

The complaint

Mrs T complains that Age Partnership Limited (“APL”) failed to treat her fairly when it assisted her with taking benefits from her pension savings.

What happened

Mrs T has been assisted in making this complaint by a claims management company. But in this decision, for ease, I will generally refer to all communication as having been with, and from, Mrs T herself.

Mrs T held pension savings with a provider I will call V. She engaged APL to provide her with assistance as she approached her 55th birthday with a view to using those pension savings to provide her with an additional income in the lead up to her retirement at age 60. After discussing Mrs T’s circumstances with her APL provided her with information about a fixed term annuity plan.

Mrs T agreed to proceed with the plan and APL assisted her with the application. Her pension funds were transferred from V, providing Mrs T with a pension commencement lump sum (“PCLS” – otherwise known as tax free cash) and a fixed income for the following five years. The terms of the plan did not provide for any residual maturity value.

Mrs T has complained that the plan was unsuitable for her needs, and so shouldn’t have been recommended by APL. She says that her excess weight meant that she might have benefitted from an enhanced annuity. And she says that annuity rates, and the lack of any inflation protection in the annuity, meant that it was poor value for money.

APL didn’t agree with the complaint. It said that it hadn’t provided any advice to Mrs T – just information. So it said she was responsible for the choice of how to use her pension savings. It said that it provided Mrs T with all the information she needed to make an informed decision. Mrs T didn’t accept that outcome so brought her complaint to us.

Mrs T’s complaint has been assessed by one of our investigators. He agreed with APL that the information from the time didn’t suggest that it had provided Mrs T with any advice. And he thought that the information APL had given to Mrs T was sufficient. So he didn’t think the complaint should be upheld.

Mrs T didn’t agree with that assessment. So, as the complaint hasn’t been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

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.

In deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mrs T and by APL. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

I think I first need to address the basis of the relationship between Mrs T and APL. There is no transcript or recording of the meetings that took place so I have no way of being sure about what was discussed. And I'm conscious that despite best intentions, memories can and do fade over time. So I think it reasonable that I should rely on the documentation that was produced when Mrs T dealt with APL. I'm satisfied that the documents I am relying on here were provided to Mrs T, and that she had time after any meetings to consider them at her leisure. So I think it likely that, if the contents of those documents contradicted any discussions that had been held, Mrs T might have raised the matter with APL.

APL says that it provided Mrs T with a copy of its client agreement. That set out that APL would not be providing Mrs T with advice or a recommendation about any retirement products. It told her that APL might ask her some questions to narrow down the selection of products that it would provide information on. But it told Mrs T that she would need to make her own choice about how to proceed. And that information was repeated in the report that APL provided to Mrs T about her options. That document told her that the report formed part of APL's guidance service and was not advice. It said that APL could not give her its opinion nor confirm whether a solution was suitable for her circumstances.

So on balance I am satisfied that Mrs T did not receive any regulated advice from APL, nor should she have had any expectation that advice had been given. That means it was Mrs T's responsibility to make sure the form of pension benefits she chose were suitable for her circumstances, both at that time and in the future. But APL did need to provide Mrs T with sufficient information on which to base her decision.

Mrs T initially told APL that she wanted the annuity to provide her with income for a period of six years. APL provided information to Mrs T on that basis. But later Mrs T revised that period to five years. So APL provided Mrs T with new quotations based on the income being paid to her for a shorter period. And I think that underlines the passive nature of APL's role here – it was Mrs T who set the parameters that APL used when obtaining quotations for her consideration.

APL provided Mrs T with some high-level information about the different ways in which she could take her pension benefits. Within that information it told Mrs T that she might be able to receive an enhanced annuity, based on her health and lifestyle, if she took a lifetime pension annuity. But it didn't say that similar benefits were available on shorter, fixed term annuities such as that requested by Mrs T.

Based on my experience I don't think there would have been any enhanced annuities available to Mrs T given her desire to only take the income over a five-year period, rather than for the rest of her life. I haven't seen anything that would make me think she had any reasonable expectation that she would die before the end of that period. But, in any case,

I note the fixed term annuity did provide an income guarantee should she die during the five-year period, again making an enhanced annuity being available unlikely.

APL warned Mrs T that her fixed term annuity was being set up with level payments. It told her that would mean the value of her payments would reduce over time due to inflation. It suggested that if she wished to combat that problem, Mrs T could instead purchase an Escalating Fixed Term annuity.

The quotations that APL gave to Mrs T, that had been produced by the product provider, clearly set out the cost of the fixed term annuity. And they told Mrs T what income she would receive in both annual terms, and the individual monthly payments. Mrs T accepted one of those quotations so it appears she was happy with both the cost of the annuity and the income it would provide.

I appreciate that Mrs T might now be unhappy with the decision she made in 2020 when she purchased the annuity. But I don't think she made that purchase on the basis of any advice that she received from APL. I think APL provided Mrs T with sufficient information on which she could base her decision to purchase the annuity. So I don't think APL has done anything wrong, or needs to pay any compensation to Mrs T.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against Age Partnership Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 20 October 2023.

Paul Reilly
Ombudsman