

Ombudsman's Determination

Applicant	Mr M
Scheme	The Suffolk Life MasterSIPP (the SIPP)
Respondent	Curtis Banks Pensions (CBP)

Outcome

1. I do not uphold Mr M's complaint and no further action is required by CBP.

Complaint summary

2. Mr M's complaint concerns CBP's removal of a fee discount that he was granted when his benefits in the European Pensions Management Scheme (**the Scheme**) were transferred into the SIPP.
3. Mr M said that the fee discount should be honoured as it was stated as being a 'permanent' discount when it was offered to him.

Background information, including submissions from the parties

4. Mr M was a member of the Scheme.
5. On 21 June 2016, European Pensions Management Limited entered into special administration. Suffolk Life took over responsibility for the operation and trusteeship of the Scheme.
6. On 9 November 2016, Suffolk Life wrote to Mr M to notify him that it would be winding up the Scheme with effect from 5 December 2016. It said that his benefits would be transferred to the SIPP.
7. Under a heading of 'Our charges', the letter of 9 November 2016 stated that:

"The Suffolk Life MasterSIPP annual administration fee for 2016 is £545+VAT. We will apply a permanent discount of £375 to our annual administration fee. This reduces your initial annual administration fee to £170+VAT."
8. On 23 February 2017, Suffolk Life wrote to Mr M confirming that his SIPP had been set up and it was arranging the transfer of his assets. Under a heading of 'Suffolk Life fee increases' it said:

“When we wrote to you in November 2016, we told you that we would apply a permanent discount of £375 to our annual administration fee. This would reduce the annual administration fee for 2016 from £545+VAT to £170+VAT.

We review our fees each year and our standard annual administration fee for 2017 has increased to £555+VAT. However, we will not apply this increase to your plan for 2017. From 2018, your permanent discount of £375 will apply to our standard annual administration fee for that year.”

9. Suffolk Life also provided Mr M with a membership schedule which stated:

“A permanent discount of £375 from the standard Annual Administration fee shown on the Schedule of Fees will apply. This fee is subject to VAT.”

10. In 2017, Suffolk Life became part of the Curtis Banks Group.

11. On 27 August 2019, CBP wrote to Mr M to notify him that his fee discount was being removed. It stated that:-

- Mr M had originally been offered a fee discount in order to match the annual administration fee that he had paid previously, when he was a member of the Scheme.
- The cost of administering SIPPs was increasing and it had made a number of improvements to its SIPP range, which meant that it was no longer able to offer the discount.
- It had reviewed its fees to better ensure that clients only paid for the services that they used. These fees more accurately represented the services delivered.
- A switch to its latest offering, ‘Your Future SIPP’, may offer better value for Mr M.
- It was prepared to waive its transfer out fees, should Mr M decide that he wished to opt for a transfer.

12. On 13 September 2019, Mr M complained to CBP about the removal of his fee discount. In his email he stressed the meaning of the word ‘permanent’.

13. On 25 September 2019, CBP responded to Mr M’s complaint of 13 September 2019. It repeated some of the points made in its letter of 27 August 2019 and said:-

- The cost of administering SIPPs had increased significantly. Where this was the case, under its terms and conditions, it was allowed to make wider changes to its fee structure, provided that 30 days’ notice was given.
- The intention, at the time that it was offered, was for Mr M’s fee discount to apply for the lifecycle of the SIPP. However, it was no longer able to offer the discount.
- The term ‘permanent’ does not necessarily mean forever.

14. On 4 October 2019, Mr M confirmed to CBP that he remained unhappy about the removal of his fee discount. A possible switch to 'Your Future SIPP' was discussed.
15. On 17 October 2019, CBP wrote to Mr M in response to his communication of 4 October 2019. It stated that:-
 - It would not be honouring his fee discount.
 - Mr M was not currently able to switch his assets to 'Your Future SIPP' due to the fact that he held two Fixed Term Bank Accounts within his policy.
 - The letter went on to discuss other investment opportunities for Mr M to consider.
16. The SIPP is governed by legislation and its terms and conditions (**the T&Cs**). The relevant extract of the T&Cs is quoted in the Appendix.

Adjudicator's Opinion

17. Mr M's complaint was considered by one of our Adjudicators who concluded that no further action was required by CBP. The Adjudicator's findings are summarised below:-
 - The Adjudicator acknowledged that the use of the word 'permanent' was unfortunate as it did suggest that the discount would be present for the lifetime of the SIPP. However, the Adjudicator was of the opinion that it was not enough to guarantee this. He was of the view that it was the T&Cs that needed to be considered when looking at whether CBP was permitted to remove Mr M's fee discount.
 - The Adjudicator noted that Section 25.2 of the T&Cs detailed the circumstances under which CBP was permitted to make changes. These circumstances included a proportionate response to legitimate cost increases and where it had other valid reasons to do so.
 - The Adjudicator noted that CBP gave Mr M more than 30 days' written notice of the change, as required under section 25.3 of the T&Cs. In addition, the Adjudicator was of the opinion that the reasons given by CBP for removing Mr M's fee discount could not be considered to be disproportionate or invalid. He noted that it was adjusting Mr M's fees so that the fees were at the same level as its other customers with similar investments.
 - Given these facts, the Adjudicator was satisfied that CBP was permitted, under section 25 of the T&Cs, to remove Mr M's fee discount.
18. Mr M did not accept the Adjudicator's Opinion and the complaint was passed to me to consider.
19. Mr M provided his further comments which do not change the outcome. He said that:-

- He did not agree that permanent does not mean forever.
- He did not agree that the T&Cs can change the meaning of a word listed in the Oxford dictionary.

20. I agree with the Adjudicator's Opinion and note the additional points raised by Mr M.

Ombudsman's decision

21. Mr M's complaint relates to CBP's removal of a fee discount from his SIPP that had been stated as being 'permanent' when his benefits in the Scheme were transferred into it.
22. The information first given to Mr M in November 2016 was provided in good faith by Suffolk Life. I have no reason to doubt that it was its intention, at that time, that the fee discount would apply for the lifetime of the SIPP.
23. CBP has provided the 30 days' written notice of the change in Mr D's fees that it was required to provide under the T&Cs.
24. I am satisfied that the fee change made by CBP can be justified in terms of the criteria that permit such a change, as set out in the T&Cs. In particular, the change was to bring the fees paid by Mr M into line with those paid by members with similar investment profiles. As such, CBP can be considered as having a valid reason to make the change.
25. I do not agree with Mr M's comment that the meaning of the word 'permanent' is being changed by the T&Cs. I find that the T&Cs do, however, take precedence over the information that was provided to Mr M at the time when he transferred his Scheme benefits into the SIPP.
26. For these reasons, I find that CBP was within its right to make the fee change.
27. As referred to in section 25.4 of the T&Cs, CBP offered to waive its transfer out fees should Mr M have wished to consider this option. CBP has confirmed that this offer is still available as long as Mr M returns completed discharge forms or it receives an electronic transfer request, through the Origo platform, by 10 June 2021.
28. I do not uphold Mr M's complaint.

Anthony Arter

CAS-42040-W3P6

Pensions Ombudsman

21 May 2021

Appendix

Extract from the Suffolk Life MasterSIPP – Terms and Conditions

Section 25 – Variation and termination

25.1 These terms will apply until:

- a. you cease to be a member of the scheme with a Suffolk Life MasterSIPP;
or
- b. we amend these terms.

25.2 We may amend these terms by written notice to you for any of the following reasons:

- a. to reflect in our reasonable opinion a proportionate response to:
 - i. changes in general law or decisions of the Financial Ombudsman Service or the Pensions Ombudsman or the Financial Services Compensation Scheme;
 - ii. a court order or decision affecting the terms;
 - iii. legitimate cost increases or reductions associated with providing the scheme and your SIPP.
- b. to meet regulatory requirements;
- c. to reflect new industry guidance and codes of practice which raise standards of consumer protection;
- d. to reflect a change in our corporate structure that doesn't have an unfavourable impact on your SIPP but which does require us to make certain changes to the terms;
- e. to provide for the introduction of new or improved systems, methods of operation, services or facilities associated with providing the Suffolk Life MasterSIPP;
- f. to correct any mistake in the terms, provided the correction does not reduce any rights you have as a result of the mistake; or
- g. where we have any other valid reason for doing so.

25.3 Where these terms are to be amended under paragraph 25.2 we will give you as much notice as is reasonably possible in the circumstances, which will generally be at least 30 days' written notice.

25.4 If the change we make under paragraph 25.2(g) has a significant unfavourable effect on your rights under your SIPP and you do not accept the changes, we will waive our transfer out fees provided you return a completed discharge form within 3

months of receiving notice of the amended term. You will be responsible for any other costs.

- 25.5 Where these terms are amended, we may notify you where the revised terms can be accessed via our website. Paper copies of the terms will be available on request. We may notify you by email where we have your authority to do so.
- 25.6 We may after giving you at least six months' prior written notice, require you to transfer the investments and cash held in respect of your SIPP net of any liabilities (less the amount required to satisfy all charges due to us and all costs chargeable to your SIPP) to another registered pension scheme chosen by you. Investment transactions already initiated by us will be completed. We will not charge you any fee or any costs in respect of this transfer.
- 25.7 We may ask you to transfer your SIPP in accordance with the provisions of paragraph 25.6 for reasons including but not limited to the following;
- a. changes in legislation;
 - b. where the scheme becomes too expensive for us to operate;
 - c. if we make an alternative scheme available that provides the same benefit; or
 - d. if the registration of the scheme is removed by HMRC.

We also reserve the right to ask you to transfer your SIPP in accordance with paragraph 25.6 in those cases whereby in our reasonable opinion your behaviour is deemed inappropriate or unreasonable, including but not limited to abuse, offensive and/or threatening language or action.

- 25.8 If you fail to comply with the requirements made under the above paragraph 25.6, we may treat you as having instructed us in writing to encash the whole of your SIPP and to transfer the cash proceeds (less the amount required to satisfy all charges due to us, all costs chargeable to your SIPP and all liabilities of your SIPP) to such other registered pension scheme as we in our discretion may choose and you authorise us to execute any documentation on your behalf necessary to do so.
- 25.9 We and Suffolk Life Annuities may amend terms in respect of your property SIF by written notice to you. Paragraph 25 shall be read as if references to your SIPP are references to your property SIF and references to 'we', 'us' and 'our' include Suffolk Life Annuities.