

## Ombudsman's Determination

Applicant	Mr N
Scheme	Hornbuckle Mitchell SIPP ( <b>the SIPP</b> )
Respondents	Hornbuckle Mitchell Group Ltd ( <b>Hornbuckle</b> )

## Outcome

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

## Complaint summary

3. Mr N's complaint is that Hornbuckle unfairly increased existing fees and applied new fees (non-block insurance risk premium and self managed risk premium) for the year 2014/15.

## Background information, including submissions from the parties

4. The SIPP commenced in 2005. Hornbuckle say the declaration on the SIPP application and the original fee schedule were used to communicate their requirements. The original fee schedule states:

"HTML reserves the right to 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."
5. Under the SIPP's Terms & Conditions Hornbuckle may increase or change their fees and expenses for administering the plan:

"28.1 We can change the terms and conditions (including the fee schedule and permitted investment schedule) for any of the following reasons ...

  - to proportionately reflect other legitimate cost increases or reductions associated with providing the scheme;

...

28.2 Further, we can change the terms and conditions including the fee schedule and permitted investment schedule if we have valid reasons for doing so...

28.3 We will give you at least 30 days' notice of any change."

6. On 16 December 2013 Hornbuckle wrote to Mr N advising forthcoming changes to their fees. Among other things the letter said that any annual administration fee would be amended from the SIPP's next renewal date, but changes related to investment and other activities on the SIPP would take effect from 1 February 2014; and directed Mr N to Hornbuckle's website to access their 2014/15 fees schedule.
7. Subsequently Hornbuckle sent Mr N a fee note for due date 21 January 2015, for £1,500 (including VAT). The previous year the annual invoice was £828 (including VAT).
8. Mr N complained to Hornbuckle about the increase and the imposition of charges which had not previously been levied, namely: 'Non-block insurer risk premium' (£180, including VAT) and 'Self-managed risk premium' (£240, including VAT)). The administration fees had increased from £828 to £1080 (including VAT).
9. Hornbuckle, among other things, said their pricing had not changed for three years and remained "extremely competitive in all areas". On the imposition of charges not previously levied they said:
  - Non-block insurance – the charge was applied as he was not insured via their Block policy provider, which caused more reporting to be carried out and the need to send the policy documents to their preferred specialists to ensure they were fully compliant.
  - Self-managed risk premium – the fee was charged on the SIPP's property as it was not being managed by a professional property manager. It was their (Hornbuckle's) experience that such a property manager materially increased the risk of non-compliance with HMRC rules.
10. Mr N, among other things, says it is not reasonable to apply such charges as he is unable to reclaim such costs from his commercial tenant. He says he had recently renewed the Lease with a tenant "who was clearly looking carefully at every aspect of the building overhead – of which the insurance cost was an issue".
11. Mr N is the process of transferring the SIPP's benefits to another provider.
12. As a minimum Mr N wants a refund of the new fees or to be allowed to transfer without further charge for the year.

## **Adjudicator's Opinion**

13. Mr N's complaint was considered by one of our Adjudicators who concluded that no further action was required by Hornbuckle. The Adjudicator's findings are summarised briefly below:
- Hornbuckle made a business decision to change their fees.
  - Hornbuckle had explained the charging system beforehand and given sufficient notice of their revised fees for 2014/15.
  - The fees that had been invoiced in January 2015 were in accordance with the fees shown in the 2014/15 fee schedule
  - Hornbuckle were not liable to reimburse Mr N's claimed costs as the charges had been correctly levied and it was Mr N's decision to move away from Hornbuckle.
14. Mr N did not accept the Adjudicator's Opinion and the complaint was passed to me to consider. Mr N has provided his further comments many of which have been taken into account. I agree with the Adjudicator's Opinion, summarised above, and I will therefore only respond to the key points made by Mr N for completeness.

## **Ombudsman's decision**

15. As the Adjudicator said Hornbuckle made a business decision to change their fees.
16. Hornbuckle gave Mr N prior notice that they would be varied and directed him to their website to access the 2014 fees schedule. The notice period was not unreasonable.
17. Mr N says neither he nor his wife received Hornbuckle's letter. But the letter that Hornbuckle says was sent to Mr N was correctly addressed.
18. Mr N says the primary reason for transferring is his real concern about Hornbuckle's ability to administer his fund. The decision to transfer is Mr N's choice. Consequently, Hornbuckle are not obliged to cover the costs for the transfer.
19. Therefore, I do not uphold Mr N's complaint.

**Anthony Arter**

Pensions Ombudsman  
2 June 2016