

The complaint

Miss B complained that St. James's Place Wealth Management Plc (SJP) misled her about a fee arrangement and failed to operate in a fair and transparent way. She was also unhappy with SJP's response after she first raised concerns in February 2021.

To put things right, Miss B wanted financial compensation to reflect a refund of charges paid to a former SJP partner and losses arising.

What happened

Miss B holds International Investment Bonds with SJP.

During a meeting on 9 February 2021 with one of SJP's advisers, Miss B learned that although the adviser who set up the bonds had left SJP some years earlier, he was continuing to receive ongoing advice fees from her investments.

Miss B said that at no point had she indicated that she wanted to move her business to the adviser. She feels that her concerns about what happened were clearly expressed at the time and that SJP should have acknowledged that she was making a formal complaint about what happened.

SJP did not uphold Miss B's complaint. SJP said that the ongoing advice fees had been paid correctly and in line with an internal contractual agreement between SJP and its partners. It said from Miss B's point of view, she had paid an ongoing service charge and was receiving a service from her current adviser so it would not be appropriate to refund the charges. SJP confirmed it would arrange for the ongoing advice charges on her bonds to be switched off in accordance with her instructions and offered to pay Miss B £250 as a gesture of goodwill.

Miss B didn't feel this offer went far enough to put things right and so she brought her complaint to us.

After carefully looking into what happened, our investigator didn't think SJP had acted unreasonably in continuing to charge Miss B ongoing advice charges or that it had acted unreasonably in paying the charges to the original partner, as this is an agreement in place between SJP and its partners. She felt that since Miss B had a new adviser who was available to review her financial situation and give investment advice it would not be reasonable to recommend a refund of the charges when she had benefitted from the ongoing advice.

Miss B disagreed. She said it wasn't brought to her attention that she was paying someone who was no longer in the company and as a customer she was misled. She said the adviser whom she was allocated was not receiving any remittance for giving her advice and she was told he was doing it as a favour as he was managing her company's pension scheme.

The complaint came to me to decide. I issued a provisional decision.

What I said in my provisional decision

Here are some of the main things I said.

“Miss B was surprised to learn that her ongoing advice charges were being paid not to her current adviser but to her former adviser, who was no longer with SJP. But that’s not enough on its own for me to be able to uphold her complaint. I have to decide if SJP has done anything wrong or acted in a way that isn’t fair and reasonable.

SJP provided Miss B with information about the fees it would charge when she became a client and Miss B signed a Client Registration Form in 2013 agreeing to SJP’s charges.

Up until she told SJP to switch off the ongoing advice charges, I find that Miss B has been properly charged ongoing advice fees. And I don’t think I need to say more about this as Miss B has said her issue is not that she has paid SJP, but rather that the money was paid to an adviser who was no longer looking after her account.

I think it’s fair for SJP to say that fee arrangements between current and former partners are an internal matter within SJP.

I can’t fairly say that SJP’s fee sharing arrangement unfairly or unreasonably impacted on Miss B because she has paid only those charges she agreed to pay. And Miss B had access to an adviser throughout the period she paid for and so was provided with value for the fees she was charged.

For these reasons, I don’t uphold this part of Miss B’s complaint.

But Miss B gave an express instruction in an email she sent to SJP dated 25 February 2021 to switch off the fees with immediate effect. SJP told Miss B on 30 April 2021 that “*with immediate effect*” she would no longer be charged ongoing advice charges. SJP accepted that there was a delay responding when Miss B complained and made a goodwill offer of £250 to reflect the delay in its response and any inconvenience caused as a result of Miss B having to bring the matter to its attention.

But I don’t think this goes far enough to put things right fairly. I think the goodwill payment SJP has offered is reasonable redress for the additional frustration its delay in dealing with the matter caused Miss B. But I think it is fair that SJP should also refund any ongoing advice charges Miss B was charged on or after 26 February 2021 as she had by then given an express instruction that these should be discontinued and she was reasonably entitled to expect that to happen.”

What the parties said in response to my provisional decision

SJP told us that it appeared there was an error made when the Ongoing Advice Charge (OAC) was switched off. It said it instructed the Administration Centre to do this on 4 May 2021 and included a copy of the Miss B’s instruction dated 26 February 2021 and the Administration Centre should have backdated the OAC switch off to that date.

Rather than refund the OAC amounts subsequently paid to date, SJP offered to backdate the OAC switch off within the plan. It said this will reverse the OAC which was paid from the plan, and ensure the plan is put in the position it would have been had SJP implemented Miss B’s instruction correctly in the first place. SJP pointed out that doing things this way will include the respective growth on the OAC amounts which should not have been deducted.

SJP also confirmed separately that it would also still honour its offer to pay Miss B £250 for trouble and upset.

Miss B has confirmed she is happy with this proposed settlement.

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.

Given that I've not received any further evidence or comment that changes my mind about the merits of this complaint, I confirm the conclusions I reached in my provisional decision.

I'd like to thank both parties for all the information that has been provided about this matter and SJP for responding to my provisional decision with new and constructive settlement proposals.

As Miss B has confirmed she agrees with what SJP has proposed, I have set out below the steps SJP has agreed to take to put things right.

Putting things right

SJP should take the following steps:

- backdate the OAC switch off within the plan so as to reverse any OAC paid from the plan after 26 February 2021 and put Miss B in the position she would have been in had SJP implemented her instruction correctly, and
- pay Miss B £250, to reflect the additional stress and inconvenience caused to Miss B by SJP's admitted delay in the course of dealing with this matter.

*If SJP considers that it is required by HM Revenue & Customs to deduct income tax from this interest, it should tell Miss B how much it has taken off. It should also give Miss B a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

I uphold Miss B's complaint in part and direct St. James's Place Wealth Management Plc to take the steps set out above to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 5 December 2022.

Susan Webb
Ombudsman