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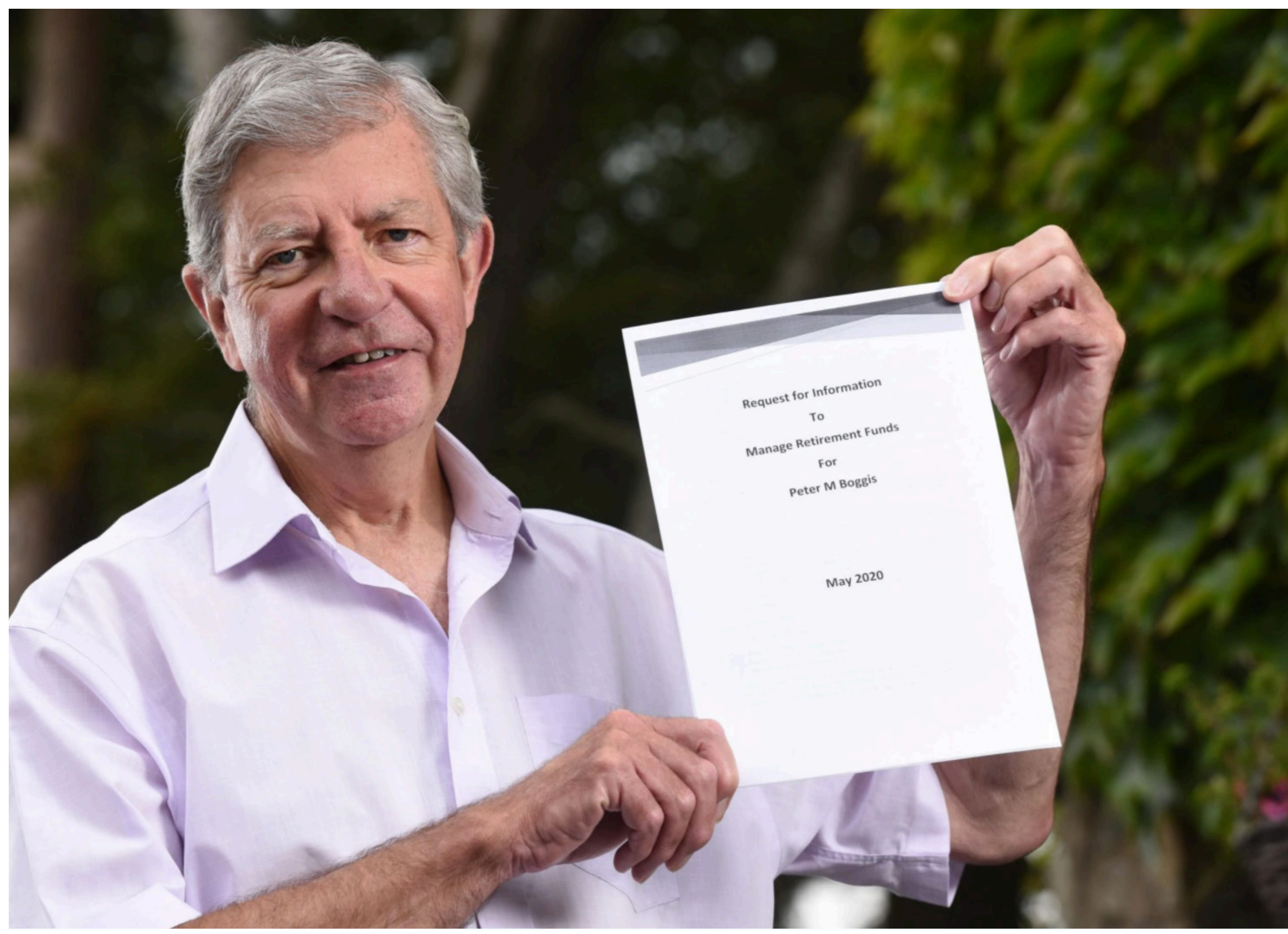
MONEY

‘I made the CEOs of multi-million pound wealth managers compete for my £500k pension’

The service and fees of different wealth managers vary wildly, as this reader discovered with an investigation of his own

MARIANNA HUNT



Peter Boggis sent a three page document to financial bosses, asking them to make a bid to manage his pension

CREDIT: Asadour Guzelian/ Asadour Guzelian

When Peter Boggis, 66, was seeking a new home for his £500,000 retirement fund, he decided not to waste his time trying to decipher the various fees and charges on wealth managers' websites but to approach the chief executives of these multi-million pound firms directly.

Mr Boggis, a management consultant living in Cumbria, drafted a three-page “request for information” which he sent to the heads of 10 financial firms, ranging from boutique private bank Brown Shipley to DIY investment platform Vanguard.

The first page of the document asked the executives a number of questions about the structure of their organisation. The next gave a list of services, such as on-going advice and tailor-made portfolios, asking them to mark which they offered and what the charge would be. On the third, Mr Boggis asked the executives to calculate what the effect of their fees would be on his £500,000 pension over five years. He then invited them to make a proposal to manage his funds.

“The range of results was extraordinary,” Mr Boggis said. “The fees they included and how they calculated them were completely different. It would be almost impossible for someone to compare like for like without having something like this.”

If he had selected the provider with the highest fees, his £500,000 pot would have shrunk to £475,736 after five years, assuming he drew an income of 2.5pc and that his investments grew by 4pc each year. The one with the lowest charges would have grown his pot to £538,642.

The enthusiasm of the response he got was also varied. “Some, including Vanguard, did not bother to reply at all. Others engaged at first then seemed to lose interest, claiming they didn't do business like that, and Brewin Dolphin declined to fill in my form at all,” Mr Boggis said. “But a handful were fantastic. I emailed the chief executive of wealth manager Tilney at 9am and by 9.05am he had replied to say a senior adviser would be in touch straight away.”

He then narrowed down his shortlist to two firms, Tilney and Canaccord Genuity, and undertook a “grilling” of both company bosses over the phone. “I decided on the latter as it is much smaller. I liked the chief executive's focus on people rather than scale,” he said. “They even let me attend some webinars to get an accurate client experience.”

Mr Boggis, who has been a Hargreaves Lansdown customer for more than 25 years, also gave his current wealth manager a chance to win back his custom. He said he had been unhappy with the performance of its funds, the quality of its customer service and how the firm had promoted the Woodford Equity Income Fund before its collapse, through which he lost around £20,000.

“Since the Woodford scandal and particularly at the moment, it's been much harder to get a response from Hargreaves. Whereas before problems would take around 24 hours to be resolved, now it's more like 48 hours. I also pay for a dedicated adviser, who has become less responsive recently.”

Mr Boggis had flagged these issues to Hargreaves' chief executive, as “often it is the only way to get a response”, he said. “It did try to make arrangements for me to stay but I decided to go elsewhere.”

Mr Boggis is now project managing the transfer of his funds to ensure it is completed as quickly as possible. “When you're moving a lot of money you need to make sure there isn't a delay between the funds being released and being reinvested. Particularly at the moment, that could mean missing out on a stock market bounce,” he said.

How to pick a wealth manager

Lee Goggin of Find a Wealth Manager, a comparison site for financial advisers which introduced Mr Boggis to Canaccord Genuity, said: “Wealth managers' fees can be incredibly complex so make sure to ask them to unpack any costs that may be on top of the headline management fee. Don't be afraid to ask for things to be presented differently to aid comparison.”

He also recommended asking for performance figures to be presented against a common benchmark in order to compare like for like. “Good firms will readily produce these rankings,” he said. “Check what level of contact you can expect in normal times and in times of market stress.”

A Hargreaves Lansdown spokesman said: “During the Covid-19 pandemic we have and will continue to be focused on the health and wellbeing of our colleagues and their families, and delivering essential services to clients. Volatile markets and the end of tax year saw record trading volumes, elevated client contact and unprecedented activity during the challenges of lockdown.”

A Brewin Dolphin spokesman said: “We declined to be part of Mr Boggis's selection process. We believe that to provide effective wealth management for our clients, initial discussions should be based around objectives, long-term goals and financial planning.” He added it was transparent on fees and confident it provided good value.