

The complaint

Mr O's complaint is about the Ongoing Advice Charges applied by Policy Services Limited. Mr O doesn't think he should pay charges for the period starting from when he raised a complaint about the delays to a transfer caused by Policy Services in 2022 given the poor level of service it provided.

What happened

Mr O's complaint was considered by one of our investigators. She sent both parties her assessment of it on 9 July 2024. The background and circumstances to the complaint were set out in her assessment, and so I won't repeat them all in full again here. However in brief, in 2022 Mr O had raised a complaint with Policy Services about the delays he'd encountered when he tried to transfer the benefits in his occupational pension scheme to his Self-Invested Personal Pension ("SIPP"). The complaint was referred to this service, and an Ombudsman issued a final decision in which Policy Services were ordered to pay Mr O compensation.

Mr O subsequently raised a further complaint specifically about the Ongoing Advice Charges (OACs) that he'd been charged. Mr O didn't think he should pay charges from when he first had discussions with Policy Services about transferring his pension to his SIPP, to when this complaint was eventually resolved. He said he hadn't received any ongoing service.

Policy Services responded to Mr O's complaint saying it acknowledged the level of service it had provided had not been satisfactory and hadn't met its usual standard. It offered Mr O a return of £3,028 of charges, and a further £2,000 as a gesture of goodwill for the continuing distress he'd experienced over the matter. However it thought Mr O's adviser had fulfilled his service obligations, and so it didn't offer to refund the fees paid to the adviser (£7,603).

Mr O didn't accept the firm's offer, as he thought it should refund all of the fees for the relevant period.

Our investigator said Policy Services had accepted the service it provided to Mr O hadn't been satisfactory, and it had offered a refund of the OACs that it retained itself. So the part of the complaint that remained outstanding was the £7,603 charges that had been paid to Mr O's adviser.

The investigator referred to the Client Agreement which set out the services that would be provided for the ongoing fees. She said Mr O could expect an annual portfolio valuation, telephone and e-mail support, and annual reviews. She said that having reviewed the information provided by Policy Services, she thought Mr O had received these services over the relevant period. So she didn't agree that Mr O hadn't received an ongoing service from his adviser. And therefore she didn't think Policy Services needed to refund those fees.

Mr O didn't accept the investigator's findings, and therefore 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.

Having done so I've come to the same conclusions as the investigator, and for largely the same reasons.

I've carefully considered what Mr O said by e-mail when responding to the investigator's assessment, and also listened to his conversation with the investigator by telephone. I think essentially his argument is that he paid significant fees to Policy Services, however both it and the adviser failed to process the transfer which was the subject of his previous complaint in a timely and efficient manner. And then when he complained both Policy Services and the adviser failed to deal with or provide any acceptable level of service in helping him resolve the matter. At the same time he put in a considerable amount of time and effort in pursuing the complaint himself. Mr O said he'd spent over 250 hours on the first complaint, and given a reasonable assumed rate for his time, the fees paid to the adviser (over £7,000) in comparison were disproportionately high for the little service that was actually provided.

I think firstly I should explain that the previous Ombudsman made an award for the distress and inconvenience caused to Mr O because of the transfer delays in his final decision. I appreciate that Mr O feels very strongly that this wasn't sufficient given the value of the time and effort he has had to put into resolving the matter and the stress he suffered over a prolonged period. However the previous Ombudsman explained why he considered the £1,000 was fair in respect of the difficulties that Mr O had experienced in relation to the pension transfer delay.

Ordinarily that would be the end of the matter in relation to the pension transfer delay. However Policy Services considered whether it should refund its fees separately to that previous decision. In reality, Mr O's complaint is very closely linked to his previous complaint. But what I'm considering here is whether the firm provided an acceptable level of service and should refund its fees if it didn't, rather than the distress and inconvenience caused to Mr O through the wider failures relating to the delays in the pension transfer and how the firm subsequently handled that matter (which Mr O has already been compensated for).

As outlined above, Policy Services offered to refund the part of the fees it retained itself as it acknowledged it hadn't provided an acceptable level of service related to its own responsibilities. A significant proportion of the fees Mr O paid to Policy Services were passed onto the adviser. Policy Services thought the adviser had carried out his own particular responsibilities, and so it wasn't willing to refund the fees paid to the adviser.

Like the investigator, I think the adviser provided the services as described in the Proposition Booklet for the servicing level that Mr O had agreed – Servicing Level 3. This was largely the annual reviews, and these have been evidenced as having been provided. I accept that the adviser also played a part in the pension transfer and so it might be argued some of the fees paid to him should be refunded.

However Policy Services Limited has agreed to refund all what it says is its share of the fees. Other parts of the service appear to have been provided, including those Policy Services Limited were responsible for. I accept that there was no document setting out specifically the cost of each particular part of the service and so what proportion of the fees would go to the adviser. However it seems to me that Mr O is seeking a refund of the fees because of Policy Services Limited's handling of his transfer and subsequent complaint. As I've said, Mr O has already been compensated for the distress and inconvenience caused to

him for that matter. Whilst I recognise that it was matters that related to the pension transfer that had the biggest impact on Mr O, the firm's fees weren't exclusively paid for it to deal with that transfer and as I have said it provided services as outlined in the proposition booklet.

I think here, irrespective of the exact allocation of responsibilities and costs of each part of the service between Policy Services and the adviser, ultimately Policy Services has offered to refund a significant proportion of the fees paid by Mr O. It's offered a significant sum in addition as a gesture of goodwill, because of the 'continuing' distress and inconvenience caused. As I have already said, the previous Ombudsman already made an award for the distress and inconvenience caused by the transfer delays. This additional £2,000 is at the higher end of awards we'd make for distress and inconvenience in similar circumstances (Mr O can visit our website to see examples of awards we make). Taking all the above into account, I think Policy Services' offer is fair in all the circumstances,

My final decision

Policy Services Limited has made an offer to Mr O to refund £3,028.96 of charges and pay a further £2,000 for the continuing distress and inconvenience caused. In my opinion that is fair and reasonable in all the circumstances. I therefore order Policy Services Limited to pay Mr O £5,028.96.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 4 March 2025.

David Ashley
Ombudsman