

The complaint

Mr C complained that Phoenix Life Limited trading as Standard Life (Standard Life) has overcharged him for the management of his self-invested personal pension (SIPP) over a number of years. He also complained that the charging structure is unclear relating to the costs he has been paying.

Mr C would like Standard Life to compensate him for any financial loss he has incurred as a result of the overcharging.

What happened

I have reviewed all the evidence provided by both parties. I have not reproduced all of this in this decision but concentrated on what I believe to be the most relevant parts.

On 6 February 2011, a financial adviser (FA) set up a Trustee Investment Plan (TIP) through a third party provider (Provider A). As part of the establishment of the TIP, the FA arranged for it to be held by Standard Life on its SIPP platform.

In 2023, Mr C decided to take over the management of the TIP from his FA and so ended his relationship with them. As part of the process of managing his SIPP, Mr C asked Standard Life to explain the charges that were being made to his SIPP. Despite his best efforts, he found himself unable to gain any clarity on the basis on which the annual charges were levied.

On 19 November 2024, Mr C contacted Standard Life to request information on the current charging levels which applied to his SIPP. There were three levels of charges.

Standard Life replied the following day to explain that the charges which applied to his SIPP were contained with levels two and three of the charging structure.

It also specified that the charges comprised of four elements:

- Monthly Fund Administration Charge
- Yearly Administration Charge
- Yearly Charge for Pension Fund Withdrawal
- Fund Charges

After receiving this information, Mr C spoke to Standard Life on 21 November 2024 to discuss the charges on his SIPP.

Mr C contacted Standard Life again on 26 November 2024 to ask for an explanation of the yearly administration charges on his SIPP. He said he believed that the level three charge should have been £197 per annum (pa) for a fund of his value, but he was being charged £524.

Standard Life responded to Mr C's enquiry later the same day. It said:

The reason your yearly admin charge is £524 is that the majority of your plan is invested in level 3 investments. The charge is based on the average of the monthly value of Level 1 & Level 2 funds (if any) combined. Therefore you will pay £524 due to having less than 100k in level 1 and 2 funds.

Mr C was unhappy with this response and wrote again that afternoon to say:

How can the charge be based on the Level 1 and 2 investments when I am invested in Level 3!!!! in any event the level 1 and 2 investments amount to £45.00, so you are saying because of this I am paying about £300 extra per year just to hold this fund??

Standard Life responded on 27 November to say:

The reason the Yearly Administration Charge is £524 is because this charge is determined by what you hold within the Level 1 and 2 funds, excluding the bank account. As you do not currently hold a level 1 fund and only one level 2 fund which has a value of £45.83, this means that you fall into the category of your fund (those in level 1 and 2) being under £100,000.

These extra charges are related to the fact that you hold an external (level 3) fund, so this can come with extra costs as it is on an external platform.

It also told him that it was treating his concern as a complaint and would respond to that at a later date. It responded on 29 November 2024, not upholding his complaint for the reasons it had already given. It also concluded:

I understand you were unhappy with this as you feel how much you pay should be determined by your holdings in Level 3 however this isn't the case. This is a process that we unfortunately won't be changing.

Mr C remained unhappy with this decision, so brought his complaint to this service.

Our investigator reviewed all the evidence from both Mr C and Standard Life, before forming the view that Standard Life had not treated Mr C unfairly in applying the charges it did.

Mr C remained unhappy and so the complaint has been passed to me to make a final 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 have reached the same conclusion as our Investigator and do not uphold Mr C's complaint.

I can appreciate this will be disappointing to Mr C, so I will explain now how I have reached my conclusions.

Firstly, I think it's important to reflect upon the role of this Service. Our role is to impartially review the circumstances of a complaint and make a decision on whether a business has made errors or treated a customer unfairly. Where it has, we expect a business to fairly

compensate a customer for any financial loss and distress and inconvenience they have suffered as a result.

In the circumstances of this complaint, I can see that Mr C has made a number of points relating to Standard Life's charges which I will address in turn.

I'll look first at the documents which detail Standard Life's charging structure. Mr C has said that he believes that the documents are complicated and difficult to understand as well as lacking clarity and transparency. He also disagrees with Standard Life's interpretation of the charging structure.

I've reviewed the document 'Your investment choices and charges', which contains the information relevant to Mr C's complaint. I can see that it runs to some 13 pages, together with a page of frequently asked questions (FAQ).

In summary, it introduces the concept of three different investment 'levels'.

- Investment Level One

This is the simplest type of investment category, offering c300 pension funds from a range of fund managers. There are no administration charges, transaction fees or switching costs.

- Investment Level Two

This level gives access to c2,700 mutual funds. There may be a yearly administration charge, but no charges for transactions or switching funds.

- Investment Level Three

Allows investment into funds, stocks and shares, commercial property and gold bullion. As this level of investment often involves the highest amount of administration, including managing third parties it includes a one off set up charge, yearly administration charges as well as other charges depending upon the investments.

The document gives details of which pages in the document relate to each investment level.

Having reviewed this document, I can see why Mr C may have formed the view that it lacks clarity. Use of words such as '*may*' and '*depending*' do not provide concrete information on each of the investment levels. I have to consider, however, that this is a document which is designed to be issued to all Standard Life customers and a balance has to be struck between being sufficiently high level to convey the appropriate level of information, without providing detail on any and all products and charges. This would make it significantly longer and very difficult for customers to engage with. Within its pages, it does, however, provide example charges for each level which shows how the charges apply to each investment level, alongside FAQ about how charges are calculated and applied. It also includes a telephone number to call for more information.

Mr C has complained that none of the information in the document refers to his situation, which is a TIP managed by an external third party (Provider A). This makes it difficult to see which charging levels should apply to his SIPP. While this is true, I consider that the description of investment level three refers to *managing of third parties*. As Mr C's TIP is

provided by a third party, which I can see that he understands, I think that he could reasonably consider that his situation lies in investment level three.

I also have to consider that this arrangement was established by Mr C with the aid of his FA, who would have borne a responsibility to provide Mr C with information relating to his investment and who should have had a greater level of knowledge than a retail customer.

Consequently, I find it fair and reasonable to conclude that Mr C should have been aware that his investments sit within investment level three as his FA had acted for him for a decade or more.

In addition, I can see from the copies of recent annual statements supplied in evidence, these give a full breakdown of each charge element that applies to Mr C's policies, including the absolute amounts he has been charged in each of the periods the statements cover. From that, I conclude that Standard Life has correctly informed Mr C of the type and amount of charges that apply and I can't see that it has done anything wrong here.

I'll turn now to look at Mr C's complaint that he has been unfairly charged by Standard Life. I can see in the FAQ section of the charges section it says:

The yearly administration charge is based on the type of investments you have held during the charge year and the average value of your investments held in level 1 pension funds and/or level 2 mutual funds during that same period.

This confirms information on the investment level three page of the charges document. In its response to Mr C's complaint, Standard Life said:

Like my colleagues have explained the Yearly Administration charge is £524, this is because it's based on your holdings in Level 1 and 2, excluding the bank account. As you don't hold a Level 1 fund and have £45.83 in your Level 2 fund you have less than £100,000 in these two levels.

While I fully appreciate Mr C's position that he believes it illogical that the investment level three annual administration charge is based upon the combined amount of investments he held in Level one and level two funds, I can see that Standard Life has stated that this is the basis upon which the charges are based. Consequently, I can't agree with his contention that the charges have been misapplied or made incorrectly as they appear to have been applied in line with the agreement.

I can also see that Mr C had a copy of the charging document which has an apparently significant difference to the version supplied to this service by Standard Life. The version Mr C was referring to is an update on the version that applied at the time of his complaint and states:

if you invest in Level 2 and 3, the level 3 charge applies.

When our investigator queried this, Standard Life explained:

Stating that the level 3 charge applies, however, does not negate the fact that the charge is still based on the value of the level 1 and level 2 funds, as explained further up in the margin note. The extra line simply clarifies that the charge that applies is one of the ones specified in the level 3 section (ranging from £0 to £524) rather than the yearly administration charges set out in the level 2 section (£0 or £262). It is still clear in both versions that the charge is based on the level 1 and level 2 holdings.

While I empathise Mr C's view that the wording in the document could be clearer, I find that the interpretation that Standard Life has made is in line with the document wording and that it hasn't made a mistake here.

The final point of Mr C's complaint is that he is unhappy with the fact that the value of his TIP is only updated on an annual basis on Standard Life's pension application system (App). This means that the value could have changed significantly since the valuation was last updated on the App. He felt that it was unfair that there is a £60 charge which applies if he wanted an updated value

Standard Life have confirmed that Provider A is contractually obliged to provide it with one valuation a year, although it has sent four valuations in each of the last four years. Standard Life maintained that it has no ability to control the frequency of the valuation update that Provider A sends, in excess of the one required annual update.

I fully appreciate Mr C's desire for more regular updates on the value of his TIP to assist in his financial planning. I have to consider that this concern should be directed toward Provider A, as I can't see that Standard Life can be held responsible for the frequency of information provided by a third party. So, on balance, I can't see that it has done anything wrong here either.

In terms of the additional charge of £60 for an updated valuation, I find it fair and reasonable to assume that this represents the level of activity that Standard Life would have to undertake to procure this from Provider A. As our investigator noted, Standard Life are allowed to operate as a business within their own procedures and if they consider extra requests for valuations a chargeable task, I do not find it unreasonable given the need to liaise with a third-party business and the subsequent internal work required to produce a more frequent valuation.

In conclusion, while I can appreciate Mr C's concerns, I can't say, on balance, that Standard Life has treated him unfairly. I find it fair and reasonable to say that he was properly advised of the composition and level of the charges on his pension.

Consequently, I do not uphold this complaint.

My final decision

For the reasons given above, I do not uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 September 2025.

Bill Catchpole
Ombudsman