

The complaint

Mr A complains that Origen Financial Services Limited (Origen) charged him more than was agreed for providing him with its ongoing advice service.

What happened

Mr A received financial advice from Origen in April 2024 regarding the transfer of a defined benefit pension to a self-invested personal pension (SIPP). Mr A accepted Origen's recommendation which, in addition to the transfer, agreed to an ongoing advice service from Origen for an annual fee of 0.72% of the fund value.

In September 2024 Mr A cancelled his initial client agreement with Origen.

On 1 September 2024 an adviser charge of £511.43 was taken from the SIPP. Then in October a further charge of £512.85 was taken.

Mr A complained to Origen that it had incorrectly applied its fees. He was of the opinion that there should have been no charge due in the first month after the transfer meaning it had, in effect, over charged him.

Origen investigated and, whilst it agreed that the information that Mr A received from it and from the SIPP provider had discrepancies it set out its understanding of the way that the fees were applied. Which was that the fee was paid a month in arrears, which would mean that, in effect, only 11 monthly charges would be applied during the first 12 months. So it didn't think that the fees were applied incorrectly on Mr A's SIPP.

Mr A disagreed with Origen and referred his complaint to our service. He was of the view that he should only have been charged a single month, arguing that the information he'd been given caused him to believe that there should have been no charge for ongoing advice in the first month.

Our investigator reached the opinion that Mr A's interpretation was unfair. But thought that it would be fair and reasonable for Origen to only charge Mr A for the actual number of days that he was its client. Origen accepted that view and was prepared to compensate Mr A for the number of days' charges that the investigator suggested. Mr A fundamentally disagreed so the complaint was referred for an ombudsman's 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.

It is the role of our service to provide a resolution for complaints quickly and with a minimum of formality. Because of this I will focus on the issues that I consider to be at the heart of the complaint and will make my decision based on a balance of probability. What this means is that I may not necessarily comment on every argument that Mr A has made, although I would like to reassure Mr A that I have read and considered everything he has sent us. I

make this point because I can see that Mr A fundamentally disagrees with the view that the investigator gave. However, for the reasons that I will go on to explain, I have reached the same conclusion as our investigator for similar reasons.

I would start by saying that I understand that there is an element of confusion around the ongoing charges which has arguably been caused by a discrepancy in the SIPP provider illustrated quote of charges in the first year and the agreement Mr A had with Origen. But this complaint is about Origen so I am focussing on the information it gave and what that meant for the ongoing adviser charges.

The initial correspondence and Origen's suitability report causes me to believe that Mr A understood that the ongoing advice charge was going to be 0.72% of his fund value each year. In correspondence in May 2024 Mr A contacted Origen having noticed a discrepancy with the illustrative charge in the SIPP information. He identified that the first year's charge was estimated as being £5,561, which he'd worked out was only 0.67% rather than 0.72%.

I think that this discrepancy was due to the fact that the SIPP provider was calculating the SIPP charge monthly in arrears. It meant that, by the end of 12 calendar months only 11 months of charges would end up being deducted. But that isn't specifically what I am concerned with here.

In this decision the key issue is what agreement Mr A had with Origen, and what it was entitled to charge in line with that agreement in the time it existed. And that was an annual charge in the region of 0.72% a year. The agreement didn't stipulate that there would be no charge in the first month. It was simply down to the practicality of taking the fee in arrears.

What is of additional relevance in Origen's Terms of Business is the section headed '*termination of this agreement*'. That said,

"You, or we, may terminate our authority to act on your behalf at any time, without penalty. Termination can be given by either party in writing at any time, subject to payment of any outstanding fees... We will not make any charge in respect of cancellation of ongoing services except for an amount proportionate to service already provided."

In summary, I am satisfied that the agreement that Mr A entered into with Origen was to pay a fee, across the year in return for the provision of a service. And that, on termination, he was liable to pay for the proportionate amount of service that had already been provided at the point of terminating the agreement. But Origen instead charged Mr A for two full months.

Putting things right

Having reached the above finding, I only think that it's fair and reasonable for Origen to retain the fee taken for the period of its agreement with Mr A. So I need to consider a fair and reasonable way for Origen to put Mr A, as closely as possible, into the position he would have been had that happened. And I agree that what our investigator set out, and was accepted by Origen, is a fair and reasonable way to put things right.

The funds were only received in the SIPP on 13 August 2024. Any charges prior to that transfer should reasonably have been part of Origen's charge for the initial transfer advice. It was therefore reasonable to apply charges proportionately from 13 August 2024 until the email Mr A sent on 25 September 2024 terminating the agreement.

To put things right, Origen must do the following:

- Refund the value of the adviser fees for the periods between 1 August 2024 to 12 August 2024 (inclusive) and 25 September 2024 to 30 September 2024 (inclusive). It must also compensate Mr A for the lost investment returns from the date the charges were incorrectly deducted to the date of my final decision.
- The calculation of lost investment returns should be based on the performance of the SIPP over that period where that information is available. If this is not possible, I think that it would be fair to instead value that lost investment return using the FTSE UK Private Investors Income Total Return Index.
- The compensation amount should if possible be paid into Mr A's pension plan. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.
- If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mr A as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid. This isn't a payment of tax to HMRC, but an adjustment to ensure Mr A isn't overcompensated.

If Mr A has remaining tax-free cash entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to their likely income tax rate in retirement – presumed to be 20%. So making a notional reduction of 15% overall from the loss adequately reflects this.

- Provide the details of the calculation to Mr A in a clear, simple format.

Origen must pay the compensation within 28 calendar days from the date on which we tell it Mr A accepts my final decision.

If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

If Origen considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr A how much it's taken off. It should also give Mr A a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the above reasons I am upholding Mr A's complaint and directing Origen Financial Services Limited to put things right as set out in the above section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 31 March 2026.

Gary Lane
Ombudsman