

The complaint

Mr B complains about charges raised by Family Equity Plan Limited trading as OneFamily (OF) on the Child Trust Fund (CTF) which he held with them.

What happened

Mr B opened the CTF in 2009 for his son. Then in January 2024, he complained to OF about the Annual Management Charge (AMC) of 1.5%, saying it was misleading, not made clear, and not fair. Therefore, OF investigated the matter.

OF issued a final response letter to Mr B in which they did not uphold the matter. They explained how the charge works for the CTF, and that information about the charge was on its website, and within both its terms and conditions, and the key features document which was supplied on opening.

Mr B was not satisfied with this and brought the complaint to our service, so an investigator looked into it; deciding that OF did not need to take any action. At the same time, Mr B moved the CTF to another provider. Our investigator said that OF had acted fairly and had made charges information clear within its terms and conditions. Our investigator explained again how the charge was taken i.e. from the value of the fund rather than Mr B's account, which meant that specifying the charge in pounds and pence would not make it any clearer than simply stating a percentage – a concern that Mr B raised.

Mr B disagreed with our investigator's view requesting an ombudsman review the complaint, saying that the charge wasn't made clear at the time of investing, OF did not create enough transparency, and that the 1.5% charge was high and not aligned with the industry.

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 have looked at the information OF has supplied to see if it has acted within its terms and conditions and to see if it has treated Mr B fairly.

If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

I have looked over carefully the information OF has supplied regarding the AMC, information that would have been available to Mr B when he opened the account, and afterwards. I've also seen an annual statement that was issued to Mr B in which the 1.5% annual charge is mentioned on two pages. Looking over the terms and conditions that OF have supplied, I can see clear mention of the AMC including worked examples of its impact. Therefore, in terms of Mr B's concerns about OF not being clear about the charge, or showing transparency, I am unable to agree with these points.

Another of Mr B's concerns is the percentage of the charge. He has said that it is higher than the industry average, and that in view of the OF being a stakeholder account, the 1.5% does not follow the government guidance for 'low cost'. The government guidance states that the AMC can be no more than 1.5% so whilst I accept that OF's AMC is the same as this maximum, I reiterate my previous point that this information was provided to Mr B on opening. Furthermore, OF is entitled to set the charge, regardless of whether it meets Mr B's standards.

Additionally, as our investigator and OF have alluded to, Mr B through the terms of the product, agreed to the AMC when he opened the CTF and would have had ample opportunity before agreeing to it, to query this aspect at the time and withdraw his interest accordingly. Alternatively, I would have expected to see Mr B's unhappiness reported sooner to OF, rather than many years since opening.

Whilst I appreciate Mr B's strength of feeling here, it's important that I concentrate on this complaint's main aspects alongside the evidence with which I have been presented. In summary, considering all the circumstances, I cannot fairly require OF to do anything further.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 30 January 2025.

Chris Blamires
Ombudsman