

The complaint

X complains that Mottram Financial Services Limited (Mottram) failed to provide him with annual reviews of his investments, despite paying a fee for that service.

What happened

X had a drawdown pension plan. I understand that he had been a client of his previous Independent Financial Adviser (IFA) since 1999.

In 2021, X's IFA retired. Both the retiring IFA and Mottram wrote to all the IFA's clients to tell them that their business was to be transferred to Mottram, which would then service those clients. Mottram issued X with a welcome letter on 1 July 2021. It would charge him an annual fee of 0.5% of the funds under management. And this fee would cover ongoing investment suitability reviews.

On 7 July 2021, Mottram emailed X with its adviser's contact details. It said it would contact him to arrange a meeting to review his plans and discuss his objectives. It also said that if X needed any help in the meantime, he should get in touch.

On 21 July 2021, Mottram tried to call X to discuss his plan. When it couldn't get through, it sent him an email to tell him his telephone number was out of date. X replied the same day with his correct telephone number.

The following day, Mottram spoke to X. Its file note recorded that he'd only set his plan up in its current state in January 2020. So he didn't think he needed anything from Mottram. The adviser told X where Mottram was based. And told him that if he ever wanted to have a meeting to discuss his circumstances, it could be arranged either virtually or in person. The adviser noted that X would be in touch if he needed to discuss anything or if he had a change in circumstances. And that Mottram would review his pension every 12 months, so a meeting would be good to ensure that his plan remained suitable for his needs.

Mottram called X again on 27 July 2022 to invite him for an annual review of his pension. The file note recorded that the adviser had already prepared a review document ahead of the call. And that the adviser explained that it would be appropriate to discuss X's circumstances as he couldn't confirm whether his plan was suitable for his objectives without this. X declined the review. He said that he might be about to receive a significant inheritance which would change his current financial position, and that it would be a good idea to speak once he had this.

Mottram told X that he could have a review either virtually or in person. It then sent X a review report by post. This noted that as there'd been no change to his circumstances, X's existing investment remained suitable for his needs. It also said that if anything changed, or if he had any queries on the review document, X should let Mottram know.

The following year in June 2023, Mottram contacted X to arrange the annual review either virtually or in person. The file note recorded that the adviser again explained that a meeting would be appropriate so he could discuss X's circumstances in order to be able to confirm

whether his plan was still suitable for him. X again declined the offer, saying that he didn't feel like he needed anything immediately, and that there was still the possibility of a significant inheritance. The file note recorded that X had seemed keener on a meeting that he had done the previous year. And that he would be in touch with Mottram "*in the coming weeks*" to arrange a convenient time.

Mottram wrote to X on 8 August 2023, enclosing a no change of circumstances review. It asked him to complete a change in circumstances form and explained the importance of reviewing his plan. The review stated that it would be good for X to meet with Mottram soon to ensure that his current plan remained suitable for him. It stated:

"As part of our ongoing servicing plan, we will assess your objectives, attitude to risk, investment timescale, financial circumstances etc., to ensure that your current plan remains suitable for you."

I understand that although X did reply to Mottram on 23 August 2023, it couldn't read the information he'd provided, so it wasn't able to gather any information. I also understand that Mottram chased X for the information on 8 September 2023, but didn't get a response. And that on 3 October 2023, when Mottram spoke to X, it again offered him a meeting either virtually or in person. Mottram's file note recorded that during this call, it told X that he should let it know if anything changed or if he had any questions about the review document it'd sent him.

X called Mottram on 8 December 2023 to tell it he was considering changing his adviser. He said the adviser he was considering moving to had suggested that he could achieve better performance if he moved. He also wanted to consider moving to an adviser that could visit his work. X agreed to wait to speak to his assigned adviser when he returned from his holiday in January 2024.

The assigned adviser called X on 15 January 2024. He then set up an online meeting with him for 26 January 2024. Mottram said that the primary purpose of the meeting was to get more background information and to let X decide if he wished to continue with Mottram's services, based on in person or virtual meetings. Mottram said it also took X through performance at this time. It sent X a review of his plan on 29 January 2024.

Mottram said that although X said he'd get back in touch when he'd made his decision, he didn't contact it until he transferred away from it on 20 May 2024.

X's representative complained to Mottram on his behalf on 16 May 2024. It felt that Mottram had agreed to provide annual reviews for the 0.5% annual fee it'd charged X, but these hadn't always taken place. It wanted Mottram to return all fees with interest where there was no evidence of a review taking place.

Mottram wrote to X's representative on 17 June 2024 to ask for further information, such as any specific dates he felt annual reviews weren't provided. But it didn't respond.

Mottram issued its final response to the complaint on 8 July 2024. It didn't think it'd done anything wrong. It said X's plan had been under its agency between 7 July 2021 and 20 May 2024. And that during that period, the plan had been subject to its ongoing review service, which cost an annual fee of 0.5% of the funds under management. It said the total fees that X had paid to it were £654.95.

Mottram said that over the period it'd looked after X's plan, there were two anniversary dates around which reviews should've been undertaken. It said that on both occasions, it'd called X to invite him for a review. But he'd declined. It said that on the second anniversary, X had

attempted to provide an update on his circumstances. But that he'd been difficult to contact when it'd tried to follow this up. It said that when contact had been established, it'd then arranged a review in early 2024.

Mottram said that X's fee allowed for an annual review of his plan. So he could reasonably expect to have had two reviews during the period in question. But it'd prepared and issued three annual reviews between July 2021 and January 2024. It said it could deliver those reviews by correspondence, at its office, remotely or over the phone.

Mottram felt that the evidence showed that it'd contacted X on a regular and timely basis. And that as well as making himself available to X if he needed support, its adviser had also taken steps to ensure X received regular annual reviews in an acceptable timeframe.

X's representative brought his complaint to this service on 30 July 2024. It felt that X hadn't received all of the annual reviews that he'd paid for.

Mottram told this service that it would usually look to cancel its service with a client who'd been non-responsive/not contactable. But said that as X had continued to be partially engaged, without a clear instruction that he didn't want advice, it was difficult to remove him from its agency without his consent.

Mottram said that it'd tried to provide X with an annual review meeting each year, but that he'd declined. It said it'd establish his reasons for declining each time. And at no point had he indicated that he didn't want its service. It also said that when X hadn't engaged, it'd undertaken and issued a review on a no change basis. It said it'd also provided an "updating details" form so that X could provide relevant information if necessary.

Our investigator didn't think that the complaint should be upheld. She acknowledged that X felt that he'd paid for a service that he didn't receive, but felt that he had received a reasonable service for the fees paid. She said that while Mottram hadn't carried out a full suitability assessment for X throughout his time as its customer, it had attempted to do so.

Our investigator said she was satisfied that X knew he was Mottram's customer and that he held a payable service plan with it. And that he had received Mottram's annual review notifications. She felt that he'd chosen to decline the reviews each year for different reasons. And noted that Mottram had then still carried out a no change review of X's plan and sent him confirmation of that.

Our investigator also felt that there was no evidence before the complaint that X had been unhappy with his relationship with Mottram, or the service it could offer him. She noted that Mottram had offered X a number of ways of communicating with it. She therefore didn't think that Mottram had any reason to consider ending its relationship with X before he transferred his account away in May 2024. She also didn't consider that Mottram should've had any reasonable concerns that it was charging X for a service he was unhappy with.

X's representative didn't agree with our investigator. It said that he'd paid for a review to be undertaken based on his circumstances each year. And that if Mottram couldn't accurately assess X's circumstances then it shouldn't have provided him with a basic review for the fees he'd paid.

As agreement couldn't be reached, the complaint has come to me for a review.

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'm not going to uphold it. I'm satisfied that Mottram did what it could to provide the service it had agreed to provide X. I'll explain the reasons for my decision.

From 31 December 2012, the FCA's Conduct of Business Sourcebook (COBS) 6.1A.22R requires that, unless the ongoing charge comes from regular premiums, any new agreement to collect ongoing charges must be for the provision of personal recommendations 'or related services' on an ongoing basis. And the consumer must have been told what those services are going to be and given the option to stop paying for them.

The FCA also produced a factsheet on adviser charging which, amongst other things, said:

Ongoing charges should only be levied where a consumer is paying for ongoing service, such as a performance review of their investments, or where the product is a regular payment one. If you are providing an ongoing service, you should clearly confirm the details of the ongoing service, any associated charges and how the client can cancel it. This can be written or orally disclosed. You must ensure you have robust systems and controls in place to make sure your clients receive the ongoing service you have committed to.

I'm satisfied that COBS and the FCA factsheet are clear that Mottram ought to have been providing a service for X starting from July 2021, as it's not disputed he paid an ongoing advice fee from then. I therefore think that the first review should've taken place no later than July 2022.

The evidence shows that as soon as Mottram took over as X's adviser, it contacted him to try to arrange a meeting to review his plans and discuss his objectives. Later in July 2021, X told Mottram that he didn't need anything from it at the present time. He said he'd only set up his plan in January 2020. Mottram noted this, but said if X needed anything he should get in touch. It also said that it would review his plan every 12 months. And that a meeting would help to ensure that his plan remained suitable for him.

Mottram called X as promised 12 months later to invite him for an annual review. It noted that it hadn't yet been able to confirm whether X's plan remained suitable for his objectives. But X again declined the review as he felt his financial position was about to change. He felt it would be helpful to speak to Mottram after that.

Mottram said that as X had no changes in circumstances to report, and because his investments were performing broadly in line with the market, it conducted and issued a review on a no change basis.

I'm satisfied that this shows that Mottram did provide the service it'd agreed to provide up to July 2022. I say this because the evidence shows that it did what it could to ensure X was aware of the service, acknowledged why he didn't want a full review yet, explained he could and should contact it any time if his circumstances changed, and reviewed his plan on a no change basis.

I next considered if Mottram continued to provide the agreed service after July 2022. I would've expected it to have got in touch to arrange an annual review in or before July 2023.

The evidence shows that Mottram contacted X about a review in June 2023. It explained that these could be held either virtually or in person. And that it still needed to discuss X's circumstances so it could confirm whether his plan was still suitable for him. X again declined the offer as he still felt his financial position was about to change. Mottram's file note recorded that X seemed keener than before to have a review. And that he'd be in touch

in the next few weeks to arrange a meeting.

The evidence shows that X didn't contact Mottram, so it wrote to him on 8 August 2023, asking him to complete a change in circumstances form and highlighting the importance of reviewing his plan. Mottram also decided to issue a no change review the same date, as investments were performing broadly in line with the market.

I'm satisfied that Mottram did provide the service it'd agreed to provide up to this point, for the same reasons I noted for the July 2022 review.

Mottram said that although it considered marking X as potentially not requiring advice due to his lack of engagement, he had spoken to his adviser several times and had never suggested that he didn't want advice. It also said that on 23 August 2023 it received X's "updating your details" form. It felt this meant X wanted to engage with it.

On 8 December 2023, X called Mottram. I understand this was the first time he told it he was considering changing his adviser. Then on 26 January 2024, Mottram held a virtual review meeting with X.

X's representative's argument is that X paid Mottram to review his plan based on his circumstances each year, but that Mottram had failed to do this. It felt that if Mottram couldn't accurately assess X's circumstances, it shouldn't have provided him with a basic review. But, based on the evidence, I can't fairly agree.

I say this because the evidence shows that Mottram took reasonable and timely steps to properly review X's plan, making it clear that unless he engaged with it to provide it with his full circumstances, it couldn't accurately assess whether his plan remained suitable for him.

X explained to Mottram why he didn't want a review at the times it offered them to him. And I consider that the reasons he gave reasonably led to Mottram considering a later review would be in his interests. Based on what I've seen, I can't fairly expect Mottram to have done any more than it did under the circumstances.

I say this because I agree with our investigator that there was no indication that X was unhappy with the service provided until he mentioned a possible alternative advisory arrangement in December 2023. The evidence shows that Mottram then took further steps to meet with X to make it clear what service it could offer him, so that he could then make an informed decision about what he wanted to do.

I'm therefore satisfied that Mottram took reasonable steps to provide the service that was originally agreed in return for the ongoing fee. And I can't fairly uphold the complaint.

My final decision

For the reasons I've set out, I don't uphold X's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 3 March 2025.

Jo Occleshaw
Ombudsman