

## **The complaint**

Mr F complains about the fees charged by Brewin Dolphin Limited and the poor service he received.

## **What happened**

Mr F had a discretionary managed ISA with a business which was taken over by Brewin Dolphin in or around 2017. He was charged fees of around £15 each quarter by the previous business and this initially continued with Brewin Dolphin.

On 31 August 2018 Brewin Dolphin wrote to Mr F to tell him about a change and giving him with six options. The letter said that, if Mr F did not give instructions within 30 days, his account would be transferred to its execution only service with a fee of £250 plus VAT each quarter.

Mr F didn't reply to the letter. He complains that he didn't receive confirmation of the change. He says he only realised the service had changed and his fees had increased when he received a letter in May 2019 telling him Brewin Dolphin had had to sell some shares to pay for the quarterly fee.

Mr F says he chose to move to Brewin Dolphin's portfolio service, but that the transfer didn't take place until October 2019 because of reporting discrepancies. He says he was charged £1,200 in fees from October 2018 to September 2019 on his portfolio which is only worth around £6,000. He also complains that Brewin Dolphin charged a £280 transfer fee, which it had agreed to waive.

Brewin Dolphin said the £280 transfer fee was charged in error and offered to refund it. It said the increase in fees was notified to Mr F in advance and was in line with his agreement. It apologised for not confirming the change in fees to him after its August 2018 letter and it offered to pay him £150 for the distress and inconvenience caused.

Our investigator thought Brewin Dolphin's offer was fair.

Mr F didn't agree and said, in summary, that:

- A 2,000% increase in fees should not have been the default option as it was unfair.
- Brewin Dolphin didn't tell him the charges had changed and it is this that is largely responsible for him incurring the excessive fees.
- He couldn't make a decision to change services when there were discrepancies with his statements. He says the reports he'd received were misleading and Brewin Dolphin failed to clarify things for him.
- The delay in transferring him to the portfolio service was caused by Brewin Dolphin – for example, it had to ask him to provide a bank statement, but it didn't ask for this with the original forms.

- His discretionary account was closed on 5 August, but he was charged for July to September.
- The transfer to the portfolio service was always going to be free of charge and he was charged in error. This is unrelated to his complaint about the quarterly fees and shouldn't be seen as compensation for his complaint.

### **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.

Firstly, I'm aware that I've summarised this complaint in far less detail than Mr F, and in my own words. There is a considerable amount of information here from both parties and I'm not going to respond to every single point they've raised. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

I can see from what Brewin Dolphin has told us that, when it took over responsibility for Mr F's discretionary ISA, it recommended Mr F might want to consider a different option going forward because of the small portfolio size. It said it would be difficult to manage on a discretionary basis when the value was relatively small and that it may not be cost effective. However, Brewin Dolphin's minimum quarterly fee was waived during this period, so Mr F continued to be charged around £15 each quarter and he didn't give instructions to change to a different service.

On 31 August 2018, Brewin Dolphin wrote to Mr F to give him notice of a change to its service. It said that its minimum fee charge would become effective from 1 October 2018. It again explained that a discretionary managed service was probably not the best option for Mr F because of the small size of his portfolio and it provided him with a choice of six options. It explained that Mr F's investments would be moved to its execution only service if it didn't receive his instructions within 30 days. It set out its fees for this service.

Mr F did not reply to this letter. He told us he missed the letter in a pile of post and wasn't given long enough to consider his options. He thought Brewin Dolphin's default option would be in his best interests. He didn't receive any confirmation from Brewin Dolphin after the 30 days and he says he only realised he'd been moved to the execution only service and was being charged £300 a quarter when he received a letter in May 2019.

I'm satisfied that Brewin Dolphin treated Mr F fairly and reasonably in giving him notice of the change to its service. It had already told him, in 2017, that the discretionary service might not be the best option for him. So I think he had been put on notice that something would have to change. I think the 31 August 2018 letter was clear about the various options available to Mr F. And I think it was clear that his account would transfer to an execution only account if he didn't give instructions within 30 days. I don't think the timescale was unreasonable for Mr F to get in contact with Brewin Dolphin. I can see how the letter may have got "lost in a pile of post" and not given the consideration it needed, particularly because the value of Mr F's portfolio wasn't very large and was probably not at the top of his priority list. But I have to be fair to both parties, and I'm satisfied that Brewin Dolphin didn't do anything wrong in transferring Mr F's investments to its execution only service when it didn't hear from him. I appreciate the consequence of this transfer was a large increase in fees. But this was clear from the letter. And Brewin Dolphin couldn't have defaulted to one of its other options

because these all required specific instructions from Mr F before they could be put into effect.

The letter said, *"We will write to confirm this change of service if we do not hear from you"*. Brewin Dolphin apologised that it failed to do this, and it has offered to pay Mr F £150 for the distress and inconvenience its mistake has caused. I've considered this very carefully because Mr F says the lack of a confirmation letter from Brewin Dolphin is in large part responsible for him incurring the higher fees. But any further letter would most likely have only confirmed that Mr F's investments had been transferred to its execution only service. Information about the service and the fees chargeable had already been sent to Mr F with the 31 August letter. So, whilst a mistake was made, I can't conclude with any certainty that a second letter would have prompted Mr F to take any action. For that reason, I'm satisfied that £150 compensation is fair and reasonable.

Mr F contacted Brewin Dolphin in or around May 2019 when he realised he was being charged £300 fees each quarter. He gave instructions to transfer to the portfolio service in July 2019. And the transfer was finalised in October 2019. There are several reasons why it took so long for the transfer to complete. But the last fee charged for the execution only service was in July 2019 for the second quarter (April to June 2019 inclusive). I don't find Mr F was charged fees for his execution only account from and including July 2019 when he gave instructions for it to be transferred. So I don't find the delay led to a financial loss for which he should be compensated.

Mr F says he couldn't give instructions to transfer to the portfolio service before July 2019 because of the discrepancies in the reports he'd received. But I don't find the questions he raised would have reasonably stopped him from being able to decide whether to keep his investments with Brewin Dolphin and what service he wanted.

I do think the reports caused Mr F some confusion and I can see he continued to raise questions about the figures after his investments had been transferred. But Brewin Dolphin's reports were correct; the discrepancies were due to the way it accounts for fees. My role is to resolve individual disputes between businesses and consumers. I don't have the power to tell a business how it should develop its systems and procedures. I'm satisfied that Brewin Dolphin told Mr F that the way it accounted for his fees was the reason for the difference in the figures in the reports. And that, when he questioned the figures, he was told the value of his portfolio to try to give him some reassurance. In the circumstances, I don't require Brewin Dolphin to provide any compensation to Mr F for the questions he raised about his reports.

Brewin Dolphin told Mr F on more than one occasion that it would waive its usual transfer fee for transferring to its portfolio service. It wrongly charged him £280. It's offered to refund this, which I agree is fair. Brewin Dolphin should also pay interest on this amount at the simple rate of 8% per year from the date the fee was charged to the date it is refunded. I'm aware Brewin Dolphin doesn't agree that it should pay interest. It says the fee hasn't been refunded because Mr F didn't accept its offer. But it agrees the fee was charged in error and, as soon as this was brought to its attention, it should have arranged the refund. As Mr F has been without that money, it's fair that he receives interest.

### **My final decision**

My final decision is that Brewin Dolphin Limited should:

1. Refund its transfer fee of £280, plus interest at the simple rate of 8% per year from the date the fee was charged to the date it is refunded \*.

2. Pay Mr F £150 for the distress and inconvenience caused.

HM Revenue & Customs requires Brewin Dolphin Limited to take off tax from this interest. Brewin Dolphin Limited must give Mr F a certificate showing how much tax it's taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 7 April 2022.

Elizabeth Dawes  
**Ombudsman**