

## Ombudsman's Determination

Applicant	Mr I
Scheme	City Private Pension (the <b>SIPP</b> )
Respondent	City Trustees PLC ( <b>City Trustees</b> )

## Outcome

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

## Complaint summary

3. Mr I has complained about the service he has received from City Trustees and disputes the fees he has been charged. The three specific issues raised in his initial complaint were that City Trustees had:
  - incorrectly invoiced and then deducted fees;
  - incorrectly charged fees for the investigation of a complaint and
  - increased annual management charges without notification.

## Background information, including submissions from the parties

4. In 2011, Mr I elected to transfer his SIPP to Hargreaves Lansdown. As the SIPP held an illiquid fund, only part of the holding could be transferred. This partial transfer resulted in Mr I having two separate SIPP arrangements (one with Hargreaves Lansdown and one with City Trustees), which both incurred separate management and investment charges.
5. In June 2011, Mr I received a bulk mailing from City Trustees explaining that there had been a revision of their fee structure and that as such he would be charged a "Bespoke annual fee". Mr I queried this with City Trustees who responded in a letter dated 4 August 2011. This letter contained an apology for the error and explained that the Bespoke fee only applied to multiple platform products and not the Single platform Mr I held. Mr I was refunded the overpaid amount. Mr I considers this is evidence of poor service. City Trustees also confirmed that the outstanding deed amendment fee of £129 (plus VAT) would be put "on hold".

6. Once the partial transfer was completed, City Trustees requested that Mr I pay his outstanding fees including the transfer completion fee. Mr I felt these fees were too high and included charges that had been waived, he therefore queried the invoice by email on 7 June 2012. Mr I specifically queried a deduction of £634.80 made on 23 November 2011 and £793.00 made on 10 May 2012, totalling £1,427.80. City Trustees responded on 21 June 2012, explaining the two specified fees in more detail. In summary:

- £634.80 represented the yearly administration fee of £400 plus the deed amendment fee of £129 (plus VAT on both).
- £793.00 represented the transfer out fee of £660.84 (plus VAT), which was broken down in an itemised bill provided to Mr I on 17 May 2012.

City Trustees explained that these were legitimate fees that had previously been on hold pending the completion of Mr I's transfer, that the outstanding amounts were correct and that fees would continue to accrue as long as Mr I held an active SIPP.

7. On 3 September 2012, Mr I complained to The Pension Advisory service (TPAS). He specifically references the following incorrect or overcharged amounts

- July 2011 – charging of £154.80
- September 2011 – charging of £480.00
- May 2012 – charging of £793.00

8. On 3 November 2012, Mr I told TPAS that he felt he should not have to pay City Trustees the full outstanding amount due to the slowness of the transfer and the general poor service he feels he received throughout the process. He also believes he received verbal agreements that certain fees would be waived.

9. In respect of the complaint that he was charged for complaint handling, Mr I refers to a telephone conversation with a City Trustees director on 16 December 2011, for which he says he was incorrectly charged £66.67. He asserts that this is further proof of maladministration and poor service.

10. On 18 August 2014 City Trustees were ready to transfer away the last of Mr I's holdings with them. They asked Mr I to settle his final account with them by paying the outstanding transfer fee (£660.84 plus VAT) and two years administration fees (£1380 plus VAT).

11. On 20 November 2015 this service asked City Trustees to provide confirmation of the charges levied and they admitted that there had been a further error in the administration fee resulting in their overbilling Mr I by £580 (plus VAT). City Trustees recognised that correct yearly amount was £400 (plus VAT) and corrected the bill.

12. Mr I acknowledges that fees remain payable but feels that the poor service he experienced should result in a reduction. Mr I considers that a reduction of 50% in the

outstanding fees would be reasonable. City Trustees refuse this suggestion and explained that all administrative tasks are undertaken on a time cost or fixed fee basis and that significant fees have already been waived.

### **Adjudicator's Opinion**

13. Mr I's complaint was considered by one of our Adjudicators who concluded that no further action was required by City Trustees. The Adjudicator's findings are summarised briefly below:

- City Trustees were correct to charge Mr I as its work is carried out on a time cost or fixed fee basis dependent upon each task. A provider like City Trustees is within its rights to defer payment of any charges but is still legally entitled to claim payment.
- There was insufficient evidence that the call made by Mr I to City Trustees on 16 December 2011, was a complaint.
- By joining the SIPP, Mr I agreed to adhere to the rules and regulations governing it, including the fee schedule. Mr I cannot say he was unaware of these charges as a fee schedule was available to him. The Ombudsman does not determine the fees an organisation charges.
- Mr I's SIPP with City Trustees remains open as it holds an illiquid fund. As an open SIPP, fees will continue to be payable in line with the standard fee structure. The amount of work that goes into the administration of the SIPP would not affect any AMC payable.
- Mr I asserts that he was told on at least two separate occasions that certain fees would not be charged. However, as conversations are not recorded, it cannot be ascertained, beyond doubt, exactly what was discussed in the various calls Mr I mentions.
- The increase to AMC arose from an error on the part of City Trustees in an email dated 18 August 2014. This has now been resolved.

14. Mr I did not accept the Adjudicator's Opinion and the complaint was passed to me to consider.

### **Ombudsman's decision**

15. Mr I did not accept the views set out in the Opinion on the basis that due consideration had not been given to City Trustees' maladministration.

16. He questions why deduction of fees by one department pending resolution of a complaint by another does not amount to maladministration. He cites the billing error

of 18 August 2014 as a further example of maladministration. He asserts that he did call the Managing Director in 2011 to file a complaint; he would not have called him simply for technical help, and City Trustees should not charge him for dealing with a complaint. The fact that his complaint was not filed until later is an example of poor internal procedures, not evidence that no complaint was made.

17. In joining the SIPP, Mr I agreed to be bound by its terms and conditions. City Trustees can therefore levy charges, in line with its agreed charging structure. Having examined the schedule of costs and the itemised billing schedule I am satisfied that the transfer costs have been calculated according to a contractual entitlement. City Trustees made repeated errors in billing which amount to maladministration, including the error of 18 August 2014. However the billing position has since been corrected. I am satisfied that the waiver of fees which has already occurred is adequate compensation for any distress and inconvenience involved in obtaining the correction. I do not consider that the error of 18 August 2014 caused Mr I additional distress and inconvenience on a scale which merits a separate award.
18. I accept Mr I's evidence that he was complaining in December 2011. However I do not think it likely that he was charged for dealing with his complaint. I have looked at the itemised bill in detail. It contains a stream of items logged as 'general query' which were not billed and another logged as 'transfer out' which were billed. On 16 December 2011 it logs twenty minutes of Managing Director time dealing with an 'email to tech', as 'transfer out' billed at £66.67. This was followed on the same day by another 30 minutes logged as 'Speaking to [Managing Director] re transfer possibilities and passing onto client', unbilled. I conclude that time was being spent resolving the technical issue itself (billed) and on handling the way that decisions were relayed to Mr I (unbilled). There are multiple unbilled entries describing internal interactions with the Managing Director taking place before and after that billed item. I cannot see any reason to conclude that a decision was made to charge for complaint handling. The many items which were left unbilled around this time make it appear unlikely that this was the case.
19. For these reasons I do not uphold the complaint.

**Karen Johnston**

Deputy Pensions Ombudsman  
12 August 2016