

Ombudsman's Determination

Applicant	Mr E
Scheme	Legal & General Annuity Policy (the Policy)
Respondents	Legal & General Assurance Society (L&G) ReAssure Limited (ReAssure)

Outcome

1. I do not uphold Mr E's complaint and no further action is required by L&G or ReAssure.

Complaint summary

2. Mr E's complaint concerns the delay in setting up his annuity which resulted in him receiving his first payment later than he had been advised he would. He is also unhappy that the Policy was transferred to ReAssure and then transferred back to L&G around the time that payment was due to start.
3. Mr E would like to be paid redress for any loss of pension benefits together with a payment for the distress and inconvenience he has suffered.

Background information, including submissions from the parties and timeline of events

4. The sequence of events is not in dispute, so I have only set out the salient points. I acknowledge there were other exchanges of information between all the parties.
5. In my Determination, I have focused on the delay in setting up Mr E's annuity and the transfer of the Policy between L&G and ReAssure. I have not documented the events relating to a number of other items that Mr E complained about at the time. These items were not part of his complaint to my office.
6. Mr E established the Policy with L&G.
7. On 2 July 2020, L&G sent Mr E an option request form in relation to his benefits in the Policy, together with a benefit illustration. Mr E completed and returned the form. L&G received it on 16 July 2020.

8. On 17 July 2020, L&G confirmed to Mr E that his annuity would be payable from his selected retirement date (**SRD**). It advised that he would receive his first annuity payment 15 to 20 working days later.
9. On 27 August 2020, Mr E reached his SRD.
10. On 7 September 2020, the transfer of L&G's mature savings business to ReAssure completed. As the Policy had not been disinvested, it was included in the transfer. L&G was ReAssure's preferred annuity provider.
11. On 18 September 2020, Mr E telephoned ReAssure to request an update on the payment of his annuity.
12. On 23 September 2020, L&G requested Mr E's funds from ReAssure so that it could set up his annuity. The funds were received on 28 September 2020 and cleared the next day.
13. On 30 September 2020, ReAssure telephoned Mr E to explain that L&G was responsible for setting up his annuity.
14. On the same day, Mr E wrote to both L&G and ReAssure to raise complaints concerning the delay in setting up his annuity. He said that he had missed out on approximately £480 of income which he had budgeted to receive on time. He advised that this had caused him financial issues.
15. On 2 October 2020, L&G contacted ReAssure to request the additional funds that it needed to pay Mr E's guaranteed minimum pension. These funds were received on 6 October 2020.
16. On 10 October 2020, ReAssure wrote to Mr E to confirm that it had paid £74,349.22 to L&G to purchase his annuity.
17. On 12 October 2020, ReAssure responded to Mr E's complaint. In summary, it said:-
 - L&G had issued Mr E with details of the monthly annuity payments he would receive, and payment would be backdated to 27 August 2020.
 - The first annuity payment should have been made on 25 September 2020. It asked Mr E to send it evidence of any charges he had incurred due to the payment not being made on time.
 - It was sending £100 to his bank account. This was in respect of interest resulting from the late payment of his annuity and a payment in respect of any inconvenience caused by the delay.
18. On 15 October 2020, Mr E emailed L&G a copy of the complaint that he had originally sent to it on 30 September 2020. In addition:-
 - He queried whose decision it had been to not inform policy holders that a mistake had been made in transferring their policies to ReAssure.

- He asked who discovered this error and when.
 - He said that the error in transferring the Policy to ReAssure had demonstrated that L&G did not have the correct procedures in place.
 - He asked if any authorities had been informed of this situation.
 - He referred to his name having been incorrect on a letter L&G had sent him and a return envelope it had advised was enclosed not being provided.
19. On 19 October 2020, ReAssure wrote to Mr E in response to a telephone call on 16 October 2020 concerning his complaint. In summary, it said:-
- Mr E's funds had been transferred to L&G who was putting his annuity into payment. Going forward, L&G would be responsible for the administration of his annuity.
 - ReAssure had purchased all mature savings policies from L&G. Whether the Policy was terminated at the start of September 2020 or active, the Policy records would have been transferred to ReAssure.
 - L&G had written to affected customers in July and August 2019 to tell them about the transfer. They were told how they could submit any objections.
20. On 20 October 2020, the first instalment of Mr E's annuity was paid into his bank account. This was for the months of August and September 2020.
21. On 27 October 2020, a further payment was made into Mr E's bank account for the month of October 2020.
22. On 30 December 2020, Mr E emailed L&G to ask for a response to his complaint of 30 September 2020 and his email of 15 October 2020.
23. On 6 January 2021, L&G responded. It said it would reply to Mr E's complaint as quickly as it could and referred to the exceptional circumstances of operating during the Covid outbreak.
24. On 13 January 2021, L&G sent Mr E its response to his complaint. In summary it said:-
- His letter of 30 September 2020 and email of 15 October 2020 had been passed to ReAssure as the terms of the transfer meant ReAssure was responsible for dealing with the complaint.
 - It had paid £100 into Mr E's bank account. It advised this was in recognition of his name being incorrect on a letter it had sent him and a return envelope it had said was enclosed not being provided. The payment was not in respect of any delay in the payment of the annuity, as this had been addressed by ReAssure with the payment of £100 in respect of lost interest and distress and inconvenience suffered by Mr E (see paragraph 17 above).

25. Mr E made the following additional submissions:-

- His personal details should not have been sent to ReAssure as this was a breach of the data protection regulations. It was unacceptable that ReAssure would now keep the information for at least six years.
- He questioned whether the £100 already paid to him by L&G was adequate given he had budgeted for receipt of £477.18 on time. Also, L&G had made no attempt to contact him to explain the reason for the delay in paying his annuity.

26. L&G made the following additional submissions:-

- It had been correct in sending Mr E's personal details to ReAssure. At the time of the transfer, the process of setting up Mr E's annuity had not been completed. So, he was still a pensions customer and the Policy was therefore included in the transfer. Payment of the annuity had been referred back to L&G as it was ReAssure's preferred annuity provider. Its privacy policy states:

“Additionally, we may disclose your personal information to third parties:

In the event that we sell or buy any business or assets, in which case we'll disclose your personal data to the prospective seller or buyer of such business or assets.”

- Mr E had not missed out on any pension income. The £480 figure he quoted was received by him on 20 October 2020 when the first instalment of his annuity was paid.

Adjudicator's Opinion

27. Mr E's complaint was considered by one of our Adjudicators who concluded that no further action was required by L&G or ReAssure. The Adjudicator's findings are summarised below:-

- Mr E was due to be paid an annuity from his SRD of 27 August 2020. He had been notified by L&G in July 2020 that he would receive his first annuity payment within 15 to 20 working days of his SRD. So, it was reasonable for Mr E to consider that the first payment would be made by 25 September 2020.
- In fact, Mr E did not receive the first instalment of his annuity until 20 October 2020.
- ReAssure had paid Mr E a sum of £100 which included interest in relation to the late payment of his annuity. It also gave him the opportunity to provide evidence of any additional costs he had incurred as a result of the delay and no such evidence was provided. In the Adjudicator's opinion, Mr E had been adequately compensated for the financial loss he suffered due to the delay.

- The Adjudicator also reviewed any non-financial injustice that Mr E had suffered. The Adjudicator acknowledged that, between 25 September and 20 October 2020, Mr E would have been uncertain when he would receive his first annuity instalment.
 - In looking at this, the Adjudicator took into account the relatively short period of uncertainty. He took the view that, while some poor administration had taken place, this did not amount to maladministration. In the Adjudicator's view, the award offered was sufficient in the circumstances.
 - Mr E had questioned whether it was necessary for the Policy to be transferred to ReAssure and then back to L&G. When part of a business is purchased by another provider, it is necessary for the personal details of those whose policies were included in the transfer to be passed across. The Adjudicator was satisfied that, as Mr E's benefits had not been settled at the time of the transfer, it would have been necessary for his personal details to be sent to ReAssure as part of the transfer.
 - In relation to the transfer back to L&G, not all providers set up annuities themselves. Some have preferred annuity providers that they partner with to ensure that, where appropriate, annuities for their policy holders are put in place. In the case of Mr E, ReAssure's annuity provider of choice was L&G and so it asked L&G to set up his annuity. It was a coincidence that the Policy had originally been with L&G and ReAssure's preferred annuity provider was also L&G.
 - In the Adjudicator's opinion, there was nothing of concern in relation to the transfer of the Policy to ReAssure and the subsequent setting up of Mr E's annuity with L&G.
28. Mr E did not accept the Adjudicator's Opinion and the complaint was passed to me to consider.
29. Mr E provided some further comments in response to the Opinion. In summary he said:-
- The Adjudicator had referred to the relatively short period of the delay in setting up his first annuity payment. However, during the delay, he had not been notified when the first payment would be made. Without this information, he had to assume it would be months before he received it.
 - He was surprised that the financial authorities allowed L&G to be ReAssure's preferred annuity provider when L&G had sold the Policy to ReAssure. He said that this sounded unethical and questioned whether it was done to cover up their mistake.
30. I have considered the additional points raised by Mr E, however they do not change the outcome, I agree with the Adjudicator's Opinion.

Ombudsman's decision

31. Mr E has complained about the delay in setting up his annuity which he says had an adverse impact on his budgeting.
32. Mr E would have had an expectation of when he would receive his first annuity payment based on information he had been provided by L&G. However, there was a delay of just over three weeks before the payment was made.
33. Mr E said that, during this period, he had no indication of when the payment would be made. He had assumed that it could be months before it would be received.
34. I acknowledge that this would have been a cause of frustration and uncertainty for Mr E and would have had an impact on any financial planning he was undertaking. However, I find that it was not a lengthy delay and does not amount to significant maladministration on the part of either L&G or ReAssure.
35. I note that Mr E was paid £100 by ReAssure. I find that this is adequate redress for any loss of interest as a result of the delay and any distress and inconvenience he suffered.
36. Mr E has questioned the roles that L&G and ReAssure played in administering the Policy and queried whether such an arrangement was ethical. The initial transfer of responsibility for the Policy from L&G to ReAssure was a commercial transaction under which ReAssure had purchased all of L&G's mature savings policies. Such sales and purchases are common within the insurance industry.
37. There is also nothing unusual about ReAssure having a preferred annuity provider with which it arranged for an annuity to be put in place to pay Mr E's pension. The fact that its preferred annuity provider was L&G is not a matter for concern and there is no conflict of interest in this arrangement.
38. Furthermore, both the sale and the preferred annuity provider arrangement impact a large number of policies. Neither would have been put in place as a way of covering up any mistakes that Mr E believes that L&G or ReAssure made in administering the Policy.
39. I do not uphold Mr E's complaint.

Anthony Arter CBE

Deputy Pensions Ombudsman

15 May 2023