done nothing wrong. They also said, in summary, that their documentation from the time addressed all of the points that Mr D had complained about. They felt that he'd been placed in a fully informed position before he'd gone ahead with the annuity with them.

Mr D was unhappy with SLoC's response, so he referred his complaint to this service. In summary, he repeated the same concerns; those were that he wasn't advised he could shop around other providers to get a better income and that other providers also offer increased annuities based on health and lifestyle factors. Given his health at the time, he felt he would've been entitled to such an increase.

The complaint was then considered by one of our Investigators. He concluded that SLoC had treated Mr D fairly. He pointed to the literature that Mr D was provided with at the time of the sale that explained that if Mr D were to shop around other annuity providers, he could get

a better deal elsewhere. In addition, he explained that SLoC's literature also stated that annuities that give a higher income based on personal health were also available.

Mr D, however, was unhappy with our Investigator's findings although they didn't give a reason and asked for the case to be referred to an Ombudsman for a 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.

I should note that despite the sale taking place in January 2010, SLoC have agreed that the case shouldn't be time barred and as such, this service does have the jurisdiction to look at this complaint.

I am aware that I've summarised this complaint in far less detail than the parties involved and I've done so using my own words. The purpose of my decision isn't to address every single point raised. My role is to consider the evidence presented by Mr D and SLoC, in order to reach what I think is an independent, fair and reasonable decision based on the facts of the case. In deciding what's fair and reasonable, I must consider the relevant law, regulation and best industry practice, but it is for me to decide, based on the available information I've been given, what's more likely than not to have happened. However, I hope neither Mr D or SLoC will take the fact that my findings focus on what I consider to be the central issues, and not in as much detail as they have outlined, as a discourtesy.

Whilst I appreciate that this likely isn't the outcome Mr D was hoping for, having carefully considered both sets of submissions, I'm in agreement with our Investigator's view and for largely the same reasons. As such, I won't be upholding Mr D's complaint and, whilst I'm not able to add much more than our Investigator has already set out, I'll explain why below.

The issue at the heart of this complaint is whether SLoC did enough to put Mr D in a fully informed position about his ability to shop around other providers before he committed to the annuity with SLoC. In addition, Mr D says that given his health factors at the time, SLoC failed to inform him that he might have got a better income by taking out an impaired health annuity. However, I'm of the view that SLoC did highlight Mr D's options to him and I'll explain why.

Having reviewed the literature that SLoC provided Mr D with at the time (the retirement pack dated 18 November 2009), I'm satisfied that he was placed in a fully informed position about the choices that were available to him.

- SLoC's literature explained that whilst they didn't offer annuities for consumers in poor health, there were other providers that did and that Mr D was free to take his annuity with a business that did offer that choice.
- SLoC also explained that it was important to make the right decision now because once he'd taken his annuity, it couldn't be altered later. The literature went on to explain that Mr D should speak to an independent financial adviser in his local area if he needed any assistance, because they couldn't provide any advice to him, only information.
- The retirement pack that Mr D received went on to state *"you do not have to take your annuity with SLoC. Please read the factsheets we have provided. It is very important that you read all information accompanying this quotation and that has been sent to you*

in order to best prepare yourself for retirement”.

- A leaflet about shopping around was included called ‘About the open market and other options available at retirement’. That clearly stated that Mr D did not have to take his annuity from SLoC and could shop around. In addition, a pension Q&A document was also enclosed that again confirmed the same.

SLoC provided the Financial Services Authority’s factsheet – ‘Your Pension – it’s time to choose’. That explained that he was able to shop around other providers rather than taking his income from SLoC to achieve a better income elsewhere.

SLoC isn’t a financial adviser and as such, wasn’t able to provide personalised advice to Mr D at the time. Their records demonstrate that they didn’t direct Mr D to take a particular course of action over another. SLoC’s role was to provide enough information to Mr D to allow him to make an informed choice. Their literature made it adequately clear that they weren’t able to provide annuity options that may have resulted in a higher income for him. I think the wording in SLoC’s letter was sufficient to have put Mr D on a path of discovery to at least explore other providers given the health conditions he explained he had at the time. SLoC’s letter made it clear that he wasn’t obligated to convert his pension with them into an annuity and he was able to shop around to get the best deal should he wish. SLoC’s letter also explained that if Mr D wasn’t sure which option was best for him, he should contact a financial adviser for guidance.

So, taking all of the above into account, I’ve seen nothing to persuade me that Mr D wasn’t put in a fully informed position before deciding to proceed with the annuity option he selected. SLoC’s literature makes it clear that he can shop around, explains he hasn’t been provided with financial advice, that the decision to proceed with the annuity is his alone and highlights that if he does have a health condition, he may be able to secure a higher income elsewhere. It therefore follows that I do not uphold Mr D’s complaint.

My final decision

I’m not upholding Mr D’s complaint and as such, I won’t be instructing Sun Life Assurance Company of Canada (UK) Limited to take any further action.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr D to accept or reject my decision before 12 October 2023.

Simon Fox
Ombudsman