

Ombudsman's Determination

Applicant	Mr T
Scheme	Zurich Executive Pension Plan (the Plan)
Respondent	Zurich Assurance Limited (Zurich)

Outcome

1. I do not uphold Mr T's complaint and no further action is required by Zurich.
2. My reasons for reaching this decision are explained in more detail below.

Complaint summary

3. Mr T's complaint against Zurich is that he was not able to purchase an annuity before it withdrew from the annuity market. Mr T accepts that it is no longer possible for him to have an annuity with Zurich, but that due to Zurich's failings, by the time he had secured an annuity with another provider, his fund value had decreased.

Background information, including submissions from the parties

4. On 12 October 2017, Mr T contacted Zurich to start his annuity claim. Mr T intended to take a 25% tax-free cash lump sum and purchase an annuity with the remainder of the Plan's funds. Mr T's previous employer, which provided the Plan, was McAulay Edwards Limited, now Solae UK Limited (**Solae**). Solae was required to sign the required paperwork for the claim to be completed.
5. On 24 November 2017, Zurich received Mr T's application forms to claim an annuity. However, it was missing the employer's and Trustee's signatures on the claim and the "SR6 Resolution" form.
6. On 28 November 2017, Zurich wrote to Solae and said it would only be able to proceed with Mr T's claims if the claim forms were signed by Solae and the Trustees of the Plan. A copy of this letter was also sent to Mr T.
7. On 30 January 2018, Mr T called Zurich to check on the progress of his application. He was told that, since he had started his claim, Zurich had decided to withdraw from the annuity market; and, that if he still intended taking out an annuity, he could use

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the HUB referral service for independent advice about choosing an alternative provider.

8. On 1 February 2018, Zurich actually withdrew from the annuity market.
9. On 2 February 2018, Mr T contacted Zurich again to check whether it would still be possible for him to take out an annuity with it. Zurich reiterated that it had withdrawn from the annuity market. At this point in time, the value of the Plan was £78,392.55.
10. On 13 February 2018, Zurich received the completed paperwork from Solae after Mr T had contacted Solae directly. However, as Mr T could no longer take an annuity with Zurich, he decided to transfer his pension funds to another arrangement.
11. On 28 March 2018, Mr T transferred the Plan to Legal and General. The amount transferred was £76,635.75.
12. On 14 May 2018, Mr T complained to Zurich. He said that due to the amount of time it had taken Zurich to process his annuity claim, the Plan's fund value had decreased by around £3,000. He said this was due to Zurich's "negligence, lack of information and total inefficacy".
13. On 14 June 2018, Zurich sent Mr T its final response letter. It did not uphold his complaint. Zurich said that the delay in claiming an annuity before it withdrew from the market was due to Solae not returning the Trustee and employer claim forms in the required time period. It also said that it was not required to inform its customers that it was withdrawing from the annuity market.
14. Subsequently, Mr T brought his complaint to this Office. He said the first time he was aware that Solae was dealing with his pension was when he received paperwork with Solae named on it, as he was unaware that his previous employer had changed names. He assumed that, after not hearing from Zurich, it was contacting Solae directly, however when he contacted Zurich on 30 January he was made aware that it had heard nothing from Solae. Mr T contacted the required department at Solae, which managed to complete and return the claim forms immediately. He said Zurich should have chased Solae for a response after Solae did not respond to its first letter of 28 November 2017. He also said that Zurich should have made him aware that it was withdrawing from the annuity market, and that the amount of time he had to purchase an annuity with it was therefore limited; had it so informed him, he would have chased Solae sooner.

Adjudicator's Opinion

15. Mr T's complaint was considered by one of our Adjudicators, who concluded that no further action was required by Zurich. The Adjudicator's findings are summarised briefly below:-

- Zurich required Solae to complete and return the claim forms so the annuity could be purchased. The letter sent to Solae by Zurich on 28 November 2017 was addressed correctly, so it was not at fault here.
 - It was not until 13 February 2018 that the claim forms were returned to Zurich by Solae, which was after Zurich stopped offering annuities.
 - It could be argued that Zurich should have chased Solae for a response, but there was no requirement for it to do so. In addition, there was no guarantee that, had Zurich chased Solae, Solae would have responded before Zurich withdrew from the annuity market, given that it did not respond the first time.
 - The Adjudicator accepted that it would have been helpful if Zurich had made Mr T aware that it was withdrawing from the annuity market on 1 February 2018, and that he therefore had limited time in which to purchase an annuity with it. However, there was no requirement for it to do so.
16. Mr T did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr T provided his further comments which do not change the outcome. I agree with the Adjudicator's Opinion and I will therefore only respond to the key points made by Mr T for completeness, which are set out below:-
- Mr T believes has been treated unfairly, and Zurich should have given him advanced warning that it was going to withdraw from the annuity market. He says that had he known, he would have transferred sooner and found another annuity provider, thus securing an annuity with a higher fund value.
 - He is sure that most companies would honour a customer being able to purchase an annuity if the application had been submitted in time, so he does not know why Zurich did not.
 - Zurich withdrew from the annuity market on 1 February 2018 but did not confirm this until 15 February 2018.
 - The lack of communication between Zurich and Solae does not constitute an excuse for Zurich's shortcomings.

Ombudsman's decision

17. Mr T has argued that Zurich ought to have informed him sooner that it was going to withdraw from the annuity market on 1 February 2018. I do not doubt that Mr T would have acted sooner and chased Solae so that the claim forms could be submitted before the deadline. But there was no requirement for Zurich to do so. Withdrawing from the annuity maker was a commercial decision which Zurich was under no obligation to inform its customers of beforehand.
18. I do not find that Zurich is at fault for the claim forms not being returned by Solae before 1 February 2018. Zurich followed the correct process by writing to Solae on 28

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November 2017, requesting that it sign the claim forms, and these were sent to the correct address, providing Solae with sufficient time to respond before 1 February 2018. I cannot hold Zurich responsible for the fact that they did not do so.

19. I appreciate that Mr T's fund value had decreased by the time he was able to purchase an annuity with Legal & General. However, overall, I do not find that Zurich was at fault for the time it took for an annuity to be purchased, or for the decrease in the value of Mr T's benefits prior to his transferring them.
20. Therefore, I do not uphold Mr T's complaint.

Karen Johnston

Deputy Pensions Ombudsman
29 March 2019