

The complaint

Mr M complains that Murphy Wealth Limited ('MWL') failed to fairly disclose that he would be paying 'transaction charges' within his self-invested personal pension ('SIPP'), and that it underrepresented the annual management charges. He thinks that he should be refunded all the transaction charges that he has paid since transferring to this SIPP in late 2020.

What happened

Mr M transferred deferred benefits in an occupational pension scheme to a SIPP under the advice of MWL in late November 2020.

Prior to the transfer, MWL set out the charges that would apply to his transferred fund in a presentation on 30 October 2020.

On 23 October 2024 Mr M complained to MWL that he had been paying an extra charge for 'Transactional costs' in his pension since November 2020. He explained that he had never been informed that he would pay this charge, and was only ever told about a Portfolio Annual Management Charge ('AMC') of 0.24%.

MWL responded to Mr M on 12 December 2024. It agreed that it had incorrectly explained the AMC in the following ways:

- In its presentation of 30 October 2020 it stated the AMC was 0.24% but it should have been shown as 0.23% plus transaction costs of 0.04%.
- In its review presentation of February 2022 it stated the AMC was 0.24% but it should have been shown as 0.21% plus transaction costs of 0.06%.
- In its review presentation of March 2023 it stated the AMC was 0.24% but it should have been shown as 0.22% plus transaction costs of 0.05%.

It accepted that its presentations were not as clear as they should have been and identified steps to ensure clearer information would be provided in future.

Mr M didn't accept MWL's response and referred his complaint to our service. Mr M explained that he thought that MWL should reimburse him for the transaction charges that it had not told him about.

As our investigator had been unable to resolve this complaint it was referred for an ombudsman's decision. I issued a provisional decision to let both parties know what I thought MWL had done wrong and what it should do to put things right.

What I said in my provisional decision

"The nature of Mr M's SIPP means that there are a number of charges that are incurred. I will briefly summarise these and explain where the 'transactional costs', that Mr M is now questioning, fit in.

MWL were providing Mr M with an ongoing advice service. This appears to have effectively been broken into two elements. It applied a fixed fee of £5,000 a year for ongoing financial

planning advice, and a fee of 0.2% of the fund value each year for the management of the investment portfolio. I believe that these are the only charges that Mr M paid to MWL on an ongoing basis.

There is also a charge that is levied on the SIPP by the platform provider. This is the cost for providing the administration of the pension. This is not a charge that is paid to MWL and it does not set this charge.

The SIPP portfolio was invested across a number of different investment funds in varying percentages. The ongoing advice for the balance of the portfolio was paid for from the above 0.2% ongoing charge. But each of the managed funds that were held in the portfolio had charges too. They were third party managed funds so their costs came out of the fund performance rather than being paid for from the SIPP's cash element. These fees were set out prior to the transfer in illustration dated 3 November 2020 that was part of the SIPP provider's key facts. In that, they were referred to as asset charges and were set out in a table showing the differing charges for each fund. It showed that the funds all had an annual charge and a transaction charge. Like the SIPP provider's platform charge, these asset charges were not paid to MWL and were not directly set by them. Albeit they were influenced by the funds that were chosen for the portfolio as the charges differed by fund.

Turning now to the information that MWL presented to Mr M in its initial advice and its annual reviews. It appears to be agreed that the charges that MWL set out to Mr M were not clear or accurate. In referring to the above 'asset costs' within the SIPP, it simply documented it as the "MW50 Portfolio AMC". Referring to this cost element of the recommendation in different language than was being used elsewhere on the documentation Mr M received was confusing. And it was made harder for Mr M to reconcile that with the information from the SIPP provider because the cost of 0.24% that MWL gave was wrong. MWL failed to comply with principle 7 above."

Responses to my provisional decision

MWL did not respond to my provisional decision.

Mr M responded to re-iterate his existing arguments and his view of what MWL had done wrong. He offered no additional evidence for me to consider.

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.

I have considered Mr M's response but I think that the arguments he raises are the same as those he'd already clearly set out prior to my provisional decision. I considered these opinions prior to making my provisional decision. They have not now changed my mind. My final decision remains as I set out in my provisional decision above.

Mr M makes the point that he's made numerous complaints to MWL that have ended up being treated as different complaints by MWL and our service. There is, unfortunately, similarity and elements of cross over. What I have tried to do here is to limit my finding to the specific issue that Mr M referred to our service in this complaint. Which is about the fact that he considered the transaction costs to be hidden, thus underrepresenting the annual management charge.

Mr M will see from my provisional finding, that I agree that MWL were not clear enough about the charges. My final decision is that Mr M's complaint should be upheld. But I still

disagree that the fair and reasonable way for that to be put right is for charges levied within the selected funds to be reimbursed by MWL. I will explain why where I set out below what MWL must do to put things right.

Putting things right

MWL failed to provide Mr M with accurate or clear information. So I have considered what the impact of this mistake most likely was. What I set out below follows the approach that I set out in my provisional decision.

The transaction charge in question wasn't something that was in MWL's direct control. It selected what it considered to be appropriate funds to deliver a portfolio offering the required investment performance in line with Mr M's attitude to risk. The exact AMC's and transaction charges those funds applied would vary depending on the funds chosen. And the exact weighted average for those charges differed slightly each year as the balance of funds changed or the way those funds applied charges changed. It means that Mr M was always going to have to incur those charges by investing in that way. I therefore don't think it's reasonable to say that MWL's mistake caused Mr M to incur charges that he wouldn't otherwise have paid. So I don't think it's fair or reasonable to suggest that MWL should reimburse Mr M for the transaction fees that the investment funds levied.

In reaching this conclusion I have also considered whether Mr M may have made a different choice about his pension if the information he'd been given by MWL in his presentation had been correct from the outset. But I think, on balance, that Mr M would have opted to go ahead with this transfer if he'd been told that, instead of incurring AMCs of 0.24%, he'd have incurred an overall AMC (including transaction charges) in the region of 0.27%. These were, after all, charges that would always have been incurred by investing his pension in this way. And I think that the difference in charges wasn't at a level that Mr M would have considered the overall recommendation as unsuitable. Even considering that Mr M was shopping around for a competitive charging structure. These, or similar charges, would have been applied regardless of the financial adviser that Mr M elected to use.

But I don't agree with MWL's view that this issue didn't cause Mr M any distress and inconvenience. I think that Mr M's correspondence clearly shows that MWL's mistake caused confusion and therefore inconvenience for Mr M in trying to understand exactly what charges applied to his SIPP. In addition, this wasn't a one off mistake. MWL failed to correctly relate the AMC to Mr M year after year. Even though the actual figures were available to both parties in the SIPP provider's statements. I think that MWL should pay Mr M £150 for the inconvenience that it caused him.

My final decision

I uphold Mr M's complaint and think that Murphy Wealth Limited should pay Mr M £150 for the distress and inconvenience that he was caused by this issue.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 January 2026.

Gary Lane
Ombudsman