

The complaint

Mrs W complains about the service she received from Sherpa Financial Solutions Limited when seeking advice about an ISA arrangement. She says the services provided and associated charges weren't adequately explained to her.

What happened

In December 2021, Sherpa received an introduction from a member of Mrs W's family to provide advice on her saving arrangements.

In January 2022, Sherpa provided a recommendation letter relating to her ISA arrangements, which Mrs W accepted, and a new ISA was set up.

In April 2022, Sherpa realised it hadn't charged Mrs W for the services it provided. It had intended to take its fees directly from the product but failed to do this. As a result, it sent Mrs W an invoice for £553 and asked her to pay this. Mrs W queried what further services would be provided but didn't pay the invoice at this time.

In August 2022, Mrs W sent Sherpa a cheque for £200. She explained she had conducted research on the usual charge for arranging an investment of this nature. She found this to be less than what she had been charged. She made a deduction for time and inconvenience and said £200 was sufficient to settle the matter.

Sherpa didn't agree with this payment and returned the cheque. It said the fee was at a rate of £100 per hour for up to six hours, which Mrs W signed an agreement to. It requested the full payment of the invoice.

Mrs W raised a complaint. Sherpa responded, in summary it said:

- Mrs W signed an agreement in December 2021, which detailed the fee arrangement.
- It completed five and a half hours of work on Mrs W investment arrangements – which equates to the fee invoice of £553 that was issued.
- It accepted some minor errors on its part that may have led to additional time being spent, so it agreed to reduce the fee to £500 to recognise this.

Mrs W referred her complaint to this service as she wanted an independent review of the complaint.

One of our investigators looked into Mrs W complaint. He didn't uphold the complaint. In summary he said the fees payable were made clear to Mrs W and the advice appears to have been in line with her investment objectives and risk profile. So, he felt there was an obligation to pay the fee.

Mrs W didn't accept the investigator's assessment. She disputed whether she was given information about the fees. In summary she said:

- She didn't receive the client agreement and was therefore not made aware of the fees.

- The recommendation letter does not mention a minimum charge, nor does it provide an estimate of the number of hours involved.
- The recommendation letter includes a single premium of £19,400 for tax year 2022/23 which has not been carried out.
- She hasn't been provided with the information needed to operate the account independently.

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.

The crux of this complaints relates to the fees that Sherpa have charged Mrs W for the advice it provided in January 2022. Mrs W's complaint relates to the amount of the fee. She hasn't raised concerns about the suitability of the product she was recommended, so I haven't considered this as part of my decision.

Sherpa say Mrs W is required to pay the outstanding fee for the work it completed on her behalf – but she disputes the amount of the fee. Mrs W hasn't said she shouldn't pay any fee but believes she shouldn't have to pay the amount Sherpa has asked for. So, I've looked at the available evidence to establish whether Sherpa is acting in a fair and reasonable manner in the circumstances.

There are several pieces of evidence that set out that information was provided about the fee to Mrs W. Firstly, the client agreement which was signed by Mrs W on 9 December 2021. This provided an overview of Sherpa's charging structure and gave examples of typical charges. Secondly, the client fee agreement which Sherpa has provided and was signed by Mrs W on 21 December 2021. This gave a specific fee rate for the advice she was receiving. This said the fee would be up to £600 for the initial advice at an hourly rate of £100 for six hours. Finally the recommendation letter that Mrs W signed on 19 January 2021 confirmed under the section 'Our charges' – that the *"The cost of the initial advice is being charged at £100 per hour as a special rate to reflect that you are being supported by your [family member] for free and [they] will continue to support you after this has been set up."* So, there is evidence Mrs W was made aware of the fee.

I acknowledge that Mrs W says she doesn't recall seeing the client agreement and was only given the last signature page. I'm also conscious that Mrs W's family member was supporting her at this time, and I've seen evidence that he sent information to Sherpa on Mrs W behalf. I can't be certain Mrs W did read the full client and fee agreements, but I have seen signatures that appear to be hers that suggest they were received by her. Mrs W agrees she received the recommendation letter which confirms the £100 per hour fee. I haven't seen anything to suggest she queried this level of charge or the time spent after receiving this letter. Having considered all of the available evidence I'm satisfied she was given information about the cost of the advice. On balance, I don't think I can reasonably say Sherpa has acted unfairly by requesting payment it has.

I acknowledge there were some minor errors during the setting up and application stage by Sherpa's adviser. This includes some factual errors about Mrs W's personal circumstances in the advice documents and problems with inputting the correct bank details for payments to be taken. These were minor errors, but I understand Mrs W's frustration here. Sherpa has admitted these errors and apologised at the time. I can see from Sherpa's response that it agreed to reduce its fee by £50 to recognise the additional time spent rectifying and responding to these errors. I'm satisfied this was a reasonable way of redressing these mistakes.

Mrs W has also raised concerns about ongoing services. She says her queries about how to operate the ISA going forward including payment changes and making a lump sum payment for the 2022/23 tax year weren't answered by Sherpa. Sherpa says that it provided a transaction only service so didn't agree to complete any further ongoing service for her.

I've looked at the evidence available to see what was agreed in this respect. The recommendation letter is clear the advice given was not ongoing – just for the transaction. I've noted the following:

"Your [family member] will also provide support in the advice process and will provide any ongoing support so this advice will only be transactional. I will not be providing any ongoing advice."

And

"Future contact and ongoing services

We believe it is important to review your investment strategy at regular intervals to ensure it continues to meet your aims and objectives.

You have decided to receive a Transaction only service as detailed in our Service Proposition and Engagement. This means we will not review your circumstances or the investment. We do however recommend you review the ongoing suitability of your financial arrangements to account for any change in your circumstances and any changes to investment markets and legislation. This does not prohibit you from contacting us at any time. Please note separate charges will apply and will be notified at the time.

This is because you will rely on your [family member]."

I'm satisfied that there wasn't any agreement for Sherpa to give ongoing services to Mrs W (without further fees being incurred). The recommendation did include making a lump sum payment into the ISA for 2022/23 tax year. This couldn't be executed at the time of advice as at this time we were still in the 2021/22 tax year. The evidence available suggests there was an intention to pass the servicing of the ISA to another adviser post sale (at time this was anticipated to be Mrs W's family member). In this circumstance, I think it reasonable to assume the new advisor would support her with any support she needed in the new tax year – rather than Sherpa being required to continue to be involved. Mrs W was free to seek an alternative advisor to help her with ongoing payments and I've seen that her family member did provide information in April 2022 about how she could operate the account independently. Overall, I've not found evidence to support that Sherpa have done something wrong by not providing an ongoing service – and supporting Mrs W with her 2022/23 lump sum payment.

I acknowledge that Mrs W will be disappointed with the findings I've reached, but I haven't found that Sherpa has acted unreasonably or treated her unfairly in the circumstances.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 14 September 2023.

Daniel Little

Ombudsman