

The complaint

Mrs S complains about Money Redress Limited (“MRL”) and the invoice they have issued following her successful claim for mis-sold pensions.

What happened

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list them chronologically in detail. But to summarise, Mrs S instructed MRL to pursue a claim for mis-sold pensions with the Financial Services Compensation Scheme (“FSCS”) on her behalf in 2018.

MRL submitted the claim to the FSCS. And Mrs S received an interim payment in 2020, with the FSCS confirming further payments were to be expected. MRL received payment for their fee calculated on this interim payment.

But shortly after, Mrs S removed MRL’s authority to deal with her claim directly with the FSCS. MRL explained that as a payment had already been made, and a claim upheld, they would be entitled to their fee for any further payments Mrs S received. And as Mrs S removed their authority to engage with the FSCS, MRL issued another invoice based on what they calculated Mrs S’ total claim to be worth. Mrs S was unhappy about this, so she raised a complaint.

MRL responded to the complaint and didn’t uphold it. They explained that, in line with the terms and conditions of the agreement Mrs S entered into, they would be entitled to charge their fee on any further payments Mrs S received from the FSCS and the claim they submitted, whether or not they had authority to engage with the FSCS. So, as Mrs S had removed their authority, they thought they were fair to issue an invoice based on their calculations, as they weren’t able to have sight of the actual total payment Mrs S had, and would, receive. Mrs S was unhappy with this response, so she referred her complaint to us.

Our investigator looked into the complaint and upheld it in part. While they thought MRL were fair when stating they were able to charge a fee on all the payments Mrs S received from the claim in line with their terms and conditions, they explained they had received documentation from Mrs S that confirmed the actual total amount she had received. So, they recommended MRL reduce their invoice to ensure the fee they charged was calculated solely on the amount she received, rather than their initial estimate.

MRL accepted this recommendation. But Mrs S didn’t, requesting that an Ombudsman reconsider her complaint. So, the complaint has been passed to me for a decision.

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 upholding the complaint for broadly the same reasons as the investigator. I’ve focused my comments on what I think is relevant. If I haven’t commented

on any specific point, it's because I don't believe it's affected what I think is the right outcome.

In this situation, I note it's not disputed by either party that Mrs S instructed MRL to pursue a claim with the FSCS on her behalf. And, that the payments she has received are in direct relation to the claim MRL initially submitted. So, as this isn't in dispute, I don't intend to discuss this in any further detail and my decision had been made on the basis the above is accepted.

I've seen the terms and conditions Mrs S agreed to when she instructed MRL. These make it clear that for any refund Mrs S received from the claim, MRL would charge a fee of 25% plus VAT. So, as all the payments Mrs S received resulted from the initial claim MRL submitted, I'm satisfied MRL are able to charge their fee, in line with the agreement she entered into.

I recognise Mrs S disputes this. And I want to reassure her I've thought carefully about her point of view that, as she removed their authority to act on her behalf with the FSCS, they were no longer representing her and so, any payments made after this shouldn't be subject to a fee. But crucially, I disagree, and I'll explain why.

I want to make it clear that removing MRL's authority with the FSCS doesn't constitute as the cancellation of her agreement with MRL. And I can see when MRL were made aware that this action had been taken, they explained clearly to Mrs S that they would still look to invoice her for their fee on any further payments that were made, considering the FSCS made it clear the first payment was made on an interim basis. So, I think Mrs S should've been reasonably aware of this fact.

And even if I was to say the removal of MRL's authority should have acted as a cancellation of Mrs S' agreement with them, the terms and conditions make it reasonably clear, under the "cancelling this agreement" section that:

"If this agreement is cancelled (by either party) when an offer of payment has been made, we will enforce our charges of 25% + VAT (30% total)."

So, I think the terms make it reasonably clear that even if the agreement was cancelled after a claim has been successful, which is the case in this situation, then MRL would continue to invoice for their fee. And I think it's reasonable for this to apply to any further payments the FSCS issued, as MRL were unable to control the fact the FSCS made these payments in instalments, over a period of time.

And as Mrs S refused to provide MRL with a new letter of authority, MRL were prevented from completing any further work on her behalf with the FSCS. And, more crucially, they were unable to obtain from the FSCS confirmation of how much had been paid in total for the claim. Nor were they able to receive this from Mrs S, as she failed to respond to MRL's requests for this.

So, I can understand why MRL proceeded to invoice Mrs S for a fee based on what they felt the claim was most likely to be worth, as they had no other information to calculate this fee on. However, during our service's investigation, Mrs S has provided documentation that shows her total refund equated to £21,959.86. And this is less than the estimated amount MRL calculated their fee on. So, because of this, I do think MRL's fee of £7,476.72 was too high and because of this, I'm satisfied MRL need to do something differently. I've considered this in the section below.

Putting things right

Again, while I note MRL had no way of knowing how much Mrs S had received, any direction I make is intended to ensure Mrs S is placed in a fair and reasonable position.

In this situation, Mrs S received a total refund of £21,959.86 from the claim MRL submitted. And when the interim payment Mrs S initially received, that MRL received a fee for, is removed, it leaves a remaining refund of £17,319.68. So, to ensure Mrs S is placed in a fair and reasonable position, MRL's fee should be calculated on this amount.

Based on fee information included in the agreement Mrs S entered into, 25% plus VAT of £17,319.68 is £5,195.90. So, this is amount MRL is entitled to, and I am directing MRL to reduce their outstanding fee to this amount. I note this is 30p more than our investigators initial direction, due to a slight error in calculation. Due to small nature of this correction, and noting MRL have already accepted to reduce their fee to the slightly lesser amount which Mrs S didn't accept, I'm satisfied this is unlikely to have altered either parties position and so I've proceeded to issue a final decision on this basis.

But I don't think any further action, such as compensation, is required in this instance as I think MRL were prevented from being able to reasonably ascertain from either Mrs S or the FSCS exactly what payments Mrs S received. And I'm conscious this is in breach of the agreement Mrs S entered into, where it's made clear Mrs S' responsibility to ensure she communicated with them and let them know the value of any compensation she received.

My final decision

For the reasons outlined above, I uphold Mrs S' complaint about Money Redress Limited and I direct them to take the following action:

- Reduce the fee they are requesting from Mrs S to £5,195.90.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 7 March 2025.

Josh Haskey
Ombudsman