

# Charges

## The Pensions Ombudsman's approach

The Pensions Ombudsman's general approach to complaints in relation to personal pension scheme charges is to look at whether the charges are due under the contract agreed between the member and the manager of the pension scheme.

It is not generally going to amount to maladministration or breach of law to levy charges in accordance with an agreed schedule of charges.

### Example – Complaint about charges

A member complained, among other things, about the level of charges imposed by an Isle of Man administrator of the member's self-directed pension scheme including the following:

- (a) the time spent on the matter was disproportionate to the work done
- (b) the persons involved in the matter were too senior so the charge out rates applied were too high as a more junior member of staff should have carried out the work
- (c) there was a charge for a meeting which never happened with a close relative of the member
- (d) the alleged time on a compliance review was excessive and
- (e) no adequate explanation of the charges had been provided

Under the contractual terms agreed with the administrator there were various fixed charges which were payable, and it had been agreed that the administrator could charge for other work at agreed rates per hour for members of staff of different seniorities.

Among other things, the Pensions Ombudsman wanted to make sure that the charges had been collected in accordance with the administrator's terms and conditions that had been agreed with the member.

During the investigation process the Pensions Ombudsman was provided with a very detailed breakdown of the individual time entries for the work carried out. The Pensions Ombudsman concluded based on the entries that, if anything, the level of fees charged over a three-year period was less than the administrator was entitled to charge as about £1700 of the charges had been written off. Also, the Pensions Ombudsman concluded that it was appropriate for senior members of staff to be involved at certain points in the administration process as there must be an element of supervision.

The Pensions Ombudsman also concluded that, on the balance of probabilities, the disputed meeting did occur and the administrator was entitled to charge for it and the fee charged for the compliance audit was reasonable (again not all the time spent was charged). Also, there was extensive evidence that the administrator had made repeated efforts to provide an explanation of the charges all of which had in any event been signed off at the time as the member was a co-trustee of the scheme.

The Pensions Ombudsman did not uphold the complaint.