

The complaint

The estate of Mrs S complains Capital Professional Limited (trading as Ascot Lloyd) has charged ongoing advice fees for a service that wasn't provided in relation to an investment bond. The estate requests that all fees are refunded during the period the service wasn't provided.

What happened

Mrs S held an investment bond. The bond provider was paying ongoing advice fees to her adviser (Ascot Lloyd). These fees were deducted from the value of the investment.

In late 2022, Mrs S's daughter raised concerns on her behalf with Ascot Lloyd as the last review was carried out in 2021, and she hadn't had any contact from the adviser since. They didn't think a fee should have been paid for a service that wasn't provided.

Ascot Lloyd responded and confirmed no review was completed in 2022. It apologised for this and agreed to refund the fees it received in 2022. It said this amounted to £2,108.92, but there was a further £153.39 that maybe payable once it had received the transaction history from the bond provider. Mrs S's daughter accepted (on her behalf) the offer on 6 March 2023.

Subsequently, Mrs S's daughter discovered from the 2023 statement that further payments had been taken from the investment and paid to Ascot Lloyd. She requested a further refund of fees that had been taken in 2023, but the parties couldn't agree on the precise amount due. So, the complaint was referred to this service for an independent review.

Sadly, Mrs S passed away in December 2023, the complaint is now being brought by her daughter on behalf of the estate.

One of our investigators looked into the complaint. Several assessments were made and further evidence was provided by the parties. As part of the investigation Ascot Lloyd agreed to pay interest on the refund of fees at a rate of 8% per year. But no agreement could be reached on the exact amount of fees that needed to be refunded. The most recent assessment issued by the investigator said as the last review took place in September 2021, he considered all fees from that date should be refunded with interest. Ascot Lloyd responded to say it didn't think it needed to refund any fees for 2021 as it issued a recommendation report that year. But it did confirm it was prepared to include interest with the refund of fees it received for 2022 and 2023.

As no agreement could be reached with the parties the complaint has been passed to me to reach a decision on what Ascot Lloyd needs to pay.

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.

It is not in dispute that Ascot Lloyd should refund the ongoing advice fees it received when it didn't provide the service charged for. I understand the last review it carried out for Mrs S was in late August 2021, with a report issued on 16 September 2021. I also note that Ascot Lloyd has agreed to pay a return on top of the refund at a rate of 8% per year to recognise the funds were removed from the investment and no longer generating a return. So, there is a principle agreed for putting things right, which I'm satisfied is fair and reasonable in the circumstances. But what remains in dispute is the amount, and from what date, Ascot Lloyd needs to refund fees.

I've looked at the available evidence to establish what fees have been collected. The statements from the bond provider indicate the following adviser fees were paid to Ascot Lloyd:

- In the year July 2021 to June 2022, £2,262.31.
- In the year July 2022 to June 2023, £1,531.33.

I understand Mrs S received refund payments of £2,108.92 and £153.39 in March 2023 – totalling £2,262.31. So, these amounts will need to be accounted for when calculating what needs to be paid, both in terms of further refunds and the 8% return due.

Ascot Lloyd appears to agree that it does need to make a further refund to the estate as it accepts it hasn't refunded all of the fees it received during the calendar years 2022 and 2023 (the years where it didn't provide a review). It has suggested this figure is approximately £500. But it disputes that it needs to refund anything from 2021, as it carried out a review during this year.

The estate has provided a breakdown it received from the bond provider to show all the advisor fees that were deducted from the policy in the last few years. The estate is claiming all the charges that have been incurred since the last review in September 2021. Mrs S's daughter has calculated that there is still a figure of just under £1000 to be refunded (plus the associated 8% interest that has been agreed).

Having considered the evidence and the arguments put forward by both parties, I'm satisfied the remaining point in dispute is about whether Ascot Lloyd needs to refund any fees it received from the year 2021. It says it doesn't need to because there was a review held in this year. But the investigator's view was that the fees that were collected after this review (i.e. anything paid after the 16 September 2021 report) should be included in the refund.

My understanding is that reviews carried out as part of an ongoing advice service are paid for by the preceding fees that have been collected, as opposed to being paid from future fees. I'm conscious the policy year ran from July to June, so I don't think the relevance to calendar years is as important as Ascot Lloyd suggests. I'm also conscious that the 2021 review took place mid policy year rather than at the start or end. So, in the circumstances of this complaint, in my view it wouldn't be fair and reasonable to say the fees that were paid after the September 2021 review should be associated with any service that had been provided previously. This means Mrs S incurred ongoing advice fees after September 2021 (during that year) that she didn't receive a service for. So, in line with the methodology already agreed, these should also be refunded.

Putting things right

Ascot Lloyd should refund the estate of Mrs S any ongoing advice charges it received for the period after 16 September 2021 to when it was removed as Mrs S's adviser and stopped receiving payments in 2023. It can deduct the amounts it has already made from the refund. It should add simple interest to the refund at a rate of 8% per year from the date each fee

was taken to the date the refund is paid.

My final decision

My final decision is Capital Professional Limited (trading as Ascot Lloyd) should pay the compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of X to accept or reject my decision before 7 February 2025.

Daniel Little
Ombudsman