

## The complaint

Mr M complains that Murphy Wealth Limited ('MW') increased its ongoing advice fee contrary to his agreement with it and without his consent.

## What happened

Mr M appointed MW as his financial adviser in 2020 for the purposes of receiving advice about transferring his defined benefit pension into a SIPP. The SIPP was administered on a platform provided by N.

Mr M says he took great care, before selecting his financial adviser, to check out what the fees would be. He says another firm had quoted him a variable fee of 0.5% for ongoing advice.

MW sent him an email in July 2020 about its fees. It said the initial advice fee would be £2,500 and a 1% fee (which it proposed to fix at £9,000) for implementation. In relation to the other fees it said:

*"There would be an ongoing advice fee fixed at £5,000 per annum and we would expect platform fees of around 0.2% and investment costs less than 0.5% depending on the most appropriate investment solution..."*

He says one of the reasons why he selected MW was because it agreed that its ongoing advice fee would be fixed at £5,000 per annum.

MW provided its initial advice to Mr M and he agreed to proceed. Because the value of his pension had increased in the period since July, it was agreed that the combined initial advice fee would be £12,000.

Mr M says he wasn't provided with a copy of MW's Terms of Business or its Statement of Fees before he signed the necessary paperwork in November 2020. Towards the end of February 2021, MW contacted him. It said it had noted it didn't hold signed copies of certain documents. It asked him to sign the Terms of Business document and the Service and Fee Agreement.

Mr M challenged the information on the Service and Fee Agreement. He said the ongoing planning fee should be fixed at £5,000 per annum and was not reviewable every 2 years. He also said that the Investment Advisory Fee should be 0.2% and the cash amount quoted was incorrect. MW amended the Service and Fee Agreement to show a revised amount for the anticipated investment advisory fee and an amount of £5,000 per annum for the ongoing planning fee. It said however that the ongoing planning fee would be reviewed every two years. It explained the reason for this was:

*"to ensure the level of service you have received is proportionate to the fee you pay. In nearly all cases, this review is to check that you are not being overcharged and the likelihood is that the fee will remain the same."*

Mr M says he signed the document on the basis of the assurances he'd been given. He says he was shocked in March 2023 when MW told him it proposed to change the ongoing planning fee to 0.75%. He complained to MW about this. He said the fee had been fixed for the life of the agreement.

MW looked into his complaint. It referred to the Service and Fee Agreement which he'd signed. It said, in light of anticipated regulatory changes, it had reviewed the way it structured its fees and had decided it was fairer for all of its clients to be charged on a percentage basis rather than fixed fee basis. In any event, it did not accept it was reasonable for Mr M to assume that the fee could be fixed for the life of the agreement. It proposed that the fee could be changed incrementally over a three year period.

Mr M did not agree. He referred his complaint to our service. At this stage MW looked at his complaint again. It said it now accepted that the email exchanges in February 2021 could have given Mr M the impression that the fee could not increase in the future. On that basis it agreed the flat fee of £5,000 per annum had been fixed for life and it agreed to honour that and continue to work with Mr M on that basis.

Mr M did not agree. He said he'd lost all trust in MW and wanted to end his relationship with it. He further added that the 0.2% investment advisory fee which was paid to MW had been hidden under investment costs. This meant its total fee for ongoing advice was greater than the other firm which he'd received quotations from. He thought MW should refund the £12,000 initial advice fee he'd paid because he now had to move to another financial advisor.

MW did not change its position. So, our investigator looked into Mr M's complaint. She thought MW's offer had been fair in all the circumstances. Mr M had been put back into the position he would've been in before he'd raised his complaint. She also thought the ongoing planning fee was not excessive. She didn't think it would be fair to ask MW to refund the initial advice fee. Mr M had been provided with the service for which this fee applied. He was free to move to a different financial adviser – but that would be his choice.

Our investigator thought it wasn't surprising that MW had reviewed its ongoing services in light of anticipated regulatory changes. However, in this case, MW had now agreed to retain the ongoing planning fee indefinitely at £5,000 per annum. She thought that was a fair resolution.

Mr M did not agree. So, the complaint has been passed to me to decide.

### **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.

At the outset, I'd just point out that in this decision I will only be dealing with the complaint Mr M raised about the ongoing planning fee being changed from a fixed rate fee of £5,000 per annum to a variable fee of 0.75%.

As the complaint was being investigated by our service Mr M also said that the 0.2% ongoing fee for investment advice was hidden from him. He says MW duped him into thinking that its fee for ongoing advice was only £5,000 – when in fact it was closer to 0.7% - a higher fee than the other firm he'd approached at the time. In this decision, I've not considered the issue Mr M has raised about the 0.2% ongoing fee for investment advice.

I am aware that Mr M has raised a number of other complaints about the documentation he received (and didn't receive) before he agreed to transfer his pension and also about the suitability of the advice itself. Those issues, including the new point he's raised about the 0.2% ongoing fee for investment advice will need to be raised and investigated separately. So, for avoidance of doubt, I do not intend to deal with any of those issues in this decision.

When considering this complaint, I am aware that there is a dispute about the documentation which Mr M received prior to the date when he signed the transfer documentation. That is being dealt with separately. So, without making any finding about that, in this decision, I intend to look only at the documents and correspondence where Mr M doesn't dispute receipt.

There are also documents where Mr M has disputed the authenticity of the documents that have been provided to our Service. So, for avoidance of doubt, where possible, I have asked Mr M to provide copies of the documents he says he was sent.

In this decision I've taken the following documents into account:

- email dated 7 July 2020
- presentation dated 30 October 2020
- email dated 3 November 2020
- Application and Declaration – to N – signed 2 November 2020
- Client Authority letter – Schedule 1 – signed 3 November 2020
- Change to annual advice fee (addressed to N) – signed 3 November 2020
- Suitability Report dated 2 November 2020 – uploaded to the portal on 9 November 2020 and read by Mr M on 10 November 2020
- Terms of Business signed 26 February 2021
- Service and Fee Agreement – signed 1 March 2021
- Email exchanges about the Terms of Business and Service and Fee Agreement – February/March 2021

The presentation dated 30 October 2020 referred to an ongoing charge fixed at £7,500 per annum payable to MW. This was incorrect. MW accepted that the correct figure which should've been used in the presentation was £5,000. That's in line with what was stated in the email dated 7 July 2020, the email dated 3 November 2020 and the change to annual advice fee document (addressed to N) and signed by Mr M on 3 November 2020. All of these documents refer to a fixed fee of £5,000. Although this fee is sometimes referred to as an "ongoing advice fee" (in the 7 July 2020 email) and sometimes referred to as an annual advice fee (in the document addressed to N and signed by Mr M on 3 November 2020), I'm satisfied, on balance that these references are all to the annual fee that would be charged by MW for ongoing advice.

The language used in the Service and Fee Agreement signed 1 March 2021 referred to an "ongoing planning fee" which was agreed at £5,000. Once again, I'm satisfied on balance, this was a reference to the annual fee that would be charged for ongoing advice. The Service and Fee Agreement did indicate that this fee would be subject to review every two years. However, MW now accepts that because of the exchange of emails in February/March 2021 before the Service and Fee Agreement was signed, Mr M was given the impression that this was a fixed fee of £5,000 per annum – for the life of the agreement. It has now agreed to honour that.

Having considered everything I think what MW proposed, after the matter was referred to our service, is fair and reasonable. MW proposed that it wouldn't change the annual £5,000 fixed

fee for ongoing advice for the life of the agreement. So, it's offered to put Mr M back into the position he would've been in had MW not proposed any change to the ongoing advice fee.

Mr M doesn't agree. He says that the trust has been broken and he now wants to end the agreement with MW. However, to do so, will require him to engage a different advisor with all the attendant costs associated with that. He also thinks he should be reimbursed for the initial advice fee he paid to MW.

I've thought about what Mr M has said. However, although I can understand why he says he now wants to engage a different advisory firm, that is his choice. I'm satisfied, on balance, that the offer MW has made to honour the annual £5,000 ongoing advice fee, fixed for the life of the agreement, is fair and reasonable in all the circumstances that apply here. So, I don't require it to have to do anything further.

### **My final decision**

For the reasons given above I uphold this complaint about Murphy Wealth Limited.

Murphy Wealth Limited has already offered to honour the £5,000 per annum ongoing advice fee, as a fixed fee for the life of the agreement and I think this offer is fair in all the circumstances.

So, my decision is that Murphy Wealth Limited should honour the £5,000 per annum ongoing advice fee as a fixed fee for the life of the agreement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 January 2025.

Irene Martin  
**Ombudsman**