

## **The complaint**

Mr H complains about the service he received from St. James's Place Wealth Management Plc (SJP).

## **What happened**

Mr H said that in late 2020 he was advised to invest in the SJP Balanced Portfolio when he transferred his pension over to SJP. He was told this would be reviewed to ensure it remained in line with his risk profile and objectives. The portfolio was re-balanced in September 2022 but his personal portfolio was not. He isn't clear if this was to his disadvantage. He says he believed that his personal portfolio would have been changed to reflect the main portfolio at the same time. He was alarmed when 7 months after the change he was advised his portfolio had not been updated to reflect the changes to the main portfolio. He said no one contacted him when the main portfolio was changed, his funds were not rebalanced, his money was therefore potentially outside his risk profile and objectives. He was entitled to ongoing advice and paid a fee for this he didn't think annual contact was enough to reflect that commitment. He was under the impression that his adviser would contact him if there was a change to the balanced portfolio but this didn't happen. He felt rebalancing the portfolio was a trigger event for contact with him to make sure the unchanged portfolio matched his then ATR. He felt SJP were collecting an ongoing advice fee without providing a proper service. He also said that when he reviewed what was within his portfolio he found that only around 32% of his funds were deemed to be providing value. This made him very nervous about the overall service and charges that he was receiving. This was not transparent fair or adequate to deal with his concerns. He felt let down and that he had suffered loss and inconvenience.

SJP said that Mr H was sent a suitability report in mid-December 2020 with a Services Costs and Disclosure Document that set out the services, costs and terms of business. This made clear it would write each year with an annual statement and to offer a review. While the SJP investment management committee made changes to the Balanced Portfolio it then expected advisers to consider with the client whether the change fit with the clients attitude to risk (ATR). This is part of the annual review process. It didn't think it had done anything wrong. It said it undertook reviews with him in March 2022 and April 2023. It noted that Mr H wanted the rebalance of his portfolio done at the same time as the master portfolio which was in September 2022 which was eight months earlier. It explained that its approach was to do this through the annual review process. It apologised for the time taken to reply to his complaint and offered £100 as a gesture of goodwill.

The investigator felt SJP had been clear fair and not misleading. It was clear the reviews would be annual and the fees were clear. The frequency of meeting was clearly set out. There was no suggestion there would be additional reviews during the year. It was noted that Mr H felt the term on-going advice was misleading if it was only annual reviews. He thought it was reasonable to be contacted if there was a change to the Balanced Portfolio and for SJP to be proactive about this. They said that they were satisfied the changes made were in line with the original mandate for the portfolio so even if his ATR have been reconsidered it wasn't clear that there would have been any investment changes. Mr H didn't contact SJP to indicate there had been any change in his risk profile. It seemed SJP had

done what it said it would do. The new Consumer Duty didn't apply as the events took place prior to its introduction.

Mr H didn't agree. He said he expected his money to remain in the Balanced Portfolio unless otherwise advised. If the portfolio changed he expected his to be aligned with those changes at that time not at any annual review. This was his understanding at the point of entry. It shouldn't require an annual review or meeting with the advisor. It was a basic expectation that by investing in a portfolio his investment would be kept up to date and in line with it. This issue had not been addressed by the investigator. SJP had agreed that going forward any future changes to the portfolio would be made without the need for a meeting or any contact. It was also unclear why SJP could not produce figures to show the impact of the difference between the changed portfolio and the performance of his unchanged portfolio.

### **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.

In order to make any award against SJP I need to consider if it acted in a fair and reasonable manner.

Firstly I think it is important to clarify Mr H was invested in a suggested portfolio. As SJP has explained this is made up of a number of funds in various proportions, it is not a fund itself. There are not therefore any terms and conditions for the portfolio.

I would expect SJP to be reviewing its suggested portfolio from time to time and it is clear this is what its investment management committee was doing. As it said changes can be made for a number of reasons for example an investment fund may be running out of capacity and a new one is needed. But that circumstance wouldn't be a reason to move out of the fund.

So I think the fact it was doing a review shows it was acting reasonably in monitoring its portfolio. It is also clear Mr H expected changes to be made to the portfolio. I say that because in his complaint he said that he *'was advised that the Balanced Portfolio would be reviewed by SJP and updated on a periodic basis to ensure it remained in line with its risk profile and objectives'*.

SJP said that the changes only applied to new contributions invested in line with the portfolio, so it did not affect Mr H's existing investments and he was not making new contributions. To that extent there was no unfairness between individual investors. Even investors who were making further contributions (which Mr H wasn't doing) would only have their new contributions invested in line with the updated portfolio. Their existing investments would remain on the old basis until such time as they decided to review and make a change.

Because it was only applied to new contributions I don't think there was a need to advise existing investors immediately about the rebalance as it wasn't intended to be applied immediately to them. SJP said it expected advisers to pick it up as and when they did their annual reviews.

I think that is reasonable. I say that because any changes to existing investments needs careful review in the light of circumstances at the time. Further any changes to investments require disinvestment and reinvestment which can incur costs and run the risk of being out of the market while any change is taking place. So I would expect any change to be a careful and considered process. It seems this was the approach taken by doing it through the annual review where changes in personal circumstances could also be taken into account.

In the original suitability report SJP said the following.

*Ongoing Advice*

*A key element of financial planning is conducting regular reviews of your financial arrangements to ensure the course of action taken today remains appropriate to your personal circumstances in the future as it is likely your objectives and circumstances will change over time.*

*As part of my ongoing service I will write to you each year on the anniversary of your' plan to provide you with an annual statement in respect of your' funds so that we can arrange for a review.*

I think this makes clear that there isn't a day to day monitoring or review but an annual approach. So it seems that SJP has done what it said it would by dealing with the rebalance at the time of the annual review.

Mr H says that his expectation about rebalancing the portfolio was discussed orally. The documentation was standard so didn't record this. While I don't doubt Mr H may have formed an impression about how SJP would deal with any rebalance I don't have any further evidence to support that nor any suggestion it has taken that approach. I say that because it conducted annual reviews in March 2022 and April 2023 and not in between. The 2023 review and rebalance was done pursuant to an annual review in the light of the changes made to the Portfolio from around September 2022. There is no evidence that SJP has been undertaking reviews other than in line with what it said it would.

So on balance based on the evidence presented it seems that SJP has done what it said it would do in terms of reviews.

I note that Mr H wanted the performance checked from the time the Balanced Portfolio was rebalanced to the time his funds were eventually rebalanced. But as I think SJP has acted reasonably and hasn't done anything wrong I cannot direct it complete any such calculation.

So for all those reasons I think SJP has acted in a fair and reasonable manner.

**My final decision**

I don't uphold this complaint as SJP have acted in a fair and reasonable manner.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 4 October 2024.

Colette Bewley  
**Ombudsman**