

The complaint

Mr and Mrs B complain about the charges deducted from their with profits ISA accounts by Wesleyan Assurance Society. They say that, following a previous complaint about their 2020 fees and charges which was upheld by this service, they want:

- Excess fees and charges for 2021 and beyond to be similarly refunded.
- Future fees to be capped at 1%, in line with the product's key features document.

What happened

Mr and Mrs B previously referred a complaint to us about the fees charged in 2020. This service upheld their complaint. The ombudsman decided Wesleyan hadn't treated Mr and Mrs B fairly because it hadn't sufficiently explained the reason why the total charged in 2020 was so much higher than in 2019. The ombudsman ordered Wesleyan to pay Mr and Mrs B compensation equivalent to a refund on any charges made on their policies in 2020 that exceeded the charges made in 2019. The ombudsman said they could only consider the subject of Mr and Mrs B's complaint, which was the fees and charges for 2020.

Mr and Mrs B then complained to Wesleyan about its charges for 2021 and beyond.

Wesleyan said that Mr and Mrs B should now have a reasonable understanding of the charges being applied. It wouldn't refund any charges as it said they'd been applied correctly.

Our investigator was satisfied that Wesleyan had explained its charges and that they would vary over time. She didn't think Wesleyan needed to do anything more.

Mr and Mrs B didn't agree. They said, in summary, that:

1. The key facts document and the annual statements do not explain the fee payable to Wesleyan Financial Services.
2. It's not clear from the statements what the "other costs" represent.

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 find I have come to the same conclusion as our investigator for the following reasons:

I'm satisfied that Wesleyan has provided a reasonable explanation of its annual management charge. For investment made prior to 17 December 2012, this is charged at 1.5% and for investments since that date, the charge is 1%. This means the overall percentage charge will vary depending on the value of Mr and Mrs B's pre and post 17 December 2012 unit values.

There are various charges which are taken from the total with profits fund – for example, the dealing or transaction costs. These costs are not taken directly from Mr and Mrs B's investments. But Wesleyan is obliged to show the reduction in value of Mr and Mrs B's investments as a result of these costs. These are the "other costs" Mr and Mrs B have queried.

A fee was payable to Wesleyan Financial Services for its administration services. As with the dealing or transaction costs, this was taken from the total with profits fund, rather than directly from Mr and Mrs B's investments. But this led to reduced returns on the fund, which is why Wesleyan declared it, in line with its regulatory obligations. I'm satisfied this was set out in more recent key features documents and in its statements. It's told us that it expects this fee to be zero going forward.

Overall I'm satisfied that Wesleyan has applied its fees and charges correctly. And, whilst its annual statements may not provide a charges breakdown as detailed as Mr and Mrs B would like, I find it has provided enough information to meet its regulatory obligations. In the circumstances I don't require it to do anything more.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 19 December 2024.

Elizabeth Dawes
Ombudsman