

The complaint

Mrs D complains about the service she received from Money Redress Limited ("MRL") after it assisted her with a complaint against a pension provider.

What happened

Mrs D instructed MRL to act on her behalf in a complaint against a pension provider. In 2019, she signed MRL's Terms of Engagement (TOE). The agreement provided that, in the event of a successful claim, MRL would be paid a fee equivalent to 25% plus VAT (a total of 30%) of the sum recovered.

In late 2020, the pension provider upheld Mrs D's complaint and offered to reinstate her as a deferred member of the fund with any benefits she would have received if she hadn't transferred out in 2013. It also offered her £1,000 for distress and inconvenience.

In mid-2021, the pension provider confirmed that Mrs D had been reinstated to membership in the fund. It confirmed that the current value of the fund was £100,702.

Over the next three years, MRL had several phone conversations with Mrs D. She said she was having difficulty accessing the funds and this meant she was unable to pay MRL its fee.

In July 2024, Mrs D raised a complaint with MRL. She was unhappy it had sent her a letter which said she had not made any attempts to contact it herself and had attempted to delay MRL's process.

MRL responded to Mrs D's complaint on 1 August 2024. It apologised for the standard wording of the letter and acknowledged that it could have been personalised given the ongoing dialogue with her.

In October 2024, Mrs D complained that MRL was sending her threatening letters and invoices by registered post.

MRL said it believed its customer relations team had been very understanding and sympathetic with Mrs D throughout the process and had allowed several extensions for her to settle the outstanding fee. It couldn't find any evidence of any threatening behaviour towards Mrs D from any MRL staff member. It believed Mrs D had been given sufficient time to settle the fee since the invoice of £30,210 was issued.

Mrs D remained unhappy and asked our service to consider her concerns.

Our investigator didn't think Mrs D's complaint should be upheld. He didn't think it was unreasonable that MRL was requesting its fee as nearly four years had passed since her successful claim. He also thought it was reasonable that MRL's fee be based on the amount it had achieved for Mrs D at the time, rather than the current value of the pension.

Mrs D disagreed with our investigator's outcome. She said every pension provider she'd been to stated they would not take her funds and provide her with a payout as the funds had decreased from £108,000 to £78,000. Every pension provider she'd spoken to said she

should approach the Financial Ombudsman Service as MRL would have known it would not be considered appropriate to cash the funds in as there was not enough.

She said once she was allowed to re-enter the pension fund, MRL immediately started hassling her about the payment. At one stage she had not even had the chance to visit a pension advisor, as MRL knew.

Mrs D said MRL had always promised it would wait for her to cash in the funds first as she had been specific in the fact that she was not a wealthy lady with stashes of cash. She didn't have £34,000, however pensions were increasing and she would be happy to have more appointments with advisors to see if there were any new incentives for individuals who have been scammed and then face potential financial ruin due to the fact they have had to use a company. She said MRL suggested from the start that she settle its fee once the monies could be released.

As Mrs D disagrees with our investigator's outcome, the complaint has been passed to me to decide.

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've decided not to uphold Mrs D's complaint. I'll explain why.

I've considered everything Mrs D has told our service, but I'll be keeping my findings to what I believe to be the crux of her complaint. I wish to reassure Mrs D I've read and considered everything she has said, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

I thought it would be helpful to provide some clarity about our service's role and the scope of the complaint that I'm deciding. Our role is to resolve disputes between complainants and financial businesses to help both parties move on. It isn't our role to deal with matters as they arise. In this decision I will only be considering matters complained of up until MRL's final response of 5 November 2024.

Mrs D signed MRL's Terms of Engagement (TOE) in 2019.

The TOE defines "*Fee*" as "*the fee of 25% plus VAT of the total compensation payable.*"

"*Compensation*" is defined as "*any sums paid or awarded in respect of any claim made by us on your behalf...*"

Under "our fees", the TOE says:

- *"If we do not succeed in obtaining compensation based on the Claim, You pay nothing*
- *If we won £1,000 on Your behalf Our fee would be 25% plus VAT (30% total). So you would pay £300 and receive £700 net...*
- *You are responsible for settling our invoice for Our Fee directly, unless you authorise us to collect the money for you and deduct it before paying to you."*

The invoice MRL issued to Mrs D in February 2023 was for a fee of £30,210.86 (including VAT). This is 30% of the transfer value the pension provider quoted when Mrs D's pension

was reinstated (£100,702.87). So, I'm satisfied the fee MRL charged Mrs D is fair and in line with what was agreed in the TOE.

The TOE says:

"Non Payment of Invoice

Without exception, all invoices must be paid in full within 14 days of issue. The costs of any invoice reminders at £25 plus VAT per time, or other fees and charges for outstanding invoices (including court fees and other costs the court permits to be charged as a result of a Hearing) may be added to the outstanding debt. Full details of these fees are available on request."

The TOE also says:

"In the case of pension related claims: (a) it is possible that Our fee may become payable before You have access to Your pension; and (b) You will, where necessary need to pay Our fees from Your own funds."

Mrs D says MRL assured her that she wouldn't have to pay its fee until she'd received a payout from the pension provider. I don't have anything to show me exactly what MRL said to her when she decided to use its services. But her claim was paid out in June 2021 when her pension was reinstated. I appreciate Mrs D might not have had physical access to the money. But I'm satisfied MRL was entitled to invoice her for its success fee in line with the TOE Mrs D had agreed to.

Mrs D says MRL has been harassing her for its fee despite knowing she was always willing to pay it once she'd cashed out her pension.

I've listened to recordings of telephone conversations Mrs D had with MRL in March 2022, August 2022, January 2023 and May 2023.

In the March 2022 call, Mrs D said she was planning to cash in her pension and set up her own business. MRL said she would need to speak to a financial advisor about transferring the pension as they would need to sign it off. Mrs D said she might not be able to do this until June because of her work commitments.

When MRL called Mrs D in August 2022, she said she had seen a pension advisor, and he'd told her no one would help her transfer her pension because there wasn't enough money in the fund and the tax would be huge. She said she'd spoken to someone else who had said the same thing. Mrs D said she would look into a couple of other options and MRL agreed not to contact her before September.

In the January 2023 call, Mrs D said she'd gone to another financial advisor who said she hadn't got enough money in the fund for it to help. She had gone to another company and filled in all the forms and was waiting to hear back. The MRL representative said he wasn't calling to put pressure on Mrs D, it was just to catch-up. He also said he was going to send Mrs D a revised invoice. The original one sent at the beginning of 2021 was based on an estimate. He'd be sending her an invoice for £30,210 which was lower than the original one.

The revised invoice was sent in February 2023.

In the May 2023 call, Mrs D was upset about a letter from MRL which she understood to mean she was being referred to a debt collection agency. MRL assured her that this wasn't

the case. Her file had been passed to a team that dealt with invoices that were outstanding. This was because the claim had been settled nearly three years before.

According to MRL's notes, another representative called Mrs D a couple of days later and said he would deal with her case. A call was arranged to take place in August 2023.

It looks like there were some emails between MRL and Mrs D from August to December 2023. Mrs D told MRL that a close family member was dying, and he later passed away. MRL has noted that Mrs D would like to discuss the situation in January.

It doesn't look like there was any further contact between MRL and Mrs D until June 2024. This is when MRL sent the letter that prompted Mrs D to complain in July 2024.

I've listened to two call recordings from early July 2024. Mrs D was clearly offended by the letter, which said she hadn't made any attempts to contact MRL and had only attempted to delay its process. The letter also said it would be reissuing the invoice if it didn't hear from Mrs D in 14 working days.

Mrs D made MRL that following her bereavement (in late 2023), she had also suffered a severe injury that required an operation, and she had needed to move house.

While MRL knew about Mrs D's bereavement, I don't think it was aware of the other difficult personal circumstances she was dealing with at the time. MRL apologised for the standard wording of the letter, rather than sending her a personal communication. I think this was reasonable to resolve her complaint.

In the July calls, Mrs D told MRL she had opened an account with a pension provider, and she'd been told she could transfer her pension. However, she needed to change her address with her current provider and in order to do that, she'd first had to update her driver's license.

Mrs D was unhappy to receive another letter from MRL in September 2024. In her written response, she said it made her feel like MRL didn't believe her or was calling her a liar because MRL's letter was sent by registered post. She said she was seriously injured, taking medication daily and was due to have major surgery. She'd sent MRL a change of address from the pension holders and questioned how MRL expected an update so quickly. She had to apply for figures and forms and was not happy to do this while she was on drugs that affected her daily life and mind. She said the pension holders would prefer she wait a little bit before transferring the money as the funds would increase because she had currently made a loss.

More than two months had passed since MRL's last conversation with Mrs D, so I don't think it was unreasonable for it to ask her for an update on her situation. The tone of the letter was empathetic, acknowledging Mrs D's bereavement and medical procedures. I appreciate Mrs D was offended that MRL's letter was sent by registered post. But I haven't seen anything in MRL's notes to suggest it believed Mrs D was dishonest in her promise to pay the fee. It's not unusual for businesses to send important letters by registered post to ensure they are received. So, I don't think MRL acted unreasonably here.

Mrs D raised some further concerns after receiving an outstanding debt letter in October 2024. This said if Mrs D didn't pay the outstanding amount (of £30,210.86) within seven days, her file would be passed to its appointed legal representatives to immediately commence proceedings against her, to recover the sum due, plus interest and costs.

I understand that Mrs D found this letter upsetting. But it had been around four years since the pension provider made its offer to Mrs D and almost three and a half years since Mrs D's pension was reinstated.

Mrs D has said she's happy with the work MRL did on her case and I don't doubt it's always been her intention to pay its fee at some point. But I'm not persuaded from everything I've seen and heard that MRL has harassed Mrs D. On the contrary, I think MRL has shown patience, understanding and compassion towards her. MRL's representatives were calm, polite and empathetic in all the calls I've listened to including ones where Mrs D expressed her anger and frustration.

Mrs D received the payout from her successful claim in June 2021, but MRL didn't issue the invoice for its fee until February 2023. While the payment was due within 14 days of issue, MRL was yet to receive any of its fee when it sent the outstanding debt letter 20 months later. So, I'm satisfied MRL made reasonable attempts to engage in dialogue with Mrs D before moving to its debt recovery process.

Mrs D says MRL would have known that it would not be considered appropriate to cash the funds in her pension as there was not enough in there.

MRL's records show that Mrs D had concerns about being able to pay MRL's fee if she accepted the pension provider's offer of compensation. But she also didn't want to lose out on the offer.

I can see that MRL asked the pension provider's representative if it would be willing to settle MRL's fee separately in order to avoid detriment to Mrs D. The pension provider's representative said this wasn't possible and Mrs D was given some options to explore.

I'm satisfied from what I've seen that MRL made it clear to Mrs D that it wasn't qualified or authorised to give her financial advice. So, I'm not persuaded that it was in a position to advise her of any potential difficulties she might have cashing in her pension once it was reinstated.

Mrs D says she's received correspondence from a debt collection agency who is asking her to pay around £34,000. I understand this was sent to her after the final response letter MRL sent her on 5 November 2024. So, I'm unable to comment on this as it goes beyond the scope of this complaint.

I understand this has been a difficult situation for Mrs D. She initially lost her pension due to a scam and she felt she had no choice but to use MRL's services to try to recoup the funds. She was hoping to pay MRL's fee by cashing in her pension, but this has been challenging. Mrs D has also been dealing with some difficult circumstances more recently, including a bereavement, a serious health issue and a house move.

I empathise with Mrs D, but the Claims Management Ombudsman is an impartial service, and I need to be fair to both parties here. I'm satisfied MRL carried out the work Mrs D instructed it to do, and she received a successful outcome to her complaint as a result of this. MRL operates on a "*no win, no fee*" basis and it's entitled to receive payment for successful claims.

I know my answer will be disappointing for Mrs D. But, overall, I think MRL has acted fairly and reasonably.

My final decision

For the reasons I've explained, I don't uphold Mrs D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 22 July 2025.

Anne Muscroft
Ombudsman