

The complaint

Mr P complains that PSG SIPP Limited (PSG) increased the fees applicable to his pension and took them without first telling him. He says they also removed the facility to self-trade on his account.

What happened

Mr P held a SIPP with a company called Heritage. In late 2021 Heritage went into administration and PSG took over the administration of Mr P's SIPP in which he held several properties and a self-managed investment platform.

PSG emailed Mr P in March 2023 to let him know of some changes to his SIPP. The email said PSG had made the decision that getting advice from a suitably qualified financial adviser was now mandatory. So, they asked Mr P to confirm the details of his adviser. PSG had also reviewed their fees and included a link to their new fee schedule.

Mr P responded to PSG's email to say the funds in his pension were crystallised; he didn't intend on contributing any new funds; and only the rental income from his properties was self-managed through his stocks and shares platform provider.

PSG initially agreed to allow Mr P to continue to trade with his current provider, without the need for an adviser.

On 1 June 2023 PSG claimed their annual fees from Mr P's pension.

Later in June 2023 PSG emailed Mr P as they'd received notification that he was moving his investment platform to a new provider. PSG declined to allow Mr P to self-manage his investments with the new platform provider. They therefore asked him to appoint a financial adviser.

In response Mr P said the requirement for an adviser had only recently been introduced by PSG without warning. He said he'd be engaging with a new SIPP company and would request transfer forms to be sent out to him. Mr P also said he'd be making a complaint as his property charges had seen a six-fold increase without prior warning or introduction of new terms.

PSG responded to Mr P and Mr P later raised a complaint about his concerns.

PSG issued a final response to Mr P's complaint in August 2023. In it they said that as the trustees of Mr P's SIPP, they had a responsibility to complete due diligence on the investments made. However with a self-trading platform, investments could be made freely without oversight, so they'd decided not to allow platforms that allow self-trade in the SIPP.

PSG said they'd informed Mr P of the changes to the terms of his SIPP and fees in their email dated 16 March 2023. It had given 30 days' notice to the changes and Mr P had replied to the email the same day. PSG said the notification had confirmed the fee for '*investment and rental income monitoring*' was set at '*£245 per lease per annum*'. In 2022

the fee had been £245 for an *'annual property administration fee (per tenant)'*.

PSG concluded that the fees they'd charged Mr P had clearly been sent out several months before the fees were taken on 1 June 2023. So, they didn't uphold Mr P's complaint.

Mr P wasn't happy with PSG's response. He asked that they change their decision or waive the cost of transferring his SIPP to another provider and refund the annual administration fee on a pro-rata basis.

PSG said they had no plans to change their position on self-managed platforms. They said they wouldn't refund the administration fees as they formed part of the terms of the plan but they offered to waive their transfer out fee as Mr P was no longer permitted to use the SIPP as he previously had.

Mr P asked PSG to cover all of the transfer costs, not just their own fee. When PSG declined, Mr P brought his complaint to our Service.

Our Investigator didn't think PSG had done anything wrong. He said PSG were allowed to make changes to their charging structure as long as they gave sufficient notice. And he was satisfied they had. He also thought PSG were entitled to decide that they no longer allow self-managed platforms in the SIPP. But needed to make sure Mr P wasn't overly disadvantaged. So, he thought it was fair to waive the transfer out fees if PSG's SIPP no longer suited Mr P's needs.

Mr P didn't agree with our investigator. He said PSG hadn't directly sent him information to explain the property charges would increase by the number of tenants. He only found out by looking at his bank statement and wasn't sent an invoice in advance like he should have been. He also said PSG hadn't informed him they were withdrawing the option of self-management.

As Mr P didn't agree with our investigator, the complaint has been passed to me for a 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.

Since bringing his complaint to our Service Mr P has raised other concerns with PSG. To be clear, my decision here focusses on the key issues Mr P raised in his complaint to PSG in June 2023. So, I trust that Mr P will not take the fact that my findings focus on what I consider to be the central issues of this complaint as a discourtesy.

In reaching my findings I've taken into account relevant law and regulations, regulator's rules, guidance and standards and codes of practice, and what I consider to be good industry practice. These include the overarching Principles for Businesses (PRIN). Of particular relevance to this complaint PRIN says firms need to conduct their business with integrity; pay due regard to their customers and treat them fairly; and they need to communicate in a way that is clear, fair and not misleading.

Firms like PSG can make commercial decisions on how they operate; the fees that they charge; and make changes within the terms and conditions of their products. But those changes must comply with the expectations of the regulators and be communicated to customers clearly. So, I've kept that in mind when considering Mr P's complaint.

I'm satisfied Mr P received PSG's email dated 16 March 2023. I say that because PSG supplied the email chain in which Mr P replied directly to their email. In Mr P's reply he noted that he no longer needed a financial adviser. So, I'm also satisfied he read at least part of the email.

The first part of PSG's email explained that they were giving customers 30 days' notice of changes to the terms and conditions of Mr P's SIPP. It went on to explain that PSG had made the decision to make financial advice from a suitably qualified adviser mandatory.

The changes PSG made to the terms and conditions of Mr P's SIPP meant that he couldn't use it in the same way as he'd previously been able to. I understand this must have been frustrating for him.

However, PSG can make decisions which they feel are in the interests of their clients. And I think that's what they've done here. PSG have explained that ongoing discussions with the regulator had highlighted their preference for members to have ongoing financial advice. PSG agreed with that stance and made changes accordingly. I'm therefore satisfied that PSG's decision was designed to add another layer of safeguarding to ensure their clients funds were suitably invested.

While I appreciate Mr P would have liked to continue using his SIPP without an adviser, PSG were acting reasonably and, in their clients' best interests when making the decision not to allow self-management of their SIPP. The email also gave 30 days' notice to the changes, which is in line with the terms and conditions of Mr P's plan.

The email went on to explain that PSG had conducted a review of their services and fees. They said, where possible fees had been reduced but in some areas fees may have increased. PSG included a link to the fee schedule.

I can see that PSG made some changes between 2022 and 2023 that may have affected Mr P. In the 2022 fee schedule, the '*annual property administration fee*' was charged as £245 '*per tenant*'. But in 2023 '*investment and rental income monitoring*' was charged as £245 '*per lease*'.

Again, this was a commercial decision PSG were entitled to make. I understand the changes may not have benefited every member but generally, I think it would be beneficial to members moving from a '*per tenant*' to '*per lease*' basis. And PSG gave 30 days' notice to Mr P of the changes which was in line with the terms of the plan. PSG therefore acted reasonably when making changes to Mr P's fees.

Despite being sent a link to the new fee schedule, it appears PSG didn't send the invoice for payment of fees directly to Mr P. However, I don't think the fact that Mr P didn't receive the invoice prior to the fees being taken has caused any financial loss for which Mr P would need compensating. I say that because the fees were payable, whether Mr P agreed with them or not. So, having the invoice wouldn't have stopped the fees being taken when they were.

Mr P was already in possession of the latest fee schedule several months before the fees were taken in June 2023. The fee structure is fairly simple comprising of an annual administration fee for the SIPP and annual administration fees for the properties he held. So Mr P ought to have been aware of what he was likely to be charged in fees.

Due to the changes PSG made, Mr P decided to move to a new provider. I understand his reasons why but I can't say it was a result of any wrongdoing by PSG. PSG offered to waive the transfer out fee that ordinarily would have been applicable if Mr P moved to a new SIPP

provider. In the circumstances, I think that's a fair offer to ensure Mr P wasn't unduly penalised for wanting to move away from PSG where he could no longer manage his SIPP in the same way as he wanted to.

I understand Mr P faced further legal costs in relation to changing the leases on his properties as the trustees changed during the transfer. However, it was Mr P's choice to move SIPP provider. So, it wouldn't be fair to direct PSG to cover those costs which they aren't directly responsible for.

Mr P asked for his administration fees to be refunded pro-rata after leaving PSG. I understand his reasons for wanting to leave but the fees form part of his contractual relationship with PSG, and he was given due notice of PSG's changes before they were made, and his annual fee taken. So, I think PSG's decision not to refund a proportion of the annual fee was reasonable.

My final decision

My final decision is, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 28 March 2024.

Timothy Wilkes
Ombudsman