

## **The complaint**

Mr B complains as trustee of a gift and a loan bond plan – managed by St. James's Place Wealth Management Plc ("SJP") – about delays when he tried to make withdrawals.

## **What happened**

Mr B instructed SJP to withdraw all the funds from the gift and the loan bond plans in September 2020. SJP accept they should have been able to act on that instruction by 29 September. But the money wasn't sent to Mr B's trust account until November – around 9 November for the gift trust funds and 17 November for the loan trust funds.

SJP paid the value of the bonds as they were on 16 October 2020. This was the date they began thinking about how to handle the instructions they'd received, particularly about the loan trust fund. They've shown this was actually a higher value than Mr B would have received if the withdrawal had been completed in September.

Mr B however would like to receive the value the bonds had in November, on the day he received the money. He feels this will suitably reflect that it would cost him more to reinvest in the same bonds because their price rose during the delay period.

In response to Mr B's complaint, SJP offered to pay simple interest at 8% per year on the value Mr B would have received in September, for the delay period to November. They calculated this would be just over £2,000, and said they'd round it up to £2,500. This offer was in addition to giving him the value the bonds had in October 2020.

The matter came to us, and our investigator felt SJP had done enough to put things right. Mr B didn't agree, and still feels he should be given more money to put him in the position he would have been in, if not for SJP's mistakes.

Unresolved, the complaint has come to me for a formal decision.

## **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.

While I appreciate Mr B will be disappointed, I think SJP's offer is a fair and reasonable resolution to this complaint. I'll explain why.

I've seen some of SJP's internal emails at the time of Mr B's instruction and complaint. These show me SJP had received suitable instructions to start processing Mr B's withdrawal in September 2020. It's not clear why, but they failed to start acting on these until October.

SJP then seem not to have started the withdrawal process until about three weeks later – on 5 November. That delay seems to have been spent working out how to act on Mr B's instruction for the loan bond. The loan bond and Mr B's various roles as trustee, executor and beneficiary in matters related to the loan did create some technical difficulties.

But SJP had known about these for years – particularly so as a tax issue had already come up for the trusts. I think SJP should have been able to anticipate what would be needed when Mr B came to withdraw the money, and set something up to be able to process that quicker than they did.

These delays meant Mr B didn't receive the trust's funds when he should have. The key question for this case is what SJP should do to put that right.

### **Putting things right**

A good starting point for a remedy is to consider how things would have been, if the service had been reasonable. Here, Mr B would have received the money from SJP in late September 2020. Mr B's told us he was going to reinvest the money, and has shown us advice he received in December 2020 about doing just that.

But I note that the advice Mr B's sent us seems to say the money he'd received in November was being held in a bank account. That tells me Mr B didn't have an immediate plan for reinvesting.

Mr B's talked about it costing more to reinvest in the funds he'd just left. But I don't see that's a reasonable way to consider things. It seems very unlikely to me that someone would leave a fund only to go back into it – unless they were expecting the funds value to drop sharply. Here, Mr B's actions seem to reflect his belief that the markets would be quite stable in September, after the fluctuations in early 2020.

I appreciate Mr B's point – that if the markets rise while his money isn't invested, he'll be able to buy less. But I don't feel that just because the fund he left rose in value, it's safe to say every other investment opportunity rose in a similar way.

So I don't find SJP necessarily have to compensate Mr B for specific lost investment gains.

With that said, there was a lost opportunity for Mr B to do something with the money. I consider a fair way of recognising that to be an award of simple interest on the amount that was kept from Mr B by the delay. This is in line with the approach a court would take where someone has been without money that they should have had. So I see it as a reasonable step to put things right. The court rate is 8% per year, so that's the rate I'll use too.

I note SJP have already offered that in this case – from the time Mr B should have received the money in September, to when he actually received it in November. That reasonably reflects that Mr B didn't have the use of the money in that period, due to SJP's mistakes.

I'm also mindful that the interest figure has been rounded up to the nearest £500 by SJP – that deals with any uncertainty about the exact dates when things should have happened. And it goes some way to acknowledge the emotional impact on Mr B in this case. It's also in keeping with an informal and speedy approach to putting things right, which is the approach we seek at this service. So I think that approach here is reasonable.

As a test of whether that's a fair remedy, I've thought about what I'd expect SJP to do if the value of the bonds had dropped from September to November. In that case, I'd again expect them to pay the September value, plus interest to reflect the time Mr B was without the money. The fact it works as a remedy that way round leads me towards saying it's a fair remedy for the impact the delay in receiving the money had on Mr B.

SJP's overall actions in this case go beyond that though. They've also given Mr B some of the gains the bonds made while the withdrawal was delayed. I don't consider it fair for a

complainant to be compensated twice for the same issue – even if it is done by two different methods.

But I note that by taking that approach, SJP do tackle the issue of their profiting from the delay. By failing to act when they should have, SJP allowed the value of the bonds to rise. If they'd then just given Mr B the value the bonds had in September, they'd presumably have been able to keep the gains made during the failure to act. I can see how that would appear unfair to Mr B. And perhaps still does – SJP haven't given him the value gained from mid-October to early November, when the withdrawals were actually done.

However, SJP's approach clearly demonstrates to me that they want to create "good will" when resolving Mr B's complaint. And Mr B's shown he's upset by the way his instructions were handled, and that he was disappointed not to receive the higher values he thought he'd get when the delays persisted.

Overall, I've decided it'll be fair to regard giving Mr B the October value for the bonds – rather than the September value he'd have received if there'd been no mistakes – as putting right that emotional impact, and restoring the good will with SJP. The size of the gain Mr B received – more than £3,000 – is more than I'd typically award for the emotional impact of a delay like this. But – together with the cost to SJP of the interest payment I've mentioned – it stops things from being in a position where Mr B might see SJP as having profited from providing him with a poor service due to the rise in value.

### **My final decision**

I've decided to uphold Mr B's complaint about St. James's Place Wealth Management Plc. But SJP have made an offer to put things right by paying Mr B £2,500, on top of giving him the October value of the investments. I conclude that's fair and reasonable in all the circumstances. So my decision is that SJP should pay Mr B the £2,500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B as trustee of a gift and a loan bond plan to accept or reject my decision before 28 March 2022.

Paul Mellor  
**Ombudsman**