

## The complaint

Mr L complains that Embark Investment Services Limited trading as Scottish Widows platform (Scottish Widows) have unfairly increased the charges on his account in breach of the Terms & Conditions applying. He wants the previous charging structure reinstated and the extra charges refunded.

## What happened

Mr L's personal pension plan was originally held through the Alliance Trust Savings (ATS) platform, on a flat fee charging basis. In November 2021 ATS clients were migrated to the Embark platform. The flat fee charging basis with a maximum annual charge of £750, was continued until March 2022, when a tiered charging structure was applied. Embark subsequently became part of Scottish Widows. Mr L says he'd dealt with the same financial adviser (I'll call C) for around twenty years. And when C joined a new firm, Mr L's Embark investment was novated to the new firm. He says following this Scottish Widows significantly increased the charges on his account, by around £1,400 per annum, without notice or any information being provided. When queried, Scottish Widows said the novation to C's new firm meant a "higher rate card" applied and the new charges were correct.

C raised a complaint on Mr L's behalf. C said before changing firms he'd had discussions about client charges but hadn't been advised by his Scottish Widows contact that these would increase. It didn't accept the complaint and said it hadn't made any error and that Mr L was on the correct charging structure applicable to clients of C's new firm. It referred to a clause in its Terms and Conditions around charges.

Mr L referred his complaint to our service. He said Scottish Widows Terms and Conditions defined both "Financial Adviser" and "Financial Advisory Firm", and linked fees to the adviser, not the firm. He said as his actual adviser hadn't changed, neither should have the fees. Our investigator looked into the complaint, but he didn't uphold it.

Our investigator said Scottish Widows appeared to be charging Mr L in line with the Terms and Conditions applying to his plan and our service couldn't tell it to reduce the charges. He said the Terms and Conditions confirmed that the standard charges might vary if agreed with the financial adviser, but also that any special terms might be varied subsequently or change if the financial adviser was changed. And this referred to the arrangement with the advisory firm not the individual adviser and the novation to the new advisory firm would trigger this. Our investigator said Scottish Widows had confirmed that all of C's clients had been treated the same way.

Mr L didn't agree. He said Scottish Widows key features document also differentiated between the adviser and the advisory firm and the Terms and Conditions specifically referred to the individual adviser changing, which wasn't the case and the fees shouldn't have been increased.

As Mr L doesn't agree it has come 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'm not upholding the complaint.

I sympathise with Mr L's position here, but I don't think Scottish Widows has made an error or acted outside its Terms and Conditions. That means I can't uphold the complaint. Agency agreements offered by product providers like Scottish Widows are at a firm rather than at an individual adviser level. This is entirely standard practice in the industry. There can of course be a one-person advisory firm, who is directly regulated by the FCA, but that wasn't the case here as C either worked for or was a self-employed consultant of the two advisory firms in question. For Scottish Widows' own record keeping and compliance purposes, it's likely there is some form of sub reference within the main firm agency for individual advisers like C. But the agreement was between the firm and Scottish Widows, not C and Scottish Widows. As Scottish Widows has said this is specifically provided for in the Terms and Conditions on page 44 where a "financial adviser" is defined as,

*"An appropriately FCA authorised Adviser who provides financial advice to you, and who is an employee or contractor of a Financial Adviser Firm or whose authorisation to provide advice exists in accordance with the authorisations granted by the Financial Adviser Firm itself."*

Consequently, any adviser charges deducted from Mr L's account by Scottish Widows are paid to C's firm and not directly to him and so on, because that is the legal basis of the agency agreement.

I asked Scottish Widows for some more background detail, and it provided this. It confirmed that C's original firm and his new one were separately authorised by the FCA and that the original firm is no longer authorised. I'd expect Mr L's agreement over the advice and other services he receives, will be with his new advisory firm, rather than with C directly. But C might be identified as being his appointed adviser or similar within the agreement.

It is the case that some product providers will offer discounts on platform fees to some advisory firms, with these applying at a firm rather than an individual adviser level. If the intention was always to close C's original advisory firm, then the preferential terms on Mr L's account would presumably have ended had no adviser firm subsequently been linked to it. Where a client chooses to appoint a new advisory firm to manage existing arrangements, that client would be defaulted to either the standard charging rate or any special deal that had been agreed between the new firm and the product provider. A novation, where clients of advisory firm X are moved en masse to advisory firm Y but remain with their individual financial adviser, who is making the same move, is effectively the same thing. With the client's plan now being advised on by a different firm under a different agency.

So, I think any change in charging terms available for clients was an issue for the adviser firm to consider and seek to resolve with Scottish Widows, even though the impact of the change has been directly on Mr L. The Terms and Conditions refer to information about platform charges being provided by the financial adviser, most likely because some firms have preferential terms, and specifically directs clients to the adviser for this information. But as I don't think Scottish Widows has made any error or treated Mr L unfairly, I can't uphold his complaint.

**My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 17 December 2025.

Nigel Bracken  
**Ombudsman**