

The complaint

Miss P is unhappy with the delays caused by the way St James's Place Wealth Management Plc dealt with the transfer of her deceased Father's pension plan into the name of his wife, subsequently causing her distress.

What happened

Miss P's father (who I'll refer to as Mr P here) passed away in 2018. At the time of his death, in addition to various substantial assets, he had a 'draw-down' pension with Zurich, valued at in excess of £400,000.

Following his death, Mr P's wife (who I'll refer to as Mrs CV here) sought advice from SJP relating to both her financial affairs, and (very broadly speaking) tax implications in relation to her inheritance of Mr P's estate, and receipt of funds as beneficiary of the Zurich pension policy. Due to the nature of Mr P's pension, Mrs CV would be able to access these funds tax free, as long as the transfer to her name occurred within two years of Zurich becoming aware of Mr P's death.

The advice Mrs CV received regarding these funds was essentially for them to be transferred to a Flexi Access drawdown plan in her name – allowing her to draw from these funds tax free, with the remainder capable of being transferred to Miss P (and her sister) free of any Inheritance Tax implications upon Mrs CV's death.

At the time of the advice, Mrs CV had said she had no immediate need for the funds, and instead wished to retain them for Miss P (and her sister's) future benefit. It had been suggested this might include drawing funds to assist with a property purchase for Miss P (who was a minor at the time Mrs CV sought advice).

Mrs CV also sought advice from SJP regarding setting up a retirement account and Junior ISA in Miss P's name. These plans started in May and June 2020 respectively.

The process allowing the Zurich funds to be transferred was complex. There were significant delays, meaning the funds weren't transferred to a drawdown plan in Mrs CV's name until June 2023 – long after the HMRC two-year transfer deadline had expired, meaning any withdrawals she made from the funds would be taxed at her marginal rate (likely 40%).

Mrs CV complained to SJP. As well as expressing significant concern about the potential tax consequences caused by the delay, Mrs CV also raised concerns about her, and Miss P and her sister, being charged an exit fee in the event they eventually chose to move their various investments away from SJP's management.

One of our Investigators concluded SJP were responsible for the above-mentioned transfer delay, and upheld Mrs CV's complaint in that regard, setting out what she felt was fair redress. There is no reason for me to explain that in detail here.

In the meantime, separate complaints had been set up in the names of Miss P and her sister, so that their respective complaints about the way they'd been impacted by SJP's actions could be considered.

SJP responded to Miss P's complaint in August 2024, stating as follows:

- SJP provided advice to Mrs CV only (noting Miss P was a minor at the time).
- There was no intention at the time to move any of Mr P's pensions into Miss P's name.
- SJP provided advice to Mrs CV to make payments into a Junior ISA and Retirement Account in Miss P's name.
- SJP have been charging servicing and advice fees in respect of the investments set up in Miss P's name, but no such advice or servicing had been provided.
- Accordingly, SJP agreed to refund those charges, with interest applied.
- They also offered to pay Miss P £150 compensation in respect of the Distress and Inconvenience (D&I) their actions had caused.
- Finally, they agreed to waive their Early Withdrawal Charge should Miss P wish to transfer her benefits away from SJP's management – subject to being informed of her decision within six months of their final response letter (dated 28 August 2024, so by 28 February 2025).

One of our Investigators thought this was a fair offer in the circumstances. Miss P also agreed it was a fair offer, with the exception of the amount offered for D&I. Referencing the guidance our Service usually follows when considering D&I awards, she felt an award of £750 better reflected the distress she'd experienced. In particular, she felt that:

- SJP's consideration of the wider elements of this complaint has been unnecessarily prolonged.
- Miss P suggested she'd experienced significant inconvenience and disruption, taking a lot of time to sort out her particular complaint.
- Accepting the funds were always going to be distributed to Mrs CV initially, those funds had always been intended to be used for the benefit of Miss P and her sister.

Responding to those comments, our Investigator explained our service would need to see evidence to show how this matter impacted Miss P personally, if we were to consider a greater award of D&I.

Our Investigator commented that it was Mrs CV that dealt exclusively with SJP, effectively shielding Miss P from any involvement – and by association any distress or inconvenience. Our Investigator asked if Miss P could provide any evidence to show SJP's delay had caused a subsequent delay in Mrs CV's use of the funds for Miss P's benefit – any evidence of an aborted property transaction for instance.

No further comments have been received from Miss P (or her representative). So, in the interests of providing a timely conclusion, for the benefit of all parties, to Miss P's complaint it's been passed to me, an Ombudsman, to issue a final 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.

I want to begin by expressing my condolences to Miss P for the loss of her Father some years ago. I also want to explain that in this Decision, I'll only be substantively addressing the point Miss P has taken issue with here – the amount of D&I that she believes she should be paid.

I say that conscious that we're an informal dispute resolution service, set up as a free alternative to the courts. This allows me to focus on what I consider to be the heart of the matter, rather than commenting on every issue in turn. This isn't intended as a discourtesy to Miss P, rather it reflects the informal nature of our service, its remit and my role in it.

Miss P has already accepted the offer of redress that SJP have offered in relation to the fees that have been levied against her investments. I think that offer, the refund of all fees charged (plus 8% interest), is a fair one in the circumstances here.

Further, I think SJP's offer to waive any exit fees they'd charge for a defined period is similarly fair. I agree that a six-month deadline is appropriate too – providing certainty for both parties in that regard.

Which brings me to the issue of the D&I. I don't think SJP need to pay any extra D&I beyond what they've already offered. I think our Investigator was right to highlight that it has always been Mrs CV who has dealt with SJP. She has no doubt experienced considerable distress in relation to the wider elements of her complaint, which is something our Investigator addressed in her specific complaint.

But I haven't seen any evidence of any material distress caused to Miss P by SJP's actions. Yes, the wider elements of the complaint (the transfer delay) have taken a long time, but I can't see that Miss P has been unduly impacted by these delays – these are matters that have affected Mrs CV. And it's Mrs CV that has needed to take a long time to sort out the wider complaint issues, and not Miss P.

And, whilst I have no doubt that it was Mrs CV's intention to use the funds for Miss P and her sister's ultimate benefit – noting that Miss P was legally a minor when Mrs CV sought advice – I've seen no evidence that suggests Miss P has suffered any detriment, or lost out as a result of a delay in Mrs CV being able to apply the funds, that would justify an increased D&I award here.

Putting things right

SJP must pay compensation to Miss P in the manner set out in their final response letter, as follows:

- A refund of fees totalling £298.76 (Fees charged of £261.17, plus gross interest at 8% of £46.99, less tax on interest of £9.40).
- Pay £150 in respect of D&I
- Not charge any exit fees if Miss P notifies SJP prior to 28 February 2025 of her wish to transfer the management of her investments elsewhere.

My final decision

For the reasons set out above, I uphold Miss P's complaint against St James's Place Wealth Management Plc and require them to pay her redress as set out above, and not charge her any exit fees during the period as also set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 28 October 2024.

Mark Evans
Ombudsman