

The complaint

Mr K complains Vanguard Asset Management Limited ('Vanguard') gave him wrong information in relation to its account fee.

What happened

Mr K had a stocks and shares ISA with Vanguard.

In December 2024 Vanguard announced that it would charge a new minimum fee for accounts with balances under £32,000. Accounts with balances less than £32,000 would pay a flat fee of £4 per month, capped at £48 per year. And accounts with £32,000 or more would pay an annual account fee of 0.15%, capped at £375.

On 8 March 2025 Mr K received an '*Ex Ante Costs and Charges*' document from Vanguard which displayed the investment costs and charges applicable to an investment of £100 which he'd made in his ISA. It said the account fee was £48. And it included the following explanation:

'Below is your estimated investment costs and charges for your Stocks/Shares. These costs and charges are based on the amount you've told us you're investing now ...'

On 9 March 2025 Mr K contacted Vanguard online about the purpose of the document and the fee it displayed. On 10 March 2025 Vanguard replied saying the '*Ex Ante Costs and Charges*' document was generated after a buy order on his account, to show him what the estimated cost of his investment would be. It told Mr K he could see his actual account fees in his online account. And it said that for the quarter from November 2024 to February 2025 Vanguard had charged him £11.21 for his ISA and £2.26 for his SIPP.

Mr K replied saying:

'... I noticed the below sentence at the bottom of the first page – "Where the balance of your invested assets is below £32,000 we charge a minimum account fee of £4 a month."

Across my SIPP and S&S ISA, I have more than £32,000 invested, with some additional amount left in cash.

Can you please clarify why I am being charged £48 ...?'

On 11 March 2025 Vanguard said it had a system issue which it was looking to fix soon. It said:

'I can confirm your Account Fee is 0.15% of your investments per year (capped at £375 per year) as your holdings are above £32,000.

I hope this has provided clarity and do let me know if you have any further queries and I will be happy to help.'

On 12 March Mr K asked Vanguard to reissue the 'Ex Ante Costs and Charges' document once the issued was fixed. Vanguard asked Mr K to allow 7 to 10 days for the issue to be resolved.

On 30 March 2025 Mr K told Vanguard he'd invested again yesterday and the 'Ex Ante Costs and Charges' document again 'showed £48 as the account fee'. He asked when the problem would be fixed and asked for amended documents for four investments he'd made between 8 and 29 March 2025.

Vanguard replied the next day, saying its IT team was investigating. And it said:

'Please ... rest assured the incorrect fee displayed, does not impact you.'

On 1 April 2025 Mr K complained to Vanguard about the issue he'd raised. He said:

'Appreciate that this has been raised with IT. However, without having the correct account fee displaying in those documents, how can I know what the correct fee is?

...

Furthermore, from a customer vulnerability point of view, I struggle to understand and calculate numbers which I can't make sense of. Therefore, the impact may not be financial but far greater impact on me understanding what I'm actually paying.'

Vanguard acknowledged the complaint on 3 April 2025. On 7 April 2025 Mr K wrote again. He said:

'Considering the fall in stock market recently, I am investing my cash balance into my chosen funds. However, because the problem with the incorrect account fee showing, I clearly don't know what I am paying for, which is impacting my investment strategy. This is totally unacceptable.'

On 10 April 2025 Vanguard wrote to Mr K saying it had found no issues with 'the documents themselves'. It said the reason for the estimate given in the document Mr K had received was that the document estimated charges for Mr K's account as if the investment he'd just made were his only holding.

And its system didn't consider Mr K's whole account when it produced the 'Ex Ante Costs and Charges' document.

On 12 April 2025 Mr K wrote to Vanguard saying that prior to December 2024 Vanguard had recognised his entire account balance when producing 'Ex Ante Costs and Charges' and it was bizarre that Vanguard no longer did so after its December 2024 announcement. He questioned whether Vanguard had considered its obligations under the Consumer Duty section of the Handbook of the regulator, the Financial Conduct Authority (FCA).

On 16 April 2025 Vanguard told Mr K that under the previous fee structure the estimate didn't need to account for total account balance because the fee would've been 0.15% regardless. And Vanguard was looking into how to build this into the 'Ex Ante Costs and Charges' document so the account fee estimate would be more accurate for clients holding more than £32,000. It said that in the meantime Vanguard would investigate Mr K's complaint with a view to resolving all issues.

Between 1 and 23 April 2025 Mr K made seven investment purchases in his Vanguard account.

On 26 May 2025 Vanguard provided Mr K with a notification that his account fee for February to May 2025 had been £10.53.

In a call on 2 June 2025 Vanguard called Mr K noted that Mr K said that going forward he wouldn't invest heavily. He had invested when markets dropped but he wouldn't trade another thing and, apart from trading when markets dropped, he hadn't been trading because he didn't know what his account fees would be.

Vanguard responded to Mr K's complaint on 24 June 2025. It said there'd been no error in the '*Ex Ante Costs and Charges*' document. But its communication had been substandard and it could've better managed Mr K's expectations, to stop him chasing for updates. It directed Mr K to an area of its website which explained how Vanguard approached the Consumer Duty. Vanguard apologised and offered Mr K £100.

Mr K referred his complaint to this service. He said his experience with Vanguard had been mentally and physically draining that by giving him conflicting information over a long period of time and not resolving things, Vanguard had caused him confusion and prevented him from making further investments in his ISA because he couldn't accurately forecast his future costs. He added that Vanguard had information he'd provided about how he struggled to understand and calculate numbers which he couldn't make sense of, and it had ignored his references to the Consumer Duty. Mr K cited the consumer understanding outcome from the Consumer Duty and said Vanguard hadn't presented information in a way he could understand.

Mr K said he wanted Vanguard to correct and reissue the '*Ex Ante Costs and Charges*' document. And he wanted to be compensated for distress and inconvenience and lost opportunity to invest.

One of our Investigators looked into Mr K's complaint. She thought Vanguard's offer to resolve the complaint was fair and reasonable. In summary she said the following:

- The account fee shown in the '*Ex Ante Costs and Charges*' document was an estimate of the fee Mr K would pay for the £100 he'd invested in his ISA. The actual costs and charge Vanguard applied to Mr K's account would be shown in his annual statement.
- The document pertained to a particular transaction Mr K had made, and it estimated a fee on the basis of the amount of that transaction alone, rather than the basis of Mr K's account balance at the time.
- Vanguard told this service it was looking into changing the '*Ex Ante Costs and Charges*' document so that its estimate took into account the customer's entire account balance.
- For the following reasons the investigator wasn't persuaded Vanguard had caused Mr K to lose the opportunity to invest in his ISA:
 - He invested on 30 March 2025 despite having already raised his concern about the '*Ex Ante Costs and Charges*' document.
 - In April 2025 Vanguard told Mr K that the estimate in the '*Ex Ante Costs and Charges*' document didn't take into account his entire account balance. So Mr K was given reassurance that the correct fee would be applied and that he didn't have to worry about the fee that was estimated in the '*Ex Ante Costs and Charges*' document.

- Vanguard explained that Mr K could see the charges that had been applied in his online account. A screenshot from Vanguard showed that on 12 March Mr K's online account showed the ISA charge that had been applied for December 2024 to March 2025.
- In May 2025 Vanguard issued a statement which showed the charges that had been applied to Mr K's account.
- Because Mr K had already received confirmation of the charges that had been applied to his account and that information was also available to him online, having Vanguard correct the estimates in past versions of the 'Ex Ante Costs and Charges' document wouldn't provide Mr K with any information he didn't already have.
- Vanguard gave Mr K conflicting information. It told him there was an issue which it would fix in 7 to 10 days. It didn't fix the issue within that time. And it then told him there was no problem with the document, before saying once again that it was looking for a way to correct the document.
- Mr K had suffered inconvenience by having to chase Vanguard because it took too long to deal with his concern.
- Vanguard had acknowledged its failings. Its apology and offer of £100 were a reasonable way to put things right for Mr K.

Mr K didn't accept the investigator's view. In summary he said the following:

- Although the figure in the 'Ex Ante Costs and Charges' document was described as an estimate, it had reflected the correct charges prior to the December 2024 announcement. Vanguard ought to have ensured consistency was maintained when it brought in its new charges. Not doing so caused confusion and inconvenience and raised questions about whether Vanguard had considered the impact on its customers, particularly those with vulnerabilities.
- Vanguard had undermined its own claim that the document was correct by saying it's looking to make changes to it.
- The fact Mr K invested again on 30 March 2025 didn't mean he understood or was satisfied with the fees. He invested to take advantage of a short-term fall in the market, not because he understood the fees. After 21 April 2025 he made no more investments because inconsistent information from Vanguard impacted his decision making. In future any investment he makes will not be because he understands the fees he's paying; it will be to take advantage of a fall in the stock market.
- Mr K's complaint was about lack of clear and understandable information at the point of investing, which was what the ex ante costs and charges document was supposed to provide.
- Compensation of £100 didn't reflect the seriousness of Vanguard's failings.
- Vanguard acted out of line with the Consumer Duty in the following ways:
 - By continuing to issue misleading documents after acknowledging the problem it failed to act in good faith.
 - It ignored '*the foreseeable harm of customer vulnerability and confusion of*

fees’.

- It impaired Mr K’s ability to pursue his investment objectives because he couldn’t rely on the accuracy of the information it provided.

Because no agreement could be reached the complaint was passed to me to review afresh and make a decision.

I issued a provisional decision in which I said I didn’t intend to uphold the complaint. Although I agreed with Mr K that the estimate Vanguard gave him wasn’t clear enough, I found that the impact on Mr K was relatively minimal and the apology and payment that Vanguard gave him were enough to put that right. I set out my reasons for that provisional conclusion and said I’d consider any further submissions from the parties before making a final decision.

Vanguard accepted my provisional decision. Mr K didn’t accept it. In summary he said the following:

- Issuing an estimate that wasn’t clear enough amounted to a failure to meet the obligations placed on Vanguard by the Consumer Duty. And subsequent clarification couldn’t retrospectively cure that failure. Also, Vanguard had continued issuing the same unclear estimate even after Mr K drew attention to the problem.
- Vanguard didn’t subsequently resolve the uncertainty. It continued giving Mr K conflicting information about whether the estimate was an error that needed to be fixed.
- The harm to Mr K wasn’t that he was overcharged; it was that his ability to make informed decisions was hampered. The fact that Mr K understood the basic fee structure of 0.15% didn’t negate the fact that at the time of investing he couldn’t rely on Vanguard’s disclosure of official costs and charges.
- The fact Mr K continued investing during market drops doesn’t mean his ability to make decisions hadn’t been hampered by the unclear information from Vanguard. Although he made investments during downturns, he *‘refrained from routine or strategic investing’* because he couldn’t reliably foresee costs.
- Mr K stopped investing after 21 April 2025 and didn’t invest again until after 19 November 2025 when he received the investigator’s view. So the impact on him wasn’t short-lived.
- In response to Mr K telling Vanguard he was vulnerable because he struggled to understand numbers that didn’t make sense to him, Vanguard didn’t give him a tailored explanation or corrected illustration.
- Compensation of £100 didn’t reflect the distress, uncertainty and impaired decision making that Mr V suffered, given the duration and nature of the issue and the fact that Vanguard continued issuing the unclear document. *‘This case goes beyond mere inconvenience – it concerns a costs and charges disclosure that failed to meet the clarity standard required under the Consumer Duty’.*

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'll explain why.

The purpose of this decision is to set out my findings on what's fair and reasonable, and explain my reasons for reaching those findings, not to offer a point-by-point response to every submission made by the parties to the complaint. And so, while I've considered all the submissions by both parties, I've focussed here on the points I believe to be key to my decision on what's fair and reasonable in the circumstances.

Mr K's complaint stems from the way Vanguard estimated his likely charges in its '*Ex Ante Costs and Charges*' document. Vanguard acknowledged that the estimate Mr K received wouldn't be the amount he'd be charged. But it didn't think the estimate was wrong. It said the estimate was based on the individual transaction to which the document related, and it had no obligation to produce an estimate that was correct relative to other assets held.

Having looked at what happened in this case, I think the estimate Vanguard gave Mr K wasn't clear enough for him to understand (on the basis of the estimate alone) the likely cost of the account charges he'd pay. If Vanguard believed it was correct to estimate charges on the basis that any given transaction would be Mr K's only transaction for that year, then I think some additional explanation or context was needed for Mr K to understand that.

I know the '*Ex Ante Costs and Charges*' document said: '*These costs and charges are based on the amount you've told us you're investing now*'. That explanation appears to say the estimate was calculated to show what would be charged in respect of the amount now being invested as opposed to what would be charged for Mr K's account as a whole; but in my view it wasn't enough to make reasonably clear to Mr K that the estimate for this particular amount didn't take into account that he might have other investments in his Vanguard account. As Mr K said, given Vanguard's new fee structure, an estimate that didn't take into account the other investments in his account was unlikely ever to be accurate for him if it could only be accurate when he investment at least £32,000 in a single transaction. So it's not surprising Mr K was confused by the estimate. As Mr K also said, to be consistent with the Consumer Duty Vanguard ought to have presented information in a way Mr K could understand. And, although I understand and appreciate Vanguard's intention, I'm not persuaded it did that here.

Having said that, I find that the explanations and reassurances Vanguard gave Mr K after he raised his concern did in fact clear up any misunderstanding relatively quickly in relation to the basis of the actual fee he would be paying and the likely cost of that. Although Vanguard was slow to respond formally to his complaint, and although it gave confusing responses about whether the document ought to be different, it told him promptly how the estimate had been calculated and what the basis of his actual account fee would be. And while Mr K awaited resolution of his complaint Vanguard gave him various pieces of information which showed the actual fees he'd been charged.

I understand that Mr K's complaint is about the information presented at the point of investment, in the '*Ex Ante Costs and Charges*' document. But the other information Mr K had available to him is a relevant consideration for me when thinking about what impact the '*Ex Ante Costs and Charges*' document was likely to have had on Mr K. And I find that because he was shown the fees that were actually applied to his account – and because he was also told that the estimate in the '*Ex Ante Costs and Charges*' document wouldn't affect him - Mr K ought reasonably to have known he'd be charged the percentage-based fee in line with the policy Vanguard announced in December 2024.

Mr K said in response to my provisional decision that Vanguard failed to resolve his uncertainty because it continued giving contradictory messages about whether the '*Ex Ante Costs and Charges*' document contained an error that needed to be fixed. But the question of whether the document was *wrong* or whether it simply needed further context in order to be clear is separate from the question of what fee Mr K would be charged. And as I've explained, I'm satisfied Vanguard gave Mr K enough information for him to understand what he would be charged, and that included records of the amounts that actually were charged to him which meant he ought reasonably to have known what he'd be charged in future.

So although Vanguard did provide inconsistent information about whether or not the estimate was something to be fixed it was nevertheless consistent in telling Mr K after he raised his concern that the estimate wasn't the actual amount he'd pay. I'm mindful that Mr K has said he finds understanding numbers and calculations difficult when they don't make sense to him. But having reviewed his correspondence with Vanguard I think Vanguard made sufficiently clear that he'd be charged the account fee that applied to accounts with £32,000 or more. Mr K's messages to Vanguard indicate to me that he understood Vanguard's fee structure – it was the estimate he didn't understand. And after Vanguard explained how its estimate had been calculated in the '*Ex Ante Costs and Charges*' document, the dissatisfaction Mr K expressed appeared to stem from disagreement with Vanguard's approach to the estimate rather than any ongoing failure to understand what fee would apply to his account.

Mr K suggested Vanguard ought to have given him a better, tailored response in light of the difficulty he'd disclosed about understanding numbers that didn't make sense to him. But in fact Vanguard did give Mr K responses that were tailored to his individual circumstances. In response to his concern it told him what his own actual fees had been in the most recent quarter and it told him that his own upcoming fees would be calculated at 0.15% because his account held more than £32,000. Vanguard invited Mr K to let it know if that wasn't clear. Mr K didn't tell Vanguard that wasn't clear, and he's acknowledged he understood how the fee of 0.15% worked. And so I don't find that Vanguard needed to do more here to make it clear to Mr K that his fee would be charged at the rate of 0.15%.

So, while I agree with Mr K about the shortcomings in Vanguard's '*Ex Ante Costs and Charges*' document, I don't agree with him about the impact those shortcomings had on him. And although I also agree that some of Vanguard's communication with Mr K about this issue ought to have been better, I don't agree with him about the impact that had on him either.

I think Vanguard's communication failings and delay caused Mr K some distress and inconvenience. He experienced confusion when he first received the '*Ex Ante Costs and Charges*' document, and he suffered frustration and inconvenience when Vanguard didn't meet its own deadlines after he raised his concern. For those things I think Vanguard was right to pay Mr K £100. And I think that's sufficient. I don't accept that Vanguard caused Mr K to lose an opportunity to invest.

According to records from Vanguard, and by Mr K's own admission, he made further trades on multiple occasions after he raised concerns about the 8 March 2025 '*Ex Ante Costs and Charges*' document. Mr K said his reason for doing that wasn't that he understood the fees he'd pay. Instead his investment decision was driven by market movements. This gives me to believe that Mr K wasn't prevented from investing by confusion around fees. If confusion about fees was enough to prevent him investing, then I'd expect to see him actually refrain from investing, irrespective of market conditions. Mr K was prepared to overlook the confusion he said he felt several times in order to take advantage of market conditions. And he hasn't said what investments he might have made if Vanguard had given him different

information. So I'm not persuaded that any decision not to invest on other occasions was due to lack of clarity about fees.

Mr K said in response to my provisional decision that despite making some investments after raising his concern, he refrained from routine or strategic investing because he couldn't reliably foresee costs. I'm not persuaded here that any decision not to invest routinely or strategically was due to uncertainty over costs. Mr K hasn't given me any basis to conclude that, having made some investments, he would've made additional investments if information from Vanguard had been clearer. And in any case, for reasons I've given, I don't accept that Mr K was unable to reasonably foresee costs.

It's also the case that Mr K's communication with Vanguard shows he knew the £48 account fee was the maximum annual fee charged where account balances were less than £32,000. And the fee for accounts with £32,000 or more was 0.15%. So in fact if Vanguard had erroneously treated Mr K as having less than £32,000 in his account when it applied its charges (which it didn't) then he wouldn't have been worse off financially than if it had applied the correct charges. This means that Mr K's confusion over the estimate he was given didn't give him any basis to fear that he would be *over*-charged. So for this reason too I find it unlikely that any confusion over charges caused Mr K to feel he had to refrain from making investments he otherwise would've made.

Mr K said in response to my provisional decision that his complaint wasn't about being over-charged; it was about being unable to make informed decisions. I understand this. But it remains my view that the uncertainty he describes experiencing in response to the '*Ex Ante Costs and Charges*' document didn't give him reason to fear that he could be worse off than expected. So I maintain that the estimate in the '*Ex Ante Costs and Charges*' document didn't give him reasonable cause to refrain from making investments he would otherwise have made.

In thinking about the compensation Vanguard's paid Mr K I've taken into account that the duration of Mr K's confusion about what fee he would pay was short-lived. As I've said, Vanguard told him promptly and consistently that the estimate he'd received wouldn't apply and that he'd be subject to the charge for accounts with balances of £32,000 or more. Mr K has said his uncertainty lasted significantly longer than I recognised in my provisional decision. But I've explained why I'm satisfied that it didn't.

In arguing that a higher award should be made Mr K said Vanguard's failure to be clear in the '*Ex ante costs and charges*' document amounted to a failure to meet its obligations under the Consumer Duty. I already found in my provisional decision that Vanguard had fallen short of what it ought to have done. And I'm maintaining that finding here in my final decision. Irrespective of which regulations might or might not have been breached by virtue of Vanguard's shortcomings in this case, my role here is to consider the impact the shortcomings had on Mr K and, if necessary, to make an order requiring Vanguard to put things right for him. And for the reasons I've explained I don't agree with Mr K that impact he suffered warrants further compensation to him from Vanguard.

Overall, Vanguard's communication with Mr K was deficient, so I can't say it met all of the obligations placed on it when helping him understand the charges that applied. That caused Mr K distress and inconvenience. But the apology and £100 from Vanguard were sufficient to put things right for him in the particular circumstances of this case. So I'm not requiring Vanguard to do anything further on this occasion.

My final decision

For the reasons I've set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 9 April 2026.

Lucinda Puls
Ombudsman