

## **The complaint**

Mr D complains that Retirement Line Limited (“RLL”) failed to treat him fairly when it assisted with his application for a fixed term annuity in 2023.

## **What happened**

Mr D held pension savings with a firm I will call H. In early 2023 he approached RLL to seek its assistance in transferring those pension savings to a firm I will call L, in order that they could be used to purchase a fixed term annuity. That plan would provide Mr D with an income for a period of ten years, before paying him a fixed maturity payment.

When Mr D first engaged RLL, it told him that it wouldn’t deduct any charges from his pension savings in payment for its services. It told him that, instead, L would pay it commission based on the value of the annuity being purchased. RLL told Mr D that its commission would be funded by L making an adjustment to the annuity rate he was offered. Later, RLL agreed to rebate £200 of the commission it would receive as an incentive for Mr D to use its services.

Mr D estimated his pension savings to be valued at £58,000. He provided RLL with his authority to contact H about the transfer of those monies. And RLL provided Mr D with a quotation from L showing the annuity income, and maturity payment, that he might receive. That quotation also showed that RLL would receive a commission payment of £1,044 for its services, being 1.8% of the transferred funds. Mr D confirmed his acceptance of that quotation.

There appears to have been some delay in completing the transfer from H to L due to problems with H applying the letter of authority that RLL had sent. The final transfer amount was a little less than the original estimate Mr D had provided. So L needed to issue a new quotation based on the lower amount. But that quotation was incorrect as L had failed to account for any commission being paid to RLL.

RLL told Mr D that an error had been made in the new quotation and told him that a revised version had been requested. When that was completed the maturity payment due to Mr D was reduced to take account of the commission that would be paid. RLL says that it made Mr D aware of the new values, and accepted the quotation on his behalf following his agreement.

I understand that Mr D has subsequently discussed the quotation with L, and it has agreed to cancel the annuity. So Mr D complains that he now still holds his pension savings as a lump sum, and is not receiving the income that he asked RLL to arrange in February 2023. RLL didn’t agree with Mr D’s complaint – it said that it had been clear from the outset about how its services would be recompensed by the pension provider. So Mr D brought his complaint to us.

Mr D's complaint has been assessed by one of our investigators. He didn't think that RLL had treated Mr D unfairly, or had failed to arrange the fixed term annuity on the basis that had been agreed. He thought that L had made an error in failing to add the commission payment to the revised quotation, and that it had been reasonable for RLL to ask for it to be amended. Although he thought that at times RLL might have communicated better with Mr D he didn't think Mr D had suffered any detriment as a result. So he didn't think Mr D's complaint should be upheld.

Mr D 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 Mr D and by RLL. 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.

Mr D's complaint points have been wide-ranging, and increased as our consideration of the problems has been underway. Given that all the matters in his complaint are underpinned by the work RLL performed to provide the annuity quotation, it seems reasonable, as RLL has agreed, that I deal with them in a single decision. But, although I have carefully considered everything Mr D has said, I won't be commenting on every aspect he has raised. I don't mean any discourtesy by that. But we are set up as a quick and informal alternative to Court proceedings and so it is more important to concentrate my findings on the key aspects of the complaint, rather than everything that has been raised.

Mr D clearly feels that he has been misled by RLL about how it would be remunerated for the work it did setting up his pension annuity. The remuneration was initially discussed with Mr D by telephone. On that call he was told that RLL wouldn't levy any charges on Mr D's pension savings for its work. Instead it told him that it would be paid for its work via commission it would receive from the pension provider that I've called L. But importantly it went on to explain to Mr D that L would fund the commission through variations to the annuity rates that it offered.

Due to the quotation error made by L, Mr D was able to clearly compare the annuity, and maturity lump sum, that he would receive, both with and without the addition of a commission payment to RLL. Adding the commission payment meant that Mr D received a lower lump sum at the end of his ten-year annuity. So he says that shows that he was funding the commission payment made to RLL from his pension savings.

I think what Mr D has said is correct – the evidence shows (albeit there might have been some movement in annuity rates between the two quotations) that providing a commission payment meant that the annuity rate he received was reduced. But I don't think that was unsurprising, or different to what RLL had told him at the outset. It told him it would receive commission from L, and that the payment would be funded through the annuity rate that was used to provide his income.

Mr D has suggested that, since he accepted the incorrect quotation, RLL should have pressed L to honour what had been issued. But I don't agree that would have been a reasonable course of action. Mr D had agreed that L should pay a commission payment to RLL, and a payment of that nature had been shown on the original quotation based on his estimate of the pension savings being transferred. So I think it right that similar commission payments should have been shown on future quotations. The quotation that failed to show the commission payment was therefore clearly in error and needed to be corrected.

But in any case, as I set out earlier, my intention in any decision where I find fault is to put a consumer back into the position they would have been had the error not occurred. Here, at most, I could only conclude that there might have been a communication failure between RLL and Mr D when the incorrect quotation was issued. At that time Mr D could have declined that quotation and dispensed with RLL's services. And that is effectively the position he now finds himself in. L agreed to the cancellation of his annuity, and so Mr D retains his pension savings and can decide how to use them. And RLL hasn't received any commission for its work. So even if there had been a failure in the communication I cannot agree that it has caused Mr D to lose out.

I've looked at the other issues that Mr D has raised. I find that those issues are very much secondary to the part of the complaint I have dealt with above. They do underline Mr D's great dissatisfaction with the service he received from RLL, and his suspicion that the firm has failed to treat him honestly and fairly. But, as I will now go on to explain, like our investigator I don't think any other problems have caused Mr D to lose out either.

Mr D is unhappy that RLL failed to specifically make him aware that his pension annuity would be provided under a trust arrangement, and that L would be the trustee. He says that he only found out that information when the plan documentation was sent to him.

In my experience the arrangement that Mr D has described, and that applied to his annuity plan, is common across the industry. So I can understand why RLL might not have thought it important to specifically draw that information to Mr D's attention. But had it done so, and that had caused Mr D to decide not to proceed with his annuity purchase, I fail to see that his situation would have been different from where he now finds himself. As I explained above, Mr D's annuity purchase has been cancelled and the pension savings remain as they were previously, available for him to use as he now thinks appropriate.

When Mr D first contacted RLL he spoke with one of its agents who worked to understand the basis on which Mr D wanted the annuity to be paid. She explained to Mr D that he would later be allocated a customer relationship consultant ("CRC"). That person would then work with Mr D and the annuity provider to ensure all the necessary paperwork was completed and the annuity was put into payment.

That is exactly what happened here. Mr D appears to have been concerned that the CRC hadn't been properly introduced to him, and so the contact might be fraudulent. In the current climate that is an entirely reasonable concern to hold. But it does seem that Mr D was quickly able to establish the veracity of the contact, and proceed with his annuity purchase. Whilst Mr D might have been slightly inconvenienced I cannot see that RLL's actions should lead me to consider this part of the complaint should be upheld.

I appreciate that my decision will be disappointing for Mr D, particularly since he hasn't yet used his pension savings to purchase the annuity that he sought. But I don't think he has lost out as a result of anything that RLL has done wrong. The annuity quotation that was ultimately used as the basis of Mr D's purchase was in line with his agreement with RLL. The firm didn't take any direct charges from Mr D's pension savings for its work as it had agreed. And although Mr D feels that the communication from RLL might have been better, I've not been persuaded that better communication would have caused him to be in a different position to that he is now in.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 25 October 2023.

Paul Reilly  
**Ombudsman**