

Fees for closing a vested benefits account after the client moved abroad

Topic: **Fees and charges** Case number: **2023/21**

The client gave up his job in Switzerland and emigrated to the USA. His small pension assets with the pension fund of only CHF 1 600 were transferred to an account of the bank's vested benefits foundation. When he had the balance paid out to his father's account in Switzerland, the foundation deducted half of it, i.e. CHF 800, as fees. The client complained about this without success and took the case to the Ombudsman. As part of the Ombudsman proceedings, the vested benefits foundation reduced the fees to CHF 200.

In its response to the client, the bank's vested benefits foundation took the view that he had accepted the vested benefits foundation's cost regulations when opening the vested benefits account, which stipulate a flat-rate processing fee of CHF 800 for the total payout with account balancing for an account holder domiciled abroad. It argued that these costs were justified in view of the increased effort involved in checking claims and processing the payment in such a case. This expense would also be incurred for a payout to an account in Switzerland. The obligation to beneficiaries equally would prohibit the vested benefits foundation from granting special conditions or a fee waiver in individual cases.

The client was not convinced by these arguments. He claimed that the fee was disproportionate to the expense incurred by the vested benefits foundation for balancing his account. The latter only had to take note of the following documents submitted by him: Confirmation of deregistration from his former Swiss municipality of residence, confirmation of US residence by the responsible Swiss consulate and notarization of his signature. His query about the actual expenditure had not been answered.

The Ombudsman had no doubt that the Board of Trustees of a vested benefits foundation is entitled to charge reasonable fees for specific services provided in the context of the vested benefit relationship. However, in contrast to the prices for normal banking services, these should be a compensation for expenses by nature. The Ombudsman based his considerations on the idea of protection of the vested benefits, as it was also stipulated in the foundation regulations. If a flat-rate processing fee is charged instead of the actual effort involved, its size should more or less be based on the average effort required.

According to the Ombudsman's assessment, the effort required to check the documents is likely to be decisive for the calculation of the fee, while the effort required to process the payment is likely to be of only minor importance. However, in the case of a partial payout abroad, which involves the same verification effort, the vested benefits foundation only provided for a flat-rate processing fee of CHF 200.

In addition, the vested benefits foundation had to expect that the account would be closed sooner or later after the emigration of the young beneficiary. The bank also worked with another vested benefits foundation, which only charged CHF 200 in fees for the same transaction. If the assets were paid out to an account in Switzerland, these were even waived completely, despite the beneficiary's

foreign domicile. The Ombudsman was therefore faced with the question of whether the bank should not have recommended that the client open the account with the second, more favorable vested benefits foundation.

In the end, the argument of equal treatment of beneficiaries did not seem valid to him, especially as the regulations of the vested benefits foundation had defined the authority of the Board of Trustees to charge fees as an "optional" provision.

For these reasons, he suggested to the bank's vested benefits foundation that the fees in this case be reduced to CHF 200. After re-examining the case, they agreed to the proposal, which was accepted by the client.