

Massive increase in fees for an investment advisory mandate

Topic: **Fees and charges** Case number: **2020/29**

The client had concluded a written investment advisory mandate with the bank. The account statements, which he received quarterly, showed that the price for this mandate had suddenly been multiplied without prior notice. He then complained to the bank, which informed him that he had previously benefited from special conditions granted to him by his client advisor. The bank took the view that it was entitled to revert to such special conditions at any time without prior notice and to charge fees according to its usual rates. The client did not agree and submitted the case to the Ombudsman. The Ombudsman asked the bank to reconsider its position. The bank then paid the client back the difference between the special fees charged before and the increased fees for the last quarter.

For a variety of reasons, banks are sometimes willing to grant a client special conditions and deviate from their usual fee rates. The corresponding agreements are often concluded only verbally. Occasionally, there are also agreements by e-mail or in written form. In the Ombudsman's experience, such arrangements are often not very clearly worded. Accordingly, the expectations that clients have about the stability of such agreements sometimes differ from those of the bank granting the special conditions. While customers expect special conditions to last for the duration of the customer relationship, the banks consider themselves entitled to revoke the special conditions at any time.

Such a conflict was also given in the present case. The nature of the business relationship was unchanged. After receiving the account statements, the client discovered that the bank had charged him a little over CHF 9'000 instead of CHF 1'500 for a service he had been using for some time, without informing him in advance. The Ombudsman could well understand that the client did not find the bank's action to be correct. However, the bank did not consider this as problematic. Its complaints office informed the client that the bank was entitled to revert at any time, even without prior notice, to special conditions that it had only granted on sight and to apply its normal fee tariff. The Ombudsman considered that the bank's action was incorrect and that it should respect the principles governing fee adjustments in such a case. These must be announced to customers in good time by the usual means of communication so that they can decide whether they want to continue to use the service in question in the same way or adjust their behaviour so that they can avoid the price increase. The bank finally consented to this and agreed to repay the increased fees charged to the customer for the last quarter. For the future, however, he had to accept the increased fees if he wanted to continue using the service in the same form. The client agreed to this solution.