

## **The complaint**

Mr T complains about the fees that The Prudential Assurance Company Limited (Prudential), his personal pension provider, charged.

## **What happened**

Mr T has a personal pension with Prudential. This was originally arranged and managed by a financial adviser unconnected to Prudential.

Mr T said that he had paid fees out of his personal pension fund to his financial adviser. But in 2018, he decided to remove his adviser as his servicing agent on the pension plan. Mr T said he called Prudential to question the fees his annual statements showed had been taken from his pension plan. He said that Prudential had told him that they didn't charge a management fee. He said he thought that no further fees would be taken from his plan. He said this was because his annual statements had only ever shown his adviser fees, and no other charges.

Mr T said that when he received his 2020 annual statement, it showed that Prudential was taking an Annual Management Charge (AMC) from his pension plan. So he said he called Prudential to query the fees, and to ask if he'd been charged them every year. He said they confirmed that he had.

Mr T said he further questioned why the AMC hadn't been shown on previous annual statements alongside his adviser charges. He said Prudential had told him that the statements had provided a link which, if followed, gave a breakdown of the charges that had been taken.

Mr T complained to Prudential on 24 November 2020. He was unhappy that Prudential were taking fees from his personal pension. He said he'd understood that all fees had been cancelled when he'd arranged for his adviser to be removed as his servicing agent in 2018. And that Prudential had told him they didn't charge any fees. He said Prudential hadn't been transparent about the fees they charged on the annual statements.

Prudential issued their first final response to the complaint on 22 December 2020. They didn't uphold it. They said that when the personal pension had first been set up, Mr T's adviser should've gone through a due diligence process which included confirmation of any initial and ongoing costs which would be deducted. They explained why they took fees through the AMC. They said this was for administering the policy and investing the funds on Mr T's behalf.

Prudential said they hadn't been able to trace any telephone call or communication from Mr T around the time the adviser charges had been cancelled. They evidenced that the instruction to cancel the adviser charges had come directly from the adviser. They said that for this reason they couldn't uphold Mr T's complaint that they'd told him they took no fees of any kind from his pension. They also said that when their annual statements hadn't shown the charges they'd taken from Mr T's pension, they'd provided a link where details of the charges taken were available. Prudential acknowledged that those annual statements may

not have been as transparent as Mr T would've liked. But said that they had improved them now. And that they had met the regulatory requirements of the time.

Mr T brought his complaint to this service. And replied to Prudential on 29 December 2020.

He said that his adviser had written to Prudential to ask to be removed as his servicing agent on 21 November 2018. But that statements showed that he'd paid no adviser charges since 28 April 2017. He felt that, despite Prudential being unable to find a record of the call he'd had with them, this showed that he'd cancelled his adviser charges long before they'd said he had.

I understand that Mr T called Prudential on 12 January 2021 to add to his complaint.

Prudential issued a second final response letter on 23 February 2021. They said they'd considered the new information Mr T had provided. And that they would now uphold the complaint. Prudential noted that Mr T had raised additional concerns about Prudential not calling him back when they'd promised to. And that he'd faced long queues when he'd tried to call them. They apologised for the poor level of service Mr T had recently received. And that he was unhappy with their previous response to his complaint.

Prudential said they understood why Mr T had been unhappy with their comments about adviser charges. They said they'd received a letter dated 5 May 2017 from his financial adviser which told them that the ongoing adviser charge should be removed with immediate effect. They said this meant that the last payment made to Mr T's financial adviser was on 28 April 2017. Prudential apologised for incorrectly telling him that the adviser charges were cancelled following a letter dated 21 November 2018. They said they did receive a letter from Mr T's adviser with that date, but they'd already cancelled the adviser charges by then.

Prudential repeated that they had no record of a phone call from him in which he'd cancelled the adviser charges. And therefore they maintained that they couldn't find any evidence that they'd told Mr T that no fees applied to his policy.

Prudential said that they'd listened to all of the calls between them and Mr T. They acknowledged that Mr T had been promised two separate call backs during a call on 12 January 2021. But that the call backs had never happened. They apologised for not calling Mr T back. They also acknowledged that Mr T had told them on 18 January 2021 that he'd been in a queue for 40 minutes before they'd answered his call. They explained why the service had fallen short of their normal expectations. And apologised for the waiting time Mr T had experienced. They offered £300 compensation for the inconvenience they'd caused Mr T.

Mr T told this service that he felt Prudential's charges had been hidden. He wanted to be compensated for the charges that had been taken. He said that if he'd have known he was paying the AMC he would've taken his pension earlier.

Our investigator didn't think the complaint should be upheld. She considered the regulatory requirements that had been in place when each of the annual statements had been issued. And noted that it wasn't until 2018 that Prudential's regulator required them to provide a clear breakdown of costs on statements. She felt Prudential had provided this clear breakdown on the 2019 and 2020 statements they'd sent Mr T. And noted that although earlier statements hadn't given a clear breakdown of the AMC, they had provided a link where the charges could be found. Overall, our investigator was satisfied that Prudential had fairly met the regulatory requirements.

Our investigator said that she hadn't seen any evidence of the call during which Mr T said Prudential had told him there would be no fees applied to his account once he'd removed the ongoing adviser service. She felt that the cancellation of the service charge had been carried out in writing by the adviser. So she didn't feel she could further consider this part of Mr T's complaint.

Mr T felt it was strange that there was no record of the call in which he said Prudential had told him they didn't charge him any fees.

Our adviser asked Prudential for further information. They confirmed that they'd removed the ongoing adviser charge from May 2017, after receiving a letter dated 5 May 2017 from Mr T's adviser. They also said that they'd written to Mr T on 18 May 2017 to confirm that the adviser charges had been stopped. Mr T said that he didn't receive this letter. Prudential also evidenced that the adviser had sent a second letter, dated 21 November 2018, in which he asked them to remove him as the servicing agent on Mr T's plan record.

Having reviewed the additional information, our adviser felt that the cancellation of the ongoing advice charge had been carried out in writing. Therefore she still felt there was no evidence that Prudential had told Mr T that they didn't charge him anything during a phone call. And didn't consider that his complaint should be upheld.

As agreement couldn't be reached, the complaint has come to me for a review.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I'm not going to uphold it. I agree with our investigator that Prudential's annual statements met the regulatory requirements required. I've also seen no evidence that Prudential told Mr T during a call that they didn't charge him any fees. I'll explain the reasons for my decision.

Mr T's position is that Prudential's fees weren't transparent until they amended their annual statements. And that they'd told him during a call after he'd removed his financial adviser from his account that they were charging him no fees.

Prudential's position is that it was Mr T's financial adviser's responsibility to confirm the fees that would be deducted when the personal pension had first been set up. They said they'd found no evidence of a phone call during which they'd told Mr T he was paying them no fees.

Prudential also said that when their annual statements hadn't shown the charges they'd taken from Mr T's pension, as they now did, they'd provided a link where details of the charges taken were available. They said they'd met the regulatory requirements at all times.

I'm unable to fully assess whether Mr T's IFA made him aware of the fees Prudential would charge him. But I've looked at the application form for the personal pension which Mr T signed on 24 October 2014. This stated on the second page: "*Please read the key features document ....*".

The key features document covered SIPP charges in detail on page 15.

Although I can't know for certain whether or not Mr T read the key features document, I consider that on balance of probability he would've been given the document when the policy was set up. So I'm persuaded that it's more likely than not that Mr T did have access

to the full details of charges at the time the policy was set up. However, I've got no evidence that his financial adviser guided him through the charges. So I've gone on to consider whether the charging information Prudential provided to Mr T met the regulatory requirements for disclosure of charges.

As our investigator noted, it's important to consider the rules for disclosure of charges that were in place during the period being complained about.

I understand that Mr T first took out his pension policy in late 2014. At this time, pension providers weren't required to clearly set out any costs and charges associated with investing on annual statements.

However, new regulation took effect in the UK in 2018. This required any costs and charges associated with investing to be clearly set out. This led regulators to introduce new requirements which meant that financial businesses had to provide a clearer breakdown of costs on annual statements. This prompted Prudential to include a breakdown of the charges, including their AMC, on their annual statements from this point onwards.

Mr T stopped paying ongoing charges to his financial adviser in May 2017. And his adviser was removed as his servicing agent on the personal pension in November 2018. Mr T said after his adviser had been removed, he called Prudential to ask them if they would be charging him any fees.

I've been unable to find any evidence of this call. This doesn't mean I doubt Mr T's testimony. But without a recording of the call, or any other reference to it, I'm unable to fairly conclude that Prudential told Mr T that they wouldn't be charging him any fees after his servicing agent had been removed from his account.

Although Prudential was required to clearly disclose costs after the 2018 requirements were introduced, those changes weren't retrospective. So Prudential weren't required to revisit previous annual statements to ensure they clearly disclosed the fees that had been charged over that time.

Bearing in mind the requirements I've explained above, I reviewed Mr T's annual statements from 2016 to 2020.

The 2016, 2017 and 2018 annual statements don't directly disclose the AMC charged over the year covered by the statement. They do show the adviser charges that were paid. The 2018 statement, which covers the period up to 19 October 2018, shows that no adviser charges were made, as ongoing adviser fees had stopped with effect from May 2017. These statements do provide links so that further information can be accessed. If the links are followed, it is possible to confirm the AMC payable on the pension policy. I acknowledge that this is not as transparent as the later statements, but consider that these statements did meet the requirements of the time.

The 2019 and 2020 annual statement provide an explanation of the AMC and further charges, and state the amount that had been charged. This is obviously much more transparent than the previous statements.

Although I acknowledge that the 2019 and 2020 statements are considerably clearer than the earlier statements on the charges Prudential were taking from Mr T's pension, I'm satisfied that all of the statements met the regulatory requirements on the disclosure of charges relevant at the time they were issued. As the evidence shows that Prudential provided the required information on charges on all of the annual statements, it wouldn't be fair or reasonable for me to uphold this complaint.

**My final decision**

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 20 July 2022.

Jo Occleshaw  
**Ombudsman**