

## **Ombudsman Decision**

**CIFO Reference Number: 16-001254**

**Complainants: [The complainants]**

**Respondent: [Company X]**

It is the policy of the Channel Islands Financial Ombudsman (CIFO) not to name or identify complainants in any published documents. Any copy of this decision made available in any way to any person other than the complainant or the respondent must not include the identity of the complainant or any information that might reveal their identity.<sup>1</sup>

A decision shall constitute an Ombudsman Determination under our law.

[The complainants] complained about the level of fees charged for the closure of their pension scheme held with [Company X].

## **Background**

In 2010 [the complainants] decided, with advice from a financial adviser, to transfer existing UK pensions to [Company X's] [pension plan] Scheme. This scheme was a Qualifying Recognised Overseas Pension Scheme (QROPS). They were relocating at the time [overseas] and a QROPS offered tax advantages.

In April 2016 [the complainants], again after receiving financial advice, decided to transfer their pension funds into another [Company X] scheme [Scheme Y]. This scheme had been introduced to take into account pension law changes in 2015. These changes were meant to allow more pension flexibility.

[The complainants] tried to close the [Scheme Y] account later in 2016. [Company X] charged several fees for the transfer of the schemes, a formation fee for the creation of a new scheme and a closure fee. The total of those fees was £7,000.

[The complainants] complained to [Company X], who explained that the fees were in line with the fee schedule of the [Scheme Y] which was included in the signed application form. [Company X] agreed to reduce the fees by £1000 as a gesture of goodwill. The complainants refused the offer and complained to CIFO.

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<sup>1</sup> Financial Services Ombudsman (Jersey) Law 2014 Article 16(11) and Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 Section 16(10)

The CIFO Consultant who reviewed the case did not uphold the complaint. He concluded that it was not unreasonable for [Company X] to impose the charges. He acknowledged that those charges were set out from the beginning and were a factor for [the complainants] to choose the [Scheme Y] instead of an alternative.

### **Subsequent submissions**

[The complainants] did not agree with the conclusions of the Consultant. They considered that the way they were treated regarding the transfer of their [Scheme Y] pension fund to another account was not fair. They suggested that the amount of money paid was not proportionate to the amount of work done by [Company X].

### **Findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I agree with the conclusions of the Consultant, and for the same reasons.

When [the complainants] chose to arrange a QROPS they did so with professional financial advice. The [pension plan] scheme was selected and no doubt one of the considerations would have been the scheme's charging structure. There was a fee schedule and this sets out that on closure there would be a fee of 1% of the fund value with a minimum charge of £2,000.

There was a transfer to the [Scheme Y] which also had a fee schedule within the application. The application was completed and the charges accepted. The charges on closure were the same as for the [pension plan] scheme.

I acknowledge [the complainant's] comments about the level of charges not being commensurate with the work done, but the charges that were applied are the charges set out in the fee schedule. In addition, the charges for the [Scheme Y] are the same as for the original [pension plan] scheme which were accepted back in 2010.

Under normal circumstances, CIFO will not consider a complaint regarding fees in the absence of an error or lack of proper disclosure. I do not consider that it would be fair or reasonable to tell [Company X] that it cannot collect these fees. I am satisfied that there has not been any lack of transparency as the fees were clearly set out from the beginning. Furthermore, it is likely that the fees and charges were a factor when [the complainants] chose the [pension plan] product instead of any other.

## Final decision

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

[The complainants] must confirm whether they accept this decision either by email to [ombudsman@ci-fo.org](mailto:ombudsman@ci-fo.org), or letter to Channel Islands Financial Ombudsman, PO Box 114, Jersey, Channel Islands JE4 9QG, by **20 August 2018**. The decision will become binding on [the complainants] and [Company X] if it is accepted by this date. If we do not receive an email or letter by the deadline, the decision is not binding. At this point [the complainants] would be free to pursue their legal rights through other means.

If there are any particular circumstances which prevent [the complainants] confirming their acceptance before the deadline of **20 August 2018**, they should contact me with details. I may be able to take these into account, after inviting views from [Company X], and in these circumstances the decision may become binding after the deadline. I will advise both parties of the status of the decision once the deadline has passed.

Please note there is no appeal against a binding decision, and neither party may begin or continue legal proceedings in respect of the subject matter of a binding decision.

Douglas Melville  
Principal Ombudsman and Chief Executive

Date: \_\_\_\_\_ 20<sup>th</sup> July 2018 \_\_\_\_\_