

The complaint

Mr E has complained that True Potential Wealth Management LLP (True Potential) didn't tell him about initial and ongoing advice charges that were applied when he transferred his pension plan and paid pension contributions following advice he received from True Potential, and that the transfer value received was less than he expected.

What happened

Mr E held a personal pension plan. This plan was held through a firm that was separate to True Potential. In this decision I will refer to this separate firm as Firm A.

In December 2020 Mr E received recommendations from True Potential to transfer his Firm A personal pension into a Self-Invested Personal Pension (SIPP) which would then be managed by True Potential. Mr E also received advice from True Potential on setting up regular monthly contributions into his new SIPP and on making a single pension contribution, again into his new True Potential SIPP. Mr E proceeded with the advice and recommendations he received from True Potential and the transfer of his personal pension from Firm A to his new SIPP was completed on 18 January 2021.

For providing advice and for completing the transfer of Mr E's pension plan from Firm A, True Potential charged Mr E an initial fee calculated at 3% of the transfer value received. For the advice and implementation of the regular monthly pension contributions and the single pension contribution, True Potential charged Mr E an initial fee of 2% of the pension contributions paid. The fee for the regular monthly contributions was applied against regular contributions paid in the first four years. For providing ongoing advice and reviews to Mr E, True Potential applied a fee of 0.75% a year, calculated on the total value of all pension savings that Mr E had with True Potential.

On 9 March 2021 Mr E contacted True Potential to enquire about stopping his ongoing advice fee of 0.75% a year, but Mr E then took no further action with regards to this. Mr E then contacted True Potential again on 11 March 2021. This time he said to True Potential: *"I do accept that you did inform me about the 2% & 3% charges"*. Mr E went on to say: *"I cannot see the justification in losing roughly 40k further over the next 10 Years or so, as being blunt I cannot see the financial advantage in doing so"*.

On 22 November 2021 Mr E asked True Potential again about stopping the ongoing advice fee being applied to his pension savings, but again Mr E took no further action on this. Mr E had an annual review for his pension plan with his True Potential financial adviser on 26 November 2021. Following this meeting Mr E was sent a review report by his True Potential adviser. Further annual reviews for Mr E's pension savings were then held on 28 December 2022 and 7 December 2023. Mr E was sent further review reports after each of these review meetings.

Mr E contacted True Potential again on 10 May 2023 and this time did instruct True Potential to stop taking the ongoing advice fee from his pension savings. True Potential actioned this instruction from Mr E on 16 May 2023.

On 12 June 2023 Mr E complained to True Potential. Mr E said that he'd not been informed about the initial and ongoing fees that True Potential had taken from his pension savings. Mr E also complained that the transfer value True Potential had received from Firm A in January 2021 was less than he'd been expecting.

True Potential responded to Mr E's complaint on 27 July 2023 and said: *"I can see from your account that during the transfer process, the 'Advisor Charging Schedule' was uploaded to your Client Site on the 11th of December 2020. This document does state on the first page that: "An Initial Advice charge of 2.00% will be deducted from your initial investment, and an Initial Advice charge of 2.00% from your regular contributions." The second page does then explain that your ongoing servicing charge will be 0.75% per annum of the total investment held in your pension. The 'Expected Fund Purchase Document' was also uploaded to your Client Site on the 11th of December 2020. The second page of this document does also state that your initial advice fee is 2% and your recurring charge is 0.75%".*

True Potential then went on to say that on 22 December 2020 a *"Suitability Report for Retirement Planning"* was also uploaded to Mr E's Client Site and that details of its advice fees were set out in this suitability report.

True Potential also responded to Mr E's complaint about the transfer value that True Potential had received from Firm A in January 2021 being less than he'd been expecting. True Potential said that its adviser had explained to Mr E that market performance at the time of the transfer that caused the decrease in the transfer value and that the transfer value received from Firm A was correct. Finally, True Potential told Mr E that it could find no grounds for upholding his complaint.

Mr E wasn't happy with True Potential's response to his complaint, so he referred this to the Financial Ombudsman Service. One of our Investigator's reviewed Mr E's complaint. Their view was that True Potential had told Mr E about its initial and ongoing fees, and that Mr E had instructed True Potential to stop taking the ongoing advice fee when he no longer wanted to receive its ongoing advice service. Our Investigator didn't uphold Mr E's complaint.

Mr E didn't agree with our Investigator's view. He still thought that True Potential hadn't told him about its fees, so he asked for his complaint to be considered by an Ombudsman.

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.

In response to Mr E's claim that he wasn't informed about fees applying to his pension transfer True Potential said that an '*Advisor Charging Schedule*' was uploaded to his Client Site on the 11th of December 2020 and that this document stated that: "*An Initial Advice charge of 2.00% will be deducted from your initial investment...*". True Potential also said that on 22 December 2020 a suitability report in respect of the pension transfer was also uploaded to Mr E's Client Site.

But I don't think that this is correct because I think that the information that True Potential uploaded to Mr E's client site on 11 December 2020 and 22 December 2020 didn't relate to Mr E's pension transfer but instead related other pension transactions he completed. I've asked True Potential to send me copies of all the Adviser Charging Schedules and suitability reports it sent to Mr E for the pension transactions it recommended to him and to confirm the dates on which information was uploaded to Mr E's Client Site.

I think that three pension transactions recommended by True Potential and that these were for Mr E's company to pay monthly employer pension contributions into his True Potential SIPP, for Mr E to pay a single pension contribution of £65,000 into his True Potential SIPP and for Mr E to transfer his Firm A pension plan into his True Potential SIPP. I will therefore consider these three transactions and the information that True Potential provided to Mr E in respect of each transaction.

As I've said above, True Potential say that an '*Advisor Charging Schedule*' in respect of the pension transfer was uploaded to Mr E's Client Site on 11 December 2020 and that on 22 December 2020 a suitability report in respect of the pension transfer was also uploaded to Mr E's Client Site.

However, I think that the '*Advisor Charging Schedule*' True Potential uploaded to Mr E's Client Site on 11 December 2020 was in respect of the regular pension contributions and not the pension transfer. I also think that the suitability report that True Potential said was uploaded to Mr E's client site on 22 December 2020 was in respect of the single pension contribution that Mr E paid into his pension plan and not his pension transfer.

I've therefore considered what information about fees True Potential gave to Mr E for making regular pension contributions, paying a single pension contribution and transferring his pension from Firm A. I will consider each of these transactions in turn.

Regular Pension Contributions

I've seen the '*Advisor Charging Schedule*' for the regular pension contributions that True Potential says was uploaded to Mr E's Client Site on 11 December 2020. This says:

Regular Contributions

From each of your monthly contributions of £2,666.40 (made up of your monthly premium of £2,666.40 and tax relief of £0.00), the 2.00% Initial Advice charge of £53.33 will be deducted and paid to your financial adviser, leaving a net amount of £2,613.07 allocated to your account".

The '*Advisor Charging Schedule*' goes on to say:

Ongoing Advice Charges

These charges relate to the ongoing services provided by your financial adviser.

The Ongoing Advice Charge that you have agreed to pay your financial adviser is 0.75% per annum of the total investments held within your pension

On the basis of your total investment of £31,356.86 over the first year (which is made up of your initial investment of £0.00 plus your regular contributions of £2,613.07 per month minus any additional ad-hoc fee as detailed on the previous page), this charge of 0.75% equates to £127.39 in the first year of your investment”.

I've also seen the suitability report for regular pension contributions dated 11 December 2020 that True Potential says was uploaded to Mr E's Client Site on 11 December 2020. Under the heading “Cost of our advice services” the report says:

“As agreed with you and outlined in our Terms of Business Services and Disclosure document, we will charge you as follows:

2.00% of the amount invested, deducted from your Personal Pension, as an initial charge for this advice (on all initial contributions); and 2% of the amount invested, deducted from your Personal Pension, as an initial charge on all regular contributions for this advice for the first four years. After four years, no initial charges will apply to the regular contributions. We have therefore estimated, based on my recommendation that the costs will be: An initial advice charge of £799.92 per annum on your regular contributions; and An on-going advice charge of £293.97 per annum.

Our adviser charge is based on the value of your investment and will change in line with that value”.

I think that the above information contained in both the “Advisor Charging Schedule” and the suitability report was telling Mr E that True Potential would apply an initial fee calculated at 2% of the amount invested for the first four years that regular pension contributions are paid and an ongoing advice fee calculated at 0.75% of the total investments held in Mr E's pension plan. Whilst the “Advisor Charging Schedule” says that monthly contributions will be £2,613.07, when Mr E was making monthly employer contributions of £3,333, I still think it's reasonable to conclude that the above documents explained to Mr E what fees would be applied to his pension plan.

True Potential has said that the regular employer pension contributions were set up on 22 December 2020 for the first contribution to be collected on 1 February 2021. As the above information was uploaded to Mr E's Client Site on 11 December 2020 then I think it's reasonable to conclude that Mr E should have been aware of the fees that True Potential would apply on his regular pension contributions before any monthly contributions were paid.

Single Pension Contribution

Mr E paid a single pension contribution of £65,000 into his True Potential pension plan. True Potential has said that this was made in two payments, one for £45,000 and the other for £20,000, and that both payments were made on 31 December 2020.

I've seen both the “Advisor Charging Schedule” and the suitability that True Potential uploaded to Mr E's client site. True Potential has said that the “Advisor Charging Schedule” was uploaded to Mr E's client site on 24 December 2020 and the suitability report, dated 22 December 2020, was uploaded to Mr E's client site on 22 December 2020.

The “Advisor Charging Schedule” for the single pension contribution says:

“Initial Advice Charges

These charges relate to the Initial Advice provided by your financial adviser.

An Initial Advice charge of 2.00% will be deducted from your initial investment and from your regular contributions:

Initial Investment

The 2.00% Initial Advice Charge of £1,300.00 will be deducted from your initial investment of £65,000.00 (made up of your initial contribution of £65,000.00 and tax relief of £0.00) and paid to your financial adviser, leaving a net amount of £63,700.00 allocated to your account”.

The schedule goes on to say:

“Ongoing Advice Charges

These charges relate to the ongoing services provided by your financial adviser.

The Ongoing Advice Charge that you have agreed to pay your financial adviser is 0.75% per annum of the total investments held within your pension

On the basis of your total investment of £63,700.00 over the first year (which is made up of your initial investment of £63,700.00 plus your regular contributions of £0.00 per month minus any additional ad-hoc fee as detailed on the previous page), this charge of 0.75% equates to £477.75 in the first year of your investment”.

True Potential has said that the suitability report for Mr E’s single pension contribution was uploaded to his Client Site on 22 December 2020. Under the heading “Cost of our advice services” the suitability report says:

“As agreed with you and outlined in our Terms of Business Services and Disclosure document, we will charge you as follows:

2.00% of the amount invested, deducted from your Personal Pension, as an initial charge for this advice (on all initial and regular contributions); and

0.75% of the fund value of the Personal Pension per annum to provide you with our on-going servicing and support.

We have therefore estimated, based on my recommendation that the costs will be:

An initial advice charge of £1,300.00 on your initial investment; and

An on-going advice charge of £487.50 per annum”.

I think it’s reasonable to conclude from the above information that True Potential was telling Mr E that it would apply an initial advice fee calculated at 2% of the single premium paid and an ongoing advice fee of 0.75% a year calculated against the total value of Mr E’s pension savings. As both the above documents were uploaded to Mr E’s Client Site before he paid his single contribution then I also think it’s reasonable to conclude that Mr E should have been aware of True Potential’s fees before he paid his single pension contribution.

Pension transfer from Firm A

True Potential has said that it uploaded the “Adviser Charging Schedule” and the suitability report for the pension transfer from Firm A to Mr E’s Client Site on 30 December 2020. True Potential has also said that Mr E gave instructions for the pension transfer to proceed on 30 December 2020 and that on the same day True Potential started the process for the pension transfer to be made. True Potential has also said that the pension transfer into Mr E’s SIPP from Firm A completed on 18 January 2021.

I’ve seen the “Adviser Charging Schedule” and suitability report that True Potential say it uploaded to Mr E’s Client Site. The Adviser Charging Schedule says:

“An Initial Advice charge of 3.00% will be deducted from your initial investment and from your regular contributions:

Initial Investment

The 3.00% Initial Advice Charge of £5,773.80 will be deducted from your initial investment of £192,460.00 and paid to your financial adviser, leaving a net amount of £186,686.20 allocated to your account”.

The “Adviser Charging Schedule” goes on to say:

“Ongoing Advice Charges

These charges relate to the ongoing services provided by your financial adviser.

The Ongoing Advice Charge that you have agreed to pay your financial adviser is 0.75% per annum of the total investments held within your pension.

On the basis of your total investment of £186,686.20 over the first year (which is made up of your initial investment of £186,686.20 plus your regular contributions of £0.00 per month minus any additional ad-hoc fee as detailed on the previous page), this charge of 0.75% equates to £1,400.15 in the first year of your investment”.

The suitability report for the pension transfer refers to a meeting that Mr E had with his True Potential financial adviser on 24 December 2020, and says that his True Potential financial adviser “*collated information relating to your personal and financial circumstances*”.

Under the heading “Cost of our advice services” the suitability report goes on to say:

“As agreed with you and outlined in our Terms of Business Services and Disclosure document, we will charge you as follows:

3.00% of the amount invested, deducted from your Personal Pension, as an initial charge for this advice (on all initial and regular contributions); and

0.75% of the fund value of the Personal Pension per annum to provide you with our on-going servicing and support.

We have therefore estimated, based on my recommendation that the costs will be:

An initial advice charge of £5,773.80 on your initial investment; and

An on-going advice charge of £1,443.45 per annum.

Our adviser charge is based on the value of your investment and will change in line with that value”.

I think that the above information was telling Mr E that True Potential would apply an initial fee calculated at 3% of the transfer value together with a yearly ongoing advice fee calculated at 0.75% of the total value of investments held in Mr E’s pension. This information was uploaded to Mr E’s Client Site on the same day that he gave True Potential instructions to proceed with his pension transfer and that True Potential started the transfer process. However, the pension transfer from Firm A wasn’t completed until 18 January 2021.

I think it’s reasonable to conclude from the above information that Mr E should have been aware of the fees that True Potential for his pension transfer when he gave instructions for the transfer to proceed.

Annual Costs and Charges Statements

I’ve also seen copies of the Annual Costs and Charges Statements that were sent to Mr E by True Potential for 2020, 2021, 2022 and 2023. These statements cover annual costs and charges applied by True Potential in each calendar year with a separate statement being produced for the pension savings established through Mr E’s monthly pension contributions, his single pension contribution and his pension transfer.

The 2020 statement shows that an initial fee of 2% was applied in that calendar year against the single contribution that was paid on 31 December 2020. However, as the monthly pension contributions didn’t start until 1 February 2021 and Mr E’s pension transfer didn’t complete until 18 January 2021 then initial fees for these pension transactions are detailed in the 2021 Annual Costs and Charges Statements.

The statements also set out details of the “*Ongoing Advice Charge*” that True Potential has applied to Mr E’s pension savings in each calendar year. This is recorded under the heading “*Rate of Charge*” as 0.75%.

The statements also set out details of the monetary amounts that have been deducted from Mr E’s pension savings for initial and ongoing charges, as well as the percentage rates applied. I therefore think it’s reasonable to conclude that on reading each of these annual statements Mr E should have been aware of the initial and ongoing annual fees that True Potential had applied against his pension savings in each of the above years.

As Mr E was paying an ongoing advice fee to True Potential, I’ve also considered what ongoing advice service Mr E received. On 26 November 2021 True Potential wrote to Mr E. In its letter True Potential said:

“Personal overview of circumstances and objectives

At True Potential Wealth Management we want to ensure that your products are reviewed regularly and remain suitable for your circumstances, in line with your goals and objectives. These are outlined below.”.

True Potential then set out details of any changes to Mr E’s investment goals, attitude to risk and capacity to loss, assets and other investments, existing liabilities, personal circumstances, income and planned retirement date.

True Potential then said:

“Thank you for completing the Annual Suitability Assessment. It is True Potential Wealth Management’s responsibility to ensure that we deliver our ongoing proposition to you and that your investments are reviewed at least annually in line with your personal objectives and situation.

From the information you have provided us, there are no significant changes to your personal or financial circumstances that will affect the suitability of your investments. Like everything else, things change, so if anything does then please contact me straight away. For any information about your current investments, please refer to the original key features, illustration, and terms of business which was given to you when we set up your investments.

Summary
You agree that you still require True Potential Wealth Management’s ongoing service. If you wish to cancel or query this ongoing service then please contact me as soon as possible”.

True Potential then also wrote similar letters to Mr E on 28 December 2022 and 7 December 2023. In these further letters True Potential said that there had been no significant changes to Mr E’s personal or financial circumstances that affected the suitability of his investments.

Mr E contacted True Potential on 9 March 2021 to ask about stopping his ongoing advice fee. On 22 November 2021 Mr E asked True Potential again about stopping the ongoing advice fee being applied to his pension savings. Mr E then instructed True Potential on 10 May 2023 to stop taking the ongoing advice fee from his pension savings. I think it’s reasonable to conclude that as Mr E had first asked True Potential about stopping his ongoing advice fees on 9 March 2021 then he would’ve been aware of the ongoing advice fee being applied against his pension savings.

I also think that True Potential provided Mr E with an annual statement of fees and charges that had been applied to his pension savings and wrote to him each year to say that as his financial circumstances hadn't changes then his True Potential investments remained suitable for him. I further think that Mr E was told what he needed to do if he wanted to cancel the ongoing service he was receiving from True Potential. But Mr E didn't instruct True Potential to stop his ongoing service and fee until 10 May 2023.

The transfer value received by True Potential from Firm A

Mr E has also complained that the transfer value that Firm A sent to True Potential was less than he was expecting. True Potential attached a "*Replacement Analysis Form*" with its suitability letter of 30 December 2020. This Form said that the fund value of Mr E's Firm A pension was £196,771.00, but then also said that exit penalties of £4,309.28 would be applied by Firm A against the transfer value. True Potential then said that the transfer value was £192,461.72. (£196,771.00 minus £4,309.28).

The transfer of Mr E's Firm A pension wasn't completed until 18 January 2021. Firm A has said that in calculating Mr E's transfer value it would have used fund prices applying the day after it received the transfer request from True Potential. I have not had confirmation of the date that Firm A received the transfer request from True Potential. However, I think it's reasonable to assume that there would have been market movements in the period between when True Potential prepared its Replacement Analysis Form for Mr E, dated 30 December 2020, and the day after Firm A received the transfer request.

The Annual Costs and Charges Statement prepared for Mr E for the year ending 31 December 2021 for the pension fund resulting from the above pension transfer states that in that year an initial advice fee calculated at 3% of the transfer value was applied. True Potential said in its statement that the monetary amount of this 3% initial fee is £5,789.56. I think that this meant that the transfer value that True Potential received from Firm A was £192,985.33 (3% of £192,985.33 = £5,789.56). This figure is £523.61 higher than the transfer value that True Potential had quoted in its Replacement Analysis Form (£192,985.33 minus £192,461.72).

I therefore think that it's reasonable to conclude that the transfer value True Potential received from Firm A when the transfer was completed was not significantly different from what True Potential had told Mr E it would be in its suitability report and Replacement Analysis Form dated 30 December 2020. I've not seen any evidence to show that True Potential told Mr E that the Firm A transfer value would be more than the amount it received, as Mr E has claimed.

Summary

In his complaint to True Potential Mr E has said that he was unaware of the fees and charges that True Potential applied to his pension savings until he had committed to each of the above pension transactions. Mr E also says that he was unaware of any of the above Adviser Charging Schedules and suitability reports being uploaded to his Client Site.

However, Mr E has also said that on 18 December 2020 he was told by his True Potential financial adviser that a charges document had been uploaded to his Client Site. I think it's reasonable to assume that this is referring to the Adviser Charges Schedule that True Potential uploaded to Mr E's Client Site on 11 December 2020. I therefore think it would have been reasonable for Mr E to have then been aware that future documents relating to his True Potential pension, and the transactions he was completing, would be uploaded to his Client Site for him to view.

I therefore think it's reasonable to conclude from the above information and evidence that True Potential did fairly inform Mr E of the initial and ongoing fees it would apply to each of his pension transactions, and that True Potential completed annual reviews and confirmed the ongoing suitability of Mr E's pension savings and investments. I'm therefore unable to uphold Mr E's complaint.

My final decision

My final decision is that I don't uphold Mr E's complaint against True Potential Wealth Management LLP.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 6 March 2025.

Ian Barton
Ombudsman