

## Ombudsman's Determination

Applicant	Mr T
Scheme	The Essential SIPP ( <b>the SIPP</b> )
Respondent	Stadia Trustees ( <b>Stadia</b> )

## Outcome

1. Mr T's complaint is upheld and to put matters right Stadia should provide him with a pro-rata refund of the annual management fee for 2016/17 and pay him £500 for the distress and inconvenience caused by its maladministration.
2. My reasons for reaching this decision are explained in more detail below.

## Complaint summary

3. Mr T's complaint has arisen because Stadia accepted an annual management fee of £660 for the full 2016/17 SIPP year, despite knowing that the management of the SIPP was transferring to another provider.

## Background information, including submissions from the parties

4. The SIPP was inceptioned on 31 January 2012.
5. Stadia emailed Mr T on 15 February 2016, attaching the annual renewal booklet and asking him to pay the annual management fee. Mr T paid this fee on 16 February 2016.
6. Stadia wrote to Mr T on 25 February 2016 to notify him that Mattioli Woods (**MW**) would take over the management of the SIPP, and that it had been working with MW to organise the transfer. Stadia asked Mr T to complete and return an enclosed authorisation form to enable the transfer to MW to proceed as soon as possible. If Mr T did not reply within 30 days, the management of the SIPP would automatically transfer to MW.
7. Mr T completed the authorisation form and returned it to Stadia on 29 February 2016.

8. On 1 March 2016, Mr T emailed Stadia to request a refund of the 2016/17 annual management fee, complaining that it would no longer be providing a service in respect of the SIPP.
9. Stadia replied on 2 March 2016, noting that the management fee is payable annually in advance. Whilst it acknowledged that MW would apply its own annual fees for the ongoing management of the SIPP, Stadia said these would only become payable when any illiquid investments realised a value.

### **Adjudicator's Opinion**

10. Mr T's complaint was considered by one of our Adjudicators who concluded that further action was required by Stadia. The Adjudicator's findings are summarised briefly below:
  - On 16 February 2016, MW announced that it acquired the management of the SIPP on 15 February 2016. Accordingly, Stadia knew the management of the SIPP was transferring to MW on 15 February 2016 and, despite this, still requested payment of the full annual management fee for the 2016/17 SIPP year on that date.
  - As a result, Stadia was not acting in good faith when it accepted Mr T's payment of the full annual management fee.
11. Stadia did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Stadia provided further comments which do not change the outcome. In summary, it submits:
  - It had no knowledge until 15 February 2016 as to the management fees MW would charge.
  - MW was not going to charge any management fees until the value of any illiquid assets realised a value.
  - Stadia Trustees was forced by the FCA to cease trading on Friday 12 February 2016 and take all instructions from MW from that date.

### **Ombudsman's decision**

12. I have examined an extract from *Investor News* which reveals that on 16 February 2016, MW declared that it had acquired the management of the SIPP. The notice states:

"Mattioli Woods plc (AIM: MTW.L), the specialist wealth management and employee benefits business, announces that on 15 February 2016, it was appointed to administer the Stadia SIPP ... by the Scheme's operator, Stadia

Trustees Limited (“Stadia”), working in conjunction with the Financial Conduct Authority

...

Mattioli Woods has worked closely with Stadia to secure its appointment to administer the wind-up of the Schemes, securing the benefits of members by transferring their assets to alternative pension arrangements.”

13. This confirms that Stadia worked closely with MW to organise the efficient transfer of the SIPP in the period leading up to the announcement. Consequently, I find that Stadia knew of the intention to transfer the management of the SIPP to MW on 15 February 2016, but still asked Mr T to pay the full annual management fee, on the same day.
14. It is significant in my view that the demand for payment was made after Stadia considered it had been required to cease trading. Stadia has made no suggestion that it was acting on the instruction of MW when it made the demand. I therefore find that Stadia failed to administer the scheme according to its own understanding of the constraint that the FCA had placed upon it.
15. Stadia charged the fee without making appropriate arrangements, such as to split the fee with MW, or for MW to charge it when taking over, provided SIPP members were happy to proceed with the change of ownership. Stadia did not request payment of the annual management fee on the date of renewal (31 January 2016), but chose to charge at the point the SIPP transferred to MW. Stadia acknowledges that, on 15 February 2016, it knew the charges MW would apply for the ongoing management of the SIPP, notwithstanding that MW was not going to charge any management fee until any illiquid investments realised a value. At the point of demanding the charge, they knew that Mr T would become liable for fees to MW for the same period.
16. Accordingly, I conclude that Stadia was not acting in good faith and was acting contrary to its own understanding of what the FCA permitted it to do when it demanded and accepted Mr T’s payment of the full annual management fee. This amounts to maladministration. I find that as a consequence, Mr T has suffered financial loss pro rata to the period for which he is liable to be double charged and that this loss was entirely foreseeable by Stadia.
17. Moreover, Mr T has had to spend substantial time trying to obtain a pro rata refund of the 2016/17 annual management fee. In my judgment, this would have caused him significant distress and inconvenience.
18. Therefore, I uphold Mr T’s complaint.

**Directions**

19. To put matters right, within 21 days of the date of this Determination, Stadia will provide Mr T with a pro-rata refund of the annual management fee for 2016/17 (charging only for the period up to 15 February 2016) and pay him £500 for the significant distress and inconvenience caused by its maladministration.

**Karen Johnston**

Deputy Pensions Ombudsman  
22 March 2017