

The complaint

Mr N complains Wren Sterling Financial Planning Limited (“Wren Sterling”) has been collecting fees from him as part of an advisory services for a stocks and shares ISA investment and a personal pension plan. He complains that he hasn’t received the services he paid for and would like the fees to be refunded.

What happened

In March 2018, Mr N received advice from Wren Sterling to transfer £100,000 from his ISAs into a new stocks and shares ISA. In addition to this and following advice from Wren Sterling, Mr N made a lump sum pension payment of £2,880 net into a personal pension plan.

Mr N wrote to Wren Sterling in August 2021 to cancel any advisory services associated with his investments. He expressed dissatisfaction in substantial fees being deducted for what he considered to be non-existent advisory services. He felt he’d had no contact with his advisor since taking out the investments and so shouldn’t have been charged. He also said that he recalled being told by his advisor, when initially receiving the advice, that if he wished to stop the advisory services and then re-start them again, then the costs would resume as if they had never been paused. He said this left him feeling like he had no option but to continue paying the ongoing advisory fees.

Wren Sterling looked into Mr N’s complaint and partially upheld it. It said that while it recommend ongoing reviews, it wasn’t mandatory for Mr N to receive an ongoing advisory services throughout the term of his investments and he was free to decline this recommendation without impacting on the overall recommendation he was initially provided. Wren Sterling explained that, as per the point of sale documents, Mr N could have instructed it at any stage that he didn’t require the services and therefore wished to cancel payment of the associated fees. However, the result of that would be that any later review or advice required would be treated as new advice and would require the full advice process to be followed, including the standard fees this entails.

Wren Sterling looked at its records, it noted Mr N was offered annual reviews in March 2019 and May 2021. However, it failed to offer him an annual review in 2020 due to problems caused by the COVID-19 pandemic. It said that as the lockdown eased and processes were put into place to deal with the pandemic conditions, it still didn’t contact Mr N as it ought to have. As such, Wren Sterling apologised for the error and offered to refund all advice fees for the period from April 2019 to May 2020 in relation to his stocks and shares ISA, amounting to £1,198.12. Wren Sterling also explained that it received a letter in August 2021 notifying it that there had been a change in servicing rights, and it was no longer acting as agents for his stocks and shares ISA. As such, it said it could have investigated whether Mr N intended to cancel his arrangement with respect to his personal pension. So it also offered to refund the fees paid in relation to Mr N’s pension since August 2021, amounting to £9.75, for a total payment of £1,207.87.

Mr N didn’t accept Wren Sterling’s offer and so he referred his complaint to this Service for an independent review.

One of our investigators considered Mr N's complaint but didn't uphold it. In summary, she said:

- The documents provided at the time of advice made it clear that Wren Sterling had a separate charging structure for initial services to its ongoing client services.
- Mr N was part of the Client Service Programme which charged 1% of the total value for his investments annually, which was deducted directly on a month-basis from his investments.
- The benefits of the Client Service Programme included access to a financial advisor by email and telephone, forward planning meetings and a financial update. The forward planning meeting consisted of regular financial reviews to discuss the growth of Mr N's investments and any legal changes that could affect his portfolio, giving an opportunity to recommend any advantageous changes.
- The client agreement included termination rights, explaining that the service could be cancelled at any time provided it's put in writing, and would start on the date of receipt by Wren Sterling.
- She was satisfied Wren Sterling sent Mr N invitations for an annual review each year (except for 2020).
- Wren Sterling also sent portfolio statements which gave a snapshot of Mr N's investments and encouraged him to contact his advisor.
- She considered Mr N's concerns about feeling pressured to continue with the ongoing advisory service. Wren Sterling explained that its services could be terminated at any time but the 1% ongoing fees would start again if he wanted to take up the services again as Wren Sterling would need to undertake a new assessment of Mr N's financial situation.
- She was satisfied Wren Sterling's offer to refund fees for advisory services in 2020 and fees paid in relation to Mr N's pension since August 2021 was fair and reasonable and so she didn't think Wren Sterling needed to do anything further.

Mr N didn't accept the investigator's findings as he felt he should be entitled to a refund of all fees associated with the advisory services.

As such, the complaint has been passed to me to decide.

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.

I understand Mr N feels strongly that he hasn't received the services he's been paying for, however, I must explain our approach to complaints like his is to consider whether a firm told the consumer about the costs of a transaction or service before it took place. And if it did, this Service is likely to be unable to uphold a complaint just about those costs, provided the costs were set out in a clear fair and not misleading way.

I've considered the point of sale documentation Mr N was provided with when taking out his investments. These include the fact find document Mr N completed with Wren Sterling. Within this the advisor confirms that Mr N was happy for *"any Initial and ongoing fees to be deducted from the monies invested and prefer simplicity even though this will reduce [his] overall ISA holdings"*.

The Financial Planning Report Wren Sterling completed with Mr N explained the fees further:

“Ongoing fees

During our meetings we have discussed the importance of regular reviews both of the continuing suitability of your investment plan and how it is performing in relation to your objectives. As everybody’s circumstances change over time, this is a vital stage of financial planning, and as such Wren Sterling offer a range of services to support our clients, and more detail is contained in our Client Agreement.”

The Financial Planning Report then went on to provide a table setting out the 1% ongoing advisor fee and explained that by paying this fee from the plan, Mr N would be increasing the total fees paid through his investments – meaning the fund value would be lower than if he'd the fee separately.

Furthermore, the application form Mr N completed to take out his investments also explained that a 1% monthly ongoing adviser fee would commence on 7 May 2018.

I understand Mr N says his advisor when initially told him that if he wished to stop the fee and then re-start the advisory services again, then the costs would resume as if they had never been paused. However, the point of sale documents didn't record what was said about the fee other than that which I've explained above. Also, Wren Sterling's terms of business make it clear that these services can be cancelled at any time:

“You are able to cancel our ongoing services at any time. Notice of this cancellation must be given in writing and will take effect from the date of receipt.”

Whilst I can't determine what the advisor said, it's clear from the terms of business that it was correct that Mr N would need to pay for any future advisory services if he'd cancelled the fee:

Whilst cancellation will end our responsibility to provide ongoing reviews for your financial plan, we will remain available for assistance on any aspect of your financial situation but this would require a separate fee to be charged.”

And I think it would be prudent for his advisor to make him aware of this before proceeding with the investments and ongoing advisor fee. There's no mention of the fee being applied retrospectively to cover the time between cancelling and restarting the advisory services.

I've also considered Mr N's points around not having annual reviews of his investments and I've thought carefully about whether this means he ought not to have been charged the fee. Whilst Mr N may not have had a review since taking out the investments, I've seen evidence that Wren Sterling did contact him by letter to offer reviews in March 2019 and May 2021. It's not disputed that Mr N received these letters and it's not clear why Mr N chose not to take up these offers. However, I don't think his decision not to means he ought to be entitled to a refund of all his ongoing adviser fees. I say this as the fee entitled him to the benefits of Wren Sterling's Client Service Programme which included access to a financial advisor by email and telephone, forward planning meetings and a financial update. As such, I don't think it would be fair or reasonable to require Wren Sterling to refund him the fee for 2019 and 2021 considering he'd been made aware of the fee, been offered annual reviews but decided himself not to take up any of the benefits associated with the fee.

Clearly, the circumstances around 2020 are different and Wren Sterling accepts that it failed to offer Mr N the opportunity to have an annual review. However, I think the offer it's put forward to refund all advice fees for the period from April 2019 to May 2020 in relation to his stocks and shares ISA, amounting to £1,198.12 is fair and reasonable in the circumstances. Furthermore, I'm satisfied Wren Sterling's offer to refund the fees paid in relation to Mr N's pension since August 2021, amounting to £9.75 is also fair considering by that time it'd been made aware that there it was no longer acting as agents for his stocks and shares ISA and

so it could have investigated whether he intended to cancel his arrangement with respect to his personal pension.

Taking into account all of the above, I'm satisfied that Wren Sterling made Mr N aware of the ongoing advisor fee and that he was entitled to cancel these services if he no longer required it. I'm also satisfied that it ought to have offered him an annual review in 2020 and considered whether he still wanted its involvement in his personal pension. But I feel it's offer fairly reflects these failings.

My final decision

I uphold this complaint in part, and direct Wren Sterling Financial Planning to pay Mr N the £1,207.87 already offered if he accepts this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 24 October 2022.

Ben Waites
Ombudsman