

Ombudsman's Determination

Applicant	Mr R
Scheme	City Private Pension Self-Invested Personal Pension (CPP SIPP)
Respondent	Mattioli Woods PLC (Mattioli Woods)

Outcome

1. I do not uphold Mr R's complaint and no further action is required by Mattioli Woods.

Complaint summary

2. Mr R has complained that Mattioli Woods did not make him aware of its high fees for administering his account in the CPP SIPP. He submits that the illustration he received before setting up his account did not state how much the fees would be, and other fee documents lacked transparency.
3. He asked to receive an award for Mattioli Woods' poor behaviour, and for his fees to be reduced. He also wanted a review conducted of Mattioli Woods' actions.

Background information, including submissions from the parties

4. Mr R was a member of the Freedom Self-Invested Personal Pension (**the Freedom SIPP**). The operator of the Freedom SIPP was The Freedom SIPP Limited (**Freedom Limited**).
5. On 11 September 2008, the Freedom SIPP was closed to new business, and on 14 October 2009, Freedom Limited entered liquidation.
6. On 24 October 2017, Mattioli Woods wrote to Mr R and made the following points:-
 - It was working with PricewaterhouseCoopers (**PwC**) and the Financial Conduct Authority (**FCA**) in the wind-up of the Freedom SIPP.
 - His assets in the Freedom SIPP were registered jointly to him as a member trustee, and Quarters Trustees Limited (**Quarters**), the corporate trustee. Mattioli Woods Trustees Limited had power of attorney to execute documents on behalf of Quarters.

- He needed to close his account in the Freedom SIPP and set up a new pension scheme with an alternative provider. He was given the option to open the new pension scheme with Mattioli Woods.
 - It suggested he obtain advice from an Independent Financial Adviser (**IFA**) and offered its own advisory service.
 - It asked what course of action he wanted to take.
7. In December 2017, Mattioli Woods published a fee menu document titled “City Trustees SIPP – our standard fees” (**the 2017 Fees Document**).
8. A summary of the fees in the 2017 Fees Document is set out below:
- SIPP establishment fee: £270;
 - core administration fee: £450;
 - multiple or bespoke assets fee: £420;
 - property: £460;
 - non-standard investment: £520;
 - third-party loan: £260; and
 - payroll: £180.
9. In the notes of the 2017 Fees Document:-
- Section 10 stated: “Fees will increase annually on 1st June in line with the rise in RPI (Retail Prices Index) (rounded to the nearest £10) over the previous calendar year.”
 - Section 11 stated: “Mattioli Woods plc reserves the right to amend the terms and conditions of this agreement and increase the level of charges and fees above the level of any stated increase rate provided that a written statement to this effect has been sent to the client one month prior to the increase.”
10. On 15 January 2018, Mattioli Woods wrote to Mr R. It said that PwC intended to wind up the Freedom SIPP by 12 February 2018, so he needed to set up a new pension scheme by that date. It asked what course of action he intended to take.
11. On 19 February 2018, Mattioli Woods wrote to Mr R. The letter was headed “immediate action required” and made the following points:-
- PwC had said that any outstanding pension transfers needed to be completed by 31 May 2018.

- It requested Mr R to close his account in the Freedom SIPP and transfer his asset to a new pension scheme, otherwise he would lose tax exemptions. Also, control of his asset would be passed back to Quarters.
 - It recommended he obtain advice from an IFA.
 - It asked for a response by 5 March 2018.
12. Mr R appointed Kingdom Investments (**KI**) as his IFA, and he chose to transfer his assets from the Freedom SIPP to the CPP SIPP (**the Transfer**). Mattioli Woods is the administrator of the CPP SIPP, and City Trustees Limited is the corporate trustee.
 13. On 27 February 2018, Mattioli Woods emailed Mr R and said that it would provide him with the necessary documents to set up an account in the CPP SIPP. On the same date, Mr R emailed Mattioli Woods and said that he believed KI was organising the documents.
 14. On 2 March 2018, Mattioli Woods prepared a pension fund illustration for Mr R's bespoke SIPP (**the Illustration**). It confirmed that the annual product fee was £1,044, and the annual fee for holding unquoted shares was £624, inclusive of VAT. It also showed how the fees could affect the value of Mr R's pension fund each year to age 75.
 15. On 14 March 2018, Mattioli Woods chased Mr R to return the signed documents. On the same date, Mr R replied and said that KI would return them.
 16. On 21 March 2018, Mr R emailed KI to ask for copies of the signed documents.
 17. On 22 March 2018, Mattioli Woods emailed Mr R and attached copies of the signed documents. It said that the CPP SIPP would be set up once it had received confirmation that Mr R's asset in the Freedom SIPP, a holding in the Tilly Masterson Exempt Unit Trust 4 (**the TM Unit Trust**), could be transferred.
 18. The documents attached to the email were as follows:-
 - Mr R's deed of appointment as trustee of the Colin Archer – CPP, which formed part of the CPP SIPP. This was signed by Mr R but was undated.
 - An application form to open a bespoke account in the CPP SIPP (**the CPP Application Form**).
 - An application form to instruct the Transfer (**the Transfer Application Form**).
 - An application form to open a pension account (**the Bank Account**) with Bank of Scotland.
 19. The Transfer Application Form confirmed that Mr R had received financial advice.
 20. All three Application Forms were signed by Mr R and KI on 8 March 2018.

21. Mr R stated the following in the CPP Application Form:-

- Section A – Product choice. He was applying for a bespoke Self-Invested Personal Pension (**SIPP**).
- Section D – Financial advice. He had received financial advice which confirmed that a SIPP was suitable for him.
- Section E – Key features illustration. He had received the Illustration.
- Section H – Transferring scheme details. He wanted to transfer an existing pension holding into the CPP SIPP.
- Section I – Investment details . He wanted to use the CPP SIPP to purchase a non-standard asset.

22. The following statements were included in the general declaration and agreements section of the CPP Application Form:

“I hereby apply to become a member of the scheme and agree to be bound by the rules.”

“I hereby declare that I have read the terms and conditions of the scheme and agree to be bound by them.”

“I agree to the fees charged by the operator for the administration of my plan as published and amended from time to time.”

23. On 14 May 2018, Mattioli Woods emailed Mr R a stock transfer form for transferring his holding in the TM Unit Trust and asked him to sign it. It attached a letter from R&B Business Consultants, which confirmed the value of his holding in the TM Unit Trust was nil as at 31 March 2016. Mattioli Woods also attached an invoice for £2,021.93 plus VAT for the work it had carried out to date.

24. On 30 May 2018, Mr R signed a form to close the Bank of Scotland account for the Freedom SIPP. It was emailed to Mattioli Woods on 5 June 2018.

25. An account in the CPP SIPP was opened for Mr R, and his holding in the TM Unit Trust was transferred to it.

26. In June 2018, Mattioli Woods published a fee menu document titled “SIPP Standard Fees” (**the 2018 Fees Document**).

27. A summary of the fees in the 2018 Fees Document is set out below:

- SIPP establishment fee: £280;
- core administration fee: £470;
- multiple or bespoke assets fee: £430;

- property: £480;
 - non-standard investment: £540;
 - third-party loan: £270;
 - payroll: £190; and
 - pooled: £320.
28. Sections 10 and 11 in the notes of the 2018 Fees Document were the same as those in the 2017 Fees Document.
29. On 1 May 2019, Mattioli Woods sent an invoice to Mr R (**the 2019 Invoice**). It did not state the period it covered. The amounts before VAT were as follows:
- SIPP establishment fee: £280;
 - core administration fee: £470;
 - multiple or bespoke assets fee: £430; and
 - non-standard investment administration fee: £540.
30. As there were insufficient funds in the Bank Account to pay the 2019 Invoice in full, on 20 June 2019, a part payment of £1,339.03 was made from the Bank Account to Mattioli Woods, leaving an outstanding balance against the 2019 Invoice.
31. On 24 March 2020, Mattioli Woods sent an invoice to Mr R for the period 1 April 2020 to 31 March 2021 (**the 2020 Invoice**). The amounts before VAT were as follows:
- annual core administration fee: £480;
 - annual multiple or bespoke assets fee: £440; and
 - annual non-standard investment administration fee: £560.
32. In January 2021, Mattioli Woods published a fee menu document titled “SIPP Standard Fees” (**the 2021 Fees Document**).
33. A summary of the fees in the 2021 Fees Document is set out below:
- SIPP establishment fee: £290;
 - core administration fee: £480;
 - multiple or bespoke assets fee: £440;
 - property: £990 for the first property plus £550 per additional property;
 - non-standard investment: £1,000 for the first holding plus £560 per additional holding;

- third-party loan: £1,000 for the first loan plus £560 per additional loan;
 - payroll: £200; and
 - pooled: £330.
34. Sections 10 and 11 in the notes of the 2021 Fees Document were the same as those in the 2017 and 2018 Fees Documents.
35. On 26 February 2021, Mattioli Woods wrote to Mr R and said that it was standardising fees across its third-party administration services. Its fees would continue to be based on a modular pricing basis, and dependent on a scheme's complexity. It gave Mr R one month's notice of the changes. It enclosed a copy of the 2021 Fees Document.
36. In March 2021, Mattioli Woods sent an invoice to Mr R for the period 1 April 2021 to 31 March 2022 (**the 2021 Invoice**). The amounts before VAT were as follows:
- annual core administration fee: £480;
 - annual multiple or bespoke assets fee: £440; and
 - annual non-standard investment administration fee: £560.
37. On 18 March 2021, as there were still insufficient funds in the Bank Account to cover the 2019, 2020 and 2021 Invoices, Mr R made a card payment to Mattioli Woods for the amount of £2,500.97. After the three Invoices were settled, the balance in the Bank Account was £1.12. On the same date, Mr R requested Mattioli Woods to provide a breakdown of his funds and deductions since he had opened his account in the CPP SIPP. Mattioli Woods provided the information to him on the same date.
38. On 9 April 2021, Mr R emailed Mattioli Woods and said that its fees were "exuberant" and much higher than the Freedom SIPP and other competitive products. He said that he was not told how much the fees were at the outset.
39. On the same date, Mattioli Woods emailed Mr R with the following points:-
- It had provided him with copies of its fee menu, terms and conditions, and key features documents in March and April 2018.
 - These documents and the fees should have been explained to him by KI before he set up his account in the CPP SIPP.
 - By signing the CPP Application Form, he had agreed to the fees.
 - The fees were applicable due to the TM Unit Trust being a non-standard investment.
 - If he was able to find a buyer for the TM Unit Trust, he could transfer to a new pension provider.

40. On 13 April 2021, Mr R emailed Mattioli Woods with the following points:-
- He did not receive any documents setting out fees during the process of the Transfer.
 - As he was invested in a non-standard investment, he had no choice but to transfer to the CPP SIPP.
 - He expected the CPP SIPP's fees to be similar to those of the Freedom SIPP.
 - He submitted that Mattioli Woods had "spotted a lucrative opportunity" and "masked" the CPP SIPP's fees.
41. On 16 April 2021, Mattioli Woods emailed Mr R with the following response:-
- The fees he was being charged with were standard for the CPP SIPP and were in accordance with the standard fee menu. Transferring from the Freedom SIPP did not impact his fees.
 - Additional fees were charged depending on the number and type of assets held. Mr R's holding in the TM Unit Trust was non-standard and was charged in line with the terms and conditions and the fee menu.
42. On the same date, Mr R emailed Mattioli Woods. He said that it had not sent him a clear and transparent illustration of the fees. He did not believe that the fee menu was sufficiently clear.
43. On 21 April 2021, Mattioli Woods emailed Mr R. It said that its standard procedure was for all new clients to be provided with fee information, terms and conditions, and an illustration, and these had been sent to him in early 2018.
44. On 11 May 2021, Mattioli Woods emailed Mr R. It said that he had asked it to deal directly with KI in respect of providing the relevant documents for setting up the account in the CPP SIPP. It attached his signed CPP Application Form, and said that on page six, he had confirmed that he had received a key features illustration and financial advice. So, it disagreed that Mr R had not been informed about the fees.
45. In his submissions to The Pensions Ombudsman (**TPO**), Mr R said in summary:-
- It was never explained to him, and it was not sufficiently clear from documentation, that his one asset would incur additional fees for being both a bespoke asset and a non-standard investment.
 - If the fees had been clear at the outset, he would not have transferred to the CPP SIPP.

46. In its submissions to TPO, Mattioli Woods said in summary:-

- Its internal files confirmed that it had issued Mr R the fee menu and the Illustration in March 2018, the key features document in April 2018, and the terms and conditions in May 2018. However, it could not provide evidence to support this.
- In respect of the 2021 Invoice, while the non-standard investment charge was £1,000 for the first holding, as Mr R only held one asset, the non-standard investment charge was £560. So, when added to the bespoke charge of £440, the overall amount was £1,000.

Adjudicator's Opinion

47. Mr R's complaint was considered by one of our Adjudicators who concluded that no further action was required by Mattioli Woods. The Adjudicator's findings are summarised below:-

- Mattioli Woods submitted that it sent a copy of its fee menu and other documents to Mr R in March 2018. It also said that its standard practice was to send these documents, and an illustration, to all new clients. Indeed, Mr R confirmed in the CPP Application Form that he received the Illustration. However, he said that he did not receive any documents prior to the Transfer that set out the fees he would be charged with. In addition, Mattioli Woods was not able to provide evidence to show that it did send its fee menu to either Mr R or KI at the outset.
- If the fee menu was sent to either Mr R or KI, the Adjudicator considered it unusual that Mattioli Woods could not locate an email or letter with it attached. On this basis, it was reasonable to assume that the fee menu was not sent, and this amounted to maladministration.
- Mr R said that if the fees had been clear at the outset, he would not have transferred to the CPP SIPP. However, the Adjudicator could not overlook the fact that Mr R could have taken the simple step of requesting the fee menu from Mattioli Woods at the outset. The rule of mitigation requires an applicant to take steps to minimise his or her financial loss, and the outcome would have been different had Mr R requested the fee information before proceeding with the Transfer.
- In the Adjudicator's view, the level of distress and inconvenience caused to Mr R by Mattioli Woods' maladministration did not meet the minimum threshold required to allow the Pensions Ombudsman (**the PO**) to make an award if the matter was referred to him to be determined.

- Whether the fee menu was sent or not did not change the fact that Mr R agreed to pay the fees charged by Mattioli Woods, by signing the CPP Application Form. Mattioli Woods had charged Mr R the fees set out in the Fees Documents. The Adjudicator noted that Mr R must have become aware of the fee levels when he received the 2019 Invoice, on 1 May 2019, but he did not raise the issue with Mattioli Woods until 9 April 2021.
- Mr R also said that the fee menus lacked clarity. Mattioli Woods treated Mr R's holding in the TM Unit Trust as both a bespoke asset and non-standard investment, thereby incurring two fees in addition to the core administration fee. In the CPP Application Form, in Section A, Mr R stated that he was applying for a bespoke SIPP. In Section I, he confirmed that he wanted to use his SIPP to purchase a non-standard asset. The fee menus stated that there was a core administration fee with additional fees charged for other assets and services where relevant, such as bespoke and non-standard investments. So, when Mr R received the fee menus, he should have been aware that he would be charged for both additional services. The Adjudicator did not agree that the fee menus lacked clarity.
- In respect of the fees Mr R was charged, the Adjudicator noted the following:-
 - The items charged for in the 2019 Invoice were consistent with the fees set out in the 2018 Fees Document.
 - The items charged for in the 2020 Invoice were £10 or £20 higher than the fees set out in the 2018 Fees Document. Section 10 of the 2018 Fees Document stated that fees would increase annually by RPI, rounded to the nearest £10, so the amounts charged in the 2020 Invoice were consistent with the 2018 Fees Document.
 - Mr R was sent the 2021 Fees Document on 26 February 2021 and the fees were applied from 1 April 2021. So, he was given more than one month's notice of a fee increase greater than RPI, as required by Section 11 of the Fees Document. After taking into account the fact that Mr R only held one asset, and the total charge for holding a bespoke and non-standard investment was £1,000, the items charged for in the 2021 Invoice were consistent with the 2021 Fees Document.
 - So, Mr R had been charged the correct fees for the period from 2019 to 2021.
- While the Adjudicator appreciated that Mr R believed that Mattioli Woods' fees were too high for his particular circumstances, it was not the role of the PO to decide whether the fees were reasonable or fair. This was a business decision for Mattioli Woods to make and for its customers to decide whether to use its services.

48. Mr R did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr R's relevant comments are as follows:-

- It was an administrative failing that Mattioli Woods could not provide evidence to show that it had issued the fee menu to him in March 2018.
- He did not receive a fee menu at the outset and the CPP Application Form and Illustration did not mention the fee menu. The Illustration identified that it was a bespoke SIPP, but it did not state that there was a non-standard asset.
- It was reasonable for him to assume that when Mattioli Woods replaced Freedom Limited and his assets had not changed, the fees would be similar. As the fees were materially higher, Mattioli Woods should have made them clear to him.
- There was a lack of transparency with the fees, and Mattioli Woods' actions amounted to maladministration.
- He noted a statutory guidance issued by the Department for Work & Pensions (DWP) on 21 October 2022, which provided guidance to trustees and managers of occupational pension schemes on reporting costs and charges. Paragraph 30 stated:

“The purpose of the illustrations is to communicate simply and clearly to members the impact of cost and charges on their pension pots, and the compounding effect of small differences in charges over the long term.”

- In the non-standard assets section of the CPP Application Form, he had ticked the “yes” box that confirmed that he wanted to use the SIPP to purchase non-standard assets, but he had also put a single line mark in the “no” box. Mr R has said that this indicated that he was unsure how to answer the question, and the ambiguity of his response should have invalidated the CPP Application Form. Beneath this section it said that an additional non-standard asset member questionnaire needed to be completed if the “yes” box was ticked, but he never completed an additional questionnaire.
- Another member of the CPP SIPP had ticked the “no” box, but the non-standard asset fee had still applied.

49. I have considered Mr R's comments, but they do not change the outcome, and I agree with the Adjudicator's Opinion

Ombudsman's decision

50. I empathise with Mr R's additional comments and accept that Mattioli Woods did not send him a fee menu during his initial contact. I find that this amounts to maladministration.

51. Mr R has said that he considered it reasonable to assume that Mattioli Woods' fees would be similar to those charged previously by Freedom Limited, particularly as his assets did not change. He implies that this was the reason that he did not request the fee menu when he signed the CPP Application Form. However, none of the letters from Mattioli Woods prior to the Transfer inferred that it would maintain the current fees, and the Illustration Mr R received at the outset stated that his fees would be £1,668 per annum, including VAT. The 2019 Invoice, excluding the one-off SIPP establishment fee, was for £1,728 including VAT. So, the amount in Mr R's first fee invoice was almost the same as the amount quoted in the Illustration. In any event, I note that Mr R agreed to pay Mattioli Woods' fees by signing the CPP Application Form.
52. Mr R has also submitted that while he was aware that he had applied for a bespoke SIPP, he did not know that his investment was a non-standard asset, so he was unaware of the additional fee. Nevertheless, he did tick the "yes" box for a non-standard asset on the CPP Application Form. While I accept that there is also a mark in the "no" box, it is not a tick, and Mattioli Woods was aware of the non-standard asset when it prepared the Illustration. In the Illustration, the non-standard asset is referred to as unquoted shares. This is likely to be the reason why Mattioli Woods did not require Mr R to complete the additional questionnaire. So, I find that it is reasonable that Mattioli Woods opened a SIPP for Mr R which allowed a non-standard asset.
53. While there was maladministration, for the reasons I have set out in paragraphs 51 and 52 above, it did not lead to financial loss. I accept that it caused Mr R to suffer distress and inconvenience, but I find that it did not meet the minimum required threshold to allow me to determine an award.
54. Mr R has identified a statutory guidance note issued by the DWP in October 2022. I find that the Illustration does set out his fees simply and clearly and shows their long-term impact on his pension fund.
55. I can only consider the specific complaint that Mr R has raised, so I am unable to comment on the other CPP SIPP member that Mr R refers to.
56. I do not uphold Mr R's complaint.

Anthony Arter CBE

Deputy Pensions Ombudsman

22 March 2024