

The complaint

Mr C complains that St James's Place Wealth Management Plc (SJP) didn't carry out annual reviews of his investments when it said it would.

What happened

Mr C held a range of investments with SJP. In 2023 he complained that for the last few years he'd not had the annual reviews with SJP he'd expected. He said he'd paid for these reviews, and that without them his investments may not have been changed or updated appropriately. He said that the last time he'd met with SJP in early 2021, it had promised to follow up with recommendations which never materialised.

SJP upheld his complaint in part, and offered to refund the ongoing advice charges (OACs) it had levied in 2022, as well as paying Mr C £300 for the distress and inconvenience he'd been caused. Mr C wasn't happy with this and brought his case to our service.

One of our investigators looked into things and thought SJP should also refund the OAC from 2021, as although Mr C had met with SJP the promised recommendations hadn't been provided. SJP agreed, but Mr C didn't, and asked for an ombudsman to decide the matter.

He said the remedy didn't account for the impact of what he considered to be negligence on SJP's part. He said his circumstances had changed in 2021, and so had the reviews taken place SJP ought to have recommended changes to his investment holdings in light of his changed position. If this would have left him better off than he is now, he ought to be compensated for it. He also thought the amount of compensation for distress and inconvenience should reflect the substantial sums he had invested with SJP.

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 reached the same conclusions as our investigator, and for broadly the same reasons. I'll explain why.

The primary facts of this complaint aren't in dispute – all parties agree that SJP had an obligation to review Mr C's investments once a year, and it didn't do so in 2022. Further, while it met with Mr C in 2021 it failed to follow up with agreed recommendations, rendering that review somewhat moot. What remains in dispute, and what my decision therefore focusses on, is the impact of that failure to effectively review Mr C's investments, and if it had been necessary, advise him on any changes, in 2021 and 2022.

Firstly there is the straightforward cost to Mr C of the reviews he paid for but didn't receive. He'd agreed to pay SJP a fee in return for annual reviews, and for two years he didn't get the benefit of those reviews. I therefore don't think it's fair that he should have had to pay for them, and I'm pleased to see SJP has agreed to refund the amounts Mr C had paid for the 2021 and 2022 reviews, with interest.

Mr C has then questioned whether this is sufficient remedy for SJP's failure to review his investments. As I've said above, I agree with Mr C that SJP was in breach of its obligations to him here. It had said it would review his investments every year, and it didn't. My understanding is that Mr C also thinks account should be taken for what changes he may have made to his investments had his holdings actually been reviewed.

I've thought about this point very carefully. And I have some sympathy for Mr C's view. I've taken account of his significant withdrawal from his investments in 2021 and other broader changes to his circumstances at around that time. But having done so I take the view that it wouldn't be fair and reasonable to award any further compensation.

The key thing here is that no advice was actually given between 2020 and 2023. And it's impossible for me to know what, if any, recommendations or changes SJP would have suggested had it reviewed Mr C's investments as it should have. I accept it's quite possible it would have recommended some changes – although without knowing what they would have been, it's again very difficult for me to say whether these hypothetical changes would have left Mr C today in a better or worse financial position. In other words there is no certainty Mr C would have invested differently at all, and in particular no way to say with any confidence what position Mr C would have been in had he invested differently. As a result I can't say that, on the balance of probabilities, the failure to review Mr C's investments has caused a financial loss in terms of investment performance for which it would be fair to compensate him.

I've also considered Mr C's argument about the award for distress and inconvenience. Mr C says this should account for the amount he had invested with SJP. On this I would say that awards for distress and inconvenience are meant to reflect the impact on an individual complainant – and the bare sum invested can mean different things to different people. Having said that I'm aware Mr C did have a substantial amount invested with SJP and so the distress of not having that money reviewed for a period of time would have had an impact on him. I've taken this into account when considering fair compensation.

Putting things right

To put things right SJP must calculate the amount Mr C paid it in ongoing advice charges for reviews in 2021 and 2022. It should refund those sums to Mr C, along with 8% simple interest from the date the payments were taken to the date it settles this complaint.

SJP may consider it needs to deduct income tax from the interest portion of this award. If it does, it should tell Mr C how much it has deducted, and provide a tax deduction certificate for him if he asks for one. This will allow Mr C to reclaim the tax from HMRC if appropriate.

For the reasons I've given above, it must also pay Mr C £300 for the distress he was caused by not having his portfolio reviewed.

My final decision

For the reasons I've given, I uphold this complaint and direct St James's Place Wealth Management Plc to pay Mr C compensation as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 22 November 2024.

Luke Gordon
Ombudsman