

The complaint

Mr K complains about the service he received from an investment adviser representing St. James's Place Wealth Management Plc ("SJP").

What happened

SJP began advising Mr K in 2017. They recommended he move his investments to a company offering a discretionary fund management service. This company is separate to SJP. I'll call them "X" in this decision. They appear to have received Mr K's investments and then changed them to cover a wider range of shares, and take less risk with Mr K's money.

SJP received an initial advice fee for their recommendation. And they received an ongoing advice fee every month.

In 2020, X looks to have made a mistake when working out some tax on Mr K's investment. Mr K raised this with SJP who in turn raised it with X. A corrected calculation was issued the following day. Further explanation of the cause of the error came later, after Mr K and SJP had pursued the matter. X – not SJP – also offered Mr K a £50 payment as an apology.

That issue seems to have set Mr K's relationship with SJP on a downward path. In July 2021, the SJP adviser recommended Mr K cancel the ongoing adviser fee and seek a new adviser.

This led to the SJP adviser emailing Mr K and X to say the ongoing fee should be cancelled. Mr K complained to us about that, saying he felt he'd been 'sacked' by his adviser.

Mr K also raised other issues. He felt it had taken too long for his investment to be transferred to X initially. And that the sale of some shares had been rushed and missed getting their best value. And that his adviser hadn't done enough to help him or answer his questions. And that the errors made by X had led him to need an accountant. And that his ISA allowance hadn't been used to its full. And that losses had been unreasonably factored into X's consideration of taxes on his investment.

SJP didn't uphold Mr K's complaints. They noted the end of the ongoing advice fee led to the adviser no longer working for Mr K. They felt the time taken to transfer shares to X was reasonable, and the sales reflected the need to change the investments. They felt they had tried to help Mr K when the tax issue arose, and the corrections made had kept any harm from being done. They noted Mr K hadn't marked on an initial form that he wanted his ISA allowance used every year. And they said the same form showed Mr K was happy for his investment losses to be considered against his investments going forward.

Mr K wasn't happy with the response, so the complaint came to us for investigation. During that process though, SJP looked again at the matter and decided to uphold the part about using Mr K's ISA allowance.

SJP noted their initial recommendation letters to Mr K had told him his ISA allowance would be used each year to take some of his gains out of the tax system. But that hadn't happened

in the 2018/19 or 2019/20 tax years. SJP said they had no evidence the ISA position had been discussed with Mr K prior to 2020, so they put forward an offer to put things right.

The offer was to pay £4,131.49 for the projected impact on Mr K's investment return. And they offered to pay £250 for the distress and inconvenience caused.

Mr K rejected that offer, as it didn't resolve his overall complaint. A new investigator at our end then picked up the case. They've now made an assessment of the issues, and given their view to Mr K and SJP. Our investigator broadly agreed with SJP's position on the complaint. But they felt a higher level of compensation was needed to acknowledge the distress Mr K had been caused.

Our investigator suggested a total payment of £750 from SJP to Mr K – on top of the money for the projected impact on Mr K's investment – would put things right. Mr K didn't agree, so the case 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.

Having done so, I've decided to partly uphold Mr K's complaint – along the lines of our investigator's most recent view. I'll briefly explain my reasoning.

A major issue here for Mr K seems to be that he feels it was unreasonable for his adviser to stop working for him.

As a regulated financial service provider, there are principles SJP should always consider. One of these – principle six in the regulator's handbook – is to pay due regard to the interests of its customers and treat them fairly.

In Mr K's case, I can see his adviser had picked up on Mr K's dissatisfaction with the service being provided. I consider that was a reasonable conclusion to have reached given the contact taking place between them at the time. And it's certainly reflected in Mr K's subsequent complaints, which cover most of what the adviser had done for him.

Being aware of that dissatisfaction, the adviser then had to pay due regard to what would be in Mr K's interests. It seems the adviser thought about the fact Mr K was paying for the ongoing advice, and yet was unhappy with the advice he was receiving. It seems the adviser was also at a point where they couldn't see a way to rebuild Mr K's trust and confidence.

A reasonable step to take in those circumstances was to stop taking the fee and leave Mr K to find a new adviser.

The question then is whether doing that treated Mr K fairly. I can see the adviser made Mr K aware of the reasons for recommending he stop paying for his services. And I note the adviser offered something of a transition service – offering during a call not to charge Mr K while supporting him to take his business elsewhere.

I find this did enough to treat Mr K fairly. The relationship was such that ending it was a reasonable action. And that was done in a way that gave Mr K sufficient notice and support to move the work to a new adviser.

So while I appreciate Mr K will probably disagree with my opinion, I'm not upholding the central point of his complaint. I find it reasonable his relationship with the adviser came to an

end when and how it did.

Moving on to the other points Mr K has raised, I've tried when summarising this case above to draw the line between SJP's actions, and those of X, the investment managers. SJP aren't responsible for the mistake that X made in the 2020 tax calculation. So I'm not going to dwell on the mistake itself.

I can see Mr K contacted his SJP adviser about the mistake. But I can also see the emails where that adviser pursued the matter with X, and had the result given to Mr K. I appreciate Mr K seems to have wanted more explanation or discussion about the matter. But I find SJP's actions did enough to have the problem corrected and tell Mr K what had caused it. I find that was a reasonable level of service on this part of the complaint.

The transfer and sale of investments in 2017 seems to follow from SJP's advice to move them to X, and from X's strategy for diversifying and reducing risk. I can't see SJP have caused any avoidable delays here. Nor can I see specific instances where an investment was sold that shouldn't have been. The timing of the sales – where this was controlled by SJP or X – seems to reflect the nature of the discretionary fund management Mr K had signed up to. So again, I see SJP's service as being reasonable.

Factoring in earlier losses when calculating the tax position of Mr K's investments seems to have been done by X, but on the basis of the application form Mr K completed with SJP. It seems sensible to have done that, as it optimised Mr K's tax position. Mr K has suggested there were other ways he could have used the losses. But it's not clear he ever told SJP about these. They can only advise on the details he gave them.

Where there does appear to be a failing is – as SJP later noted – in the inefficient use of ISAs. Mr K could have been putting £20,000 each year into an ISA, and taking it out of standard tax consideration. I can see Mr K didn't complete his application form to achieve this, but that should have been raised with him at the time. There's no evidence it was, so I conclude that it wasn't.

It's that issue – and that issue alone – that SJP need to take steps to put right.

Putting things right

I can see SJP have completed a calculation that worked out how much Mr K could have put in an ISA but didn't because of their failing. They've then worked out what that would be worth now. And then they've tracked that forward 10 years to work out what it could be worth in the future. The gain is exposed to tax if encashed during that period. It's that tax cost they've offered to pay.

I find that's a reasonable way to remedy the issue here. It has to speculate about what Mr K's investment could be worth in the future. But the potential growth factor used by SJP balances the risks of over or under estimating.

Mr K may incur a higher tax bill due to this failing. Or he may incur a lower one. Only time will tell. But in the interests of drawing the complaint to a quick and informal conclusion, I find the £4,131.49 is suitable to recognise the possible financial impact here.

But the uncertainty, and Mr K's feeling that he hasn't received a value-for-money service remains. SJP can't now undo that. But I agree with our investigator that a payment of compensation could at least acknowledge it.

I appreciate that choosing a monetary amount for an emotional impact is a matter of opinion.

And I appreciate Mr K feels the service he's received has been deeply unfair and unreasonable. I don't share his view for much of this complaint. So my remedy here is likely to be much less than Mr K would want.

I've considered the £750 our investigator put forward. I believe they intended this to factor in a £50 payment offered in 2020 following the tax calculation issue. But my understanding of this case is that the payment there was from X, not SJP.

With that said, I find a payment from SJP to Mr K of £750 would be a reasonable way to acknowledge the upset and inconvenience he's felt as a result of his ISA allowance not being fully used. It reflects that there isn't a loss today, but there could be in the future. But balances that with the fact that most of what he's upset about is the result of SJP taking reasonable steps in this case.

My final decision

I've decided to partly uphold Mr K's complaint about St. James's Place Wealth Management Plc. To put things right they should:

- Pay Mr K £4,131.49 compensation for the potential cost incurred due to not using his ISA allowances; and
- Ensure Mr K has received £750 compensation from them for the trouble and upset caused by this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 29 March 2023.

Paul Mellor
Ombudsman