

## The complaint

Mrs D complains that her pension with St. James's Place Wealth Management Plc (SJP) has lost over £50,000 in value since she transferred it and SJP has been unable to explain to her how much of that loss has been taken in charges. She would like that information to be provided to her. She also complains that she hasn't had an explanation regarding some duplicate charges that were taken from the plan resulting in a small adjustment being made, as well as an explanation for why her pension's investment strategy reduced from 13 different funds to 11. She also believes that an annual review SJP said it carried out in 2022 wasn't in line with how the review should have been conducted and would like a refund of that year's advice fee.

## What happened

In 2018 Mrs D met with SJP to discuss her financial situation – particularly with regards to her retirement planning. A resulting recommendation from SJP was to transfer her Defined Benefit (DB) occupational pension scheme with a cash equivalent value of £500,000 to a new drawdown plan. This would enable her to draw £40,000 tax free cash (TFC) which, when added to her existing savings would pay off some outstanding financial liabilities and secure an income for around the next four years.

There were some administrative issues around the transfer which meant another pension she held with her employer was incorrectly transferred and the final salary transfer was also returned to the employer in error.

Because of a loss in the value of her fund Mrs D complained, and SJP decided to review the suitability of its original advice. When her complaint was eventually upheld in 2020 SJP paid redress in line with the *pension review* guidance to her plan.

It was also discovered that “duplicated charges” had been applied in February 2019 which resulted in a financial adjustment of £73 to the plan. Mrs D's original investment had been in the “money market” fund but this was switched to investing across 13 different investment funds in August 2021. In January 2022 two of the funds in which Mrs D was invested were merged and then renamed – which led to the total number of her invested funds being reduced overall. In March 2023 there was a partial switch of seven of the funds into five funds.

By March 2023 Mrs D was disappointed with the performance of her plan so raised this and a number of other questions with SJP. She said she'd now made total withdrawals of £129,022 – so looking at her current pension she calculated she'd lost nearly £52,000. She wanted to know the total value of the charges that had been taken from her plan since inception. She said she didn't expect such a loss from a conservative portfolio. She also wanted SJP to provide a breakdown of the duplicate charges it had imposed and how this led to a credit to her plan of around £73.

SJP said:

- The adviser had promptly requested a full breakdown of charges applied to the plan, but this hadn't been provided by the administration centre. This was below the standard SJP would expect and a full breakdown of charges had been urgently requested.
- It was sorry Mrs D was unhappy with the investment performance of her pension but there had been no guarantees around the returns, and it reiterated the long term nature of such investments and the volatility that can occur along the way.
- The "duplicate" charges which had been applied were in fact not duplicated but a deduction to cover annual management charges from November 2018 to January 2019 – which hadn't been taken on the correct dates. This was because a fund switch had occurred requiring a reversal of charges. Upon further review of this action SJP identified Mrs D's pension had been disadvantaged – which it then paid as redress to the plan. It apologised for this information not being provided to Mrs D in a timely way but also explained that the figure of £73 which had been mentioned, was in fact incorrect and the pension had been augmented by £270.38. It set out how this figure was calculated and applied across all the funds within the plan.
- It offered £350 compensation for the delays in providing information and accepted that some of it was incorrect and other parts still hadn't been provided. It also offered £150 for the delay in responding to Mrs D's complaint.
- It also acknowledged that, although the adviser had offered a financial review in July 2023, Mrs D hadn't taken up that offer. So it also offered to refund the ongoing advice fee that was deducted in September 2023 – along with interest at 8% - as compensation. This was a total of £1,538.59.

Mrs D didn't accept the offer or the explanation, so having already brought her complaint to us, one of our investigators looked into the matter. They thought the complaint should be upheld making the following points:

- The reduction in funds from 13 to 11 was caused by a merger of funds by SJP – which was a commercial decision it made. They were satisfied the funds hadn't gone missing from Mrs D's plan or that she suffered any financial loss.
- The "duplicate" charges hadn't been taken twice but represented charges that hadn't been taken during November 2018 to January 2019. A later loss calculation worked out how much investment growth may have been lost due to this correction and an amount of £270.38 was added to Mrs D plan – of which the investigator had seen evidence to satisfy them this was correct.
- They were satisfied that SJP had made Mrs D aware of all its charges – including the ongoing advice charge. They were also satisfied from the evidence that was provided that SJP did provide an annual review of her plan and circumstances in 2022. They didn't think it was necessary for SJP to make alterations or recommendations to switch investments each year if there wasn't a material change to Mrs D's situation.
- SJP hadn't provided Mrs D with the breakdown of the charges in line with her request. They thought SJP should provide this information within four weeks and if it wasn't provided Mrs D would be able to make a new complaint about that matter.
- They thought SJP's offer of £150 to compensate her for the time taken to respond to her complaint was fair and reasonable but also thought it should pay £500 for the distress and inconvenience caused.

Mrs D didn't agree with the assessment making the following points:

- She had spoken to the adviser in January 2022 to request an income withdrawal – although he had made an error in the amount of income he recommended that she should withdraw.
- But she thought any review that was supposed to have taken place in July was just "rehashed" from information she provided in January 2022. She also thought the

review from July 2022 was “full of errors” as it had been based on her historical circumstances rather than being up to date. She set out these errors.

- She had declined the offer of a refund for the review that didn't take place in 2023 as her complaint was ongoing. But this had never been paid to her and she now believed a refund for the review of 2022 should be included.
- She didn't authorise a merger of her funds and wasn't made aware it would happen. She was also charged £578.65 for that action.
- When she asked for a breakdown of the monetary charges of her plan, she was provided with details of another client's plan. She didn't think she was provided with an appropriate apology for that error.

Following further communication Mrs D remained unhappy and asked for her complaint to be referred to an ombudsman – so it's been passed to me. In her request Mrs D further confirmed that:

- She didn't think that “*a made up review*” which was full of errors constituted an annual review for 2022 – and the advice fee ought to be included in any refund of charges. The review from July 2022 consisted of a brief phone call (three minutes long) to discuss a withdrawal she wanted to make from her pension.
- She hadn't said that she was unaware of the merger of the funds but that she was unaware of the charges involved in the merger.

### **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.

And having done so I've reached the same conclusion as the investigator. I know this isn't the outcome that Mrs D would have hoped for – so I'll give my reasons below.

In 2020 SJP accepted that it may have provided unsuitable advice relating to the original transfer – and its administrative errors around the same matter. It paid redress and compensation to Mrs D. And because the redress was calculated in line with the regulator's pension review guidance it would have taken into account any fees paid up to that point. So I won't be commenting on the suitability of the original advice or any of the advice fees paid up to that point. I'll answer Mrs D's points below starting with her assertion that she hasn't had all her annual reviews and should at least be refunded the advice fee for 2022 – along with the 2023 fee for which she has already been offered a refund.

### **The annual reviews and the ongoing advice fees**

An SJP client declaration, which was signed by Mrs D on 10 July 2018, confirmed that the cost of its advice would be paid from the pension plan and details of the charges were set out in the Key Facts document. That document noted that the cost of the initial advice was 4.5%.

It also said that “*we will also provide you with ongoing advice to review your investment and ongoing contribution levels, if applicable, to ensure it remains appropriate as set out in the “Welcome to St. James's Place” brochure provided by your Partner. The cost of this each year is 0.5% of your total investment and so this annual cost will increase if your investment grows, plus for non-pension advice 3% of each regular contribution made after the initial advice has been paid for.*”

### *Payment for ongoing advice*

*The cost for our ongoing advice is also paid for out of your investment.*

*However, if you no longer wish to benefit from our ongoing advice, you may ask us to stop advising you and reviewing your investments and the charge for ongoing advice will cease.*

*We believe that regular, ongoing advice enables us to ensure that your investment continues to meet your objectives. Our ongoing fees are paid in this way because we firmly believe that it aligns your interests with ours."*

These charges were also set out under the "what are the charges" section within an illustration that was also provided. It noted the initial charge would be £20,706 and, in relation to the 0.5% advice charge, gave a monetary example that, "if your investments are worth £461,000 in a year, the cost for that year would be £2,305."

The charges were also confirmed in detail in the key features of the retirement account booklet.

So I'm satisfied that SJP made Mrs D aware that an advice charge would be applied, how much it would be, and that it could be stopped if Mrs D no longer wished to receive advice. Whilst there aren't any prescribed rules on what an annual review has to look like, the regulator's factsheet "for investment advisers - Setting out what we require from advisers on how they charge their clients" said:

#### *"Ongoing adviser charges*

*Ongoing charges should only be levied where a consumer is paying for ongoing service, such as a performance review of their investments, or where the product is a regular payment one. If you are providing an ongoing service, you should clearly confirm the details of the ongoing service, any associated charges and how the client can cancel it. This can be written or orally disclosed. You must ensure you have robust systems and controls in place to make sure your clients receive the ongoing service you have committed to."*

I think SJP acted in accordance with this guidance.

So I've gone on to look at the annual reviews that took place in relation to the fee and whether they were sufficiently robust to justify the cost.

It's generally accepted that if the firm agrees to annual reviews these should be carried out around 12 months after the initial advice and thereafter. The initial transfer and investment advice occurred around July 2018, so I would have expected a review to take place around 12 months after this date. But because the redress SJP paid Mrs D for unsuitable advice in 2018 – which was paid in early 2020 – would have included an adjustment for any fees paid I think the first annual review for me to consider is that which should have taken place in July 2020. It actually took place around 1 September 2020 but given the loss calculation for the unsuitable advice had only recently been completed, I don't think it was unreasonable for the meeting to have occurred shortly after the 12 month period.

I've seen a copy of the meeting notes from this meeting. Although they confirm that part of the meeting had been focused on Mrs D's prior experiences and SJP's errors, I've seen that her existing portfolio and risk profile was discussed and that it remained suitable. There was also a discussion about a possible transfer of the remaining employer's pension fund and personal details of things like income and expenditure were updated.

So I think this is sufficient to say a review took place – and that what I'd expect be discussed to ensure any recommendations that may or may not be made was carried out.

I take the same view of the review that was carried out in August 2021 around the time Mrs D received a nine page annual summary of her plan. It was noted there hadn't been any material changes to Mrs D's financial planning needs but there was agreement to switch the investment strategy to a conservative investment portfolio from money market funds and draw income at end of tax year to ensure there was no breach of tax thresholds. It was also noted to confirm the details of any expression of wishes form that was held and to look at the transfer of the remaining employer scheme benefits.

In January 2022 Mrs D requested the withdrawal of some income. In July 2022 she required a further withdrawal, but SJP also took that opportunity to complete its annual review. Mrs D however disputes the depth of this review as she says it lasted around three minutes on the telephone and was solely focused on the withdrawal. She feels the information that was subsequently sent out in a suitability report was a regurgitation of personal and financial details she'd provided previously, was full of errors, and didn't constitute an annual review.

I'm not aware of any regulatory guidance which sets out how an annual review should look or the process that should be followed. I note that SJP's "welcome to St James's Place document" states that *"your Partner will also discuss your ongoing servicing requirements. Primarily this will involve holding regular face-to-face or telephone review meetings to discuss your investments and personal circumstances, thus ensuring that your decisions remain appropriate and continue to meet your objectives..."*

So the review could either be face to face or by telephone and its main objective was to ensure ongoing suitability of any investment in line with a consumers financial objectives. I know Mrs D believes that the brevity of the "meeting" and the incorrect information which was imparted means the review simply wasn't robust enough, so I've gone on to look at the suitability report which followed.

I'm unable to confirm exactly how long the telephone conversation did last, but I'm not aware of any guidance that sets out how long a review meeting should last. As long as an adviser thinks they have gathered all the *relevant* information to provide a recommendation – which could be used to take any action – then I don't think the length of the meeting is the most important factor. However I would expect an adviser to gather sufficient up to date information for the purpose of adequately reviewing an investment during any such meeting.

The suitability report set out SJP's understanding of Mrs D's objectives and circumstances in respect of the advice to withdraw £6,000 from her plan. Mrs D says the information recorded around her savings and property value was the same as the 2020 review and I don't dispute her knowledge of the value of these assets in 2022. The adviser, in my view, should have been more accurate here. But the reason for gathering this information was to warn Mrs D about the risks of withdrawing £6,000 from her pension instead of using her savings – which I think was clearly set out in the report. So I don't think the amount of Mrs D's assets, notwithstanding a more accurate figure ought to have been obtained, was of principal importance to an overall review of her existing pension plan and her desire to withdraw some cash.

Mrs D also told us that the report seemed to suggest she was still invested in a money market fund and also incorrectly referred to replacing a boiler which she had done two years previously. I think the report is slightly unclear in these matters as it doesn't specifically relate these events to Mrs D but seems to suggest they are generic reasons for holding emergency funds and cash.

For example it said *“I believe that your emergency fund is sufficient for your needs because after highlighting the importance of retaining an emergency fund of readily available cash to cover any unexpected expenditure you may encounter, i.e. boiler or car repair or replacement...”* I think this was simply an example of why emergency funds need to be available. Likewise the reference to money markets also covered investment in asset-backed investments for potential capital growth and didn't state that Mrs D was invested in the money market fund – which she is right to say she wasn't at that time.

Of course that could suggest that the report was quite generic in nature and didn't meet the definition of a tailored individual review. But, and I consider this to be a finely balanced judgement, I'm satisfied that SJP did carry out a review in June 2022 which met its definition of *“face-to-face or telephone review meetings to discuss your investments and personal circumstances, thus ensuring that your decisions remain appropriate and continue to meet your objectives.”* I'm satisfied it was named as an annual review and discussed what I would expect to see discussed – albeit it should have been more accurate and robust in updating some of Mrs D's personal circumstances. There was a personal recommendation based on those details and I think all the possible alternatives and warnings were set out as well as confirming suitability of the existing plan.

It should also be noted that SJP's review was accompanied by an eight page “wealth account” summary which provided an overall, annual snapshot of the plan itself. This included current valuations, the amount of withdrawals, the asset classes and individual funds in which Mrs B was invested, and a performance comparison against the previous year. I think this provided SJP with additional information on which to base any recommendations and would have helped Mrs D to understand how her plan was performing. I can only assume it was a wealth report which alerted Mrs D to her investment loss which prompted her subsequent complaint.

So I don't think SJP should have to refund its ongoing adviser charge in respect of 2022, but in 2023 it offered an annual review which Mrs D didn't take up. Subsequently SJP has offered to refund that charge and add interest from the date it was applied at 8% simple pa, which is generally in line with what I'd expect to see as compensation for an annual review which didn't take place. I understand that offer still stands, so I think that's what SJP should pay Mrs D.

### Merger of funds

Mrs D says that during the time she's held her plan with SJP, after her funds were switched from the money market, the total number of funds in which she was invested has reduced without her being made aware and without her agreement. She also says she was *“charged a funds transaction of £2923.73 for moving funds by a fund manager which I was not advised about and don't know why this happened.”* She says this has caused her to worry that she has no control of what is taken out of her fund.

I've seen a copy of a letter that SJP sent to Mrs D – at the correct address for her at that time – which explained there was to be merger of two of its funds with another – and for that new fund to be renamed. The letter explained that the merger has been decided following an extraordinary general meeting and would take place on 21 January 2022, with a statement of the units converted to the new fund being issued in February 2022.

The annual charges for the new fund were set out and there was a one off transactional cost estimated to be around 0.20% of the fund. It was also explained that although the overall risk profile of the new fund had increased it still remained within the lower to medium risk rating overall – which meant it remained within the overall “conservative” attitude to risk of Mrs D's investment strategy.

I'm satisfied therefore that SJP made Mrs D aware of the change in fund composition. And the new charges and one off transactional charge that would be applied. This was a commercial decision taken by SJP and its "unitholders" which it was fully entitled to take in order to maintain its investment management approach. Such actions are more usually referred to as "corporate actions." I also think SJP was entitled to apply any additional charges that were required to cover the administrative work involved with the merger.

But I would have expected SJP to make Mrs D and other affected plan holders aware of the changes and the details that would change – such as charges and fund names. In this case I'm satisfied that SJP did what was required to make Mrs D aware through its detailed communication. SJP didn't need to seek Mrs D's approval for its actions – I think it was entitled to take them – but its responsibility was to keep her informed about the changes.

I'm also satisfied, from the evidence I've seen, that funds didn't go missing from Mrs D's plan as she suspected. I think the evidence supports the claim that Mrs D's money was simply allocated to new funds following SJP's decision to streamline and merge some of its funds for operational reasons.

#### The provision of the breakdown of charges information

Mrs D's complaint has been ongoing for some time and principally began when she wanted to know how much of her investment loss was due to the overall charges applied to her account. This information was first asked of her adviser around March 2023 and SJP accepts that this request was then passed to its relevant teams but subsequently wasn't actioned. SJP has said that it has already provided Mrs D with all the relevant and required regulatory information about the plan and charges each year and Mrs D ought to have been able to work out the total charges to date from that information. It says that the further information requested was above and beyond what it would normally provide and therefore became a bespoke request which required complex research in order to work out those charges both annually and monthly.

While SJP is right to say that it did provide the required regulatory plan information – including charges – within annual statements and wealth account summaries, equally I think Mrs D was entitled to request that information in a different and more detailed form if she wanted. And I note that while SJP gave reasons why this information was difficult to provide to Mrs D it didn't explicitly tell her that it couldn't be provided. So, and the end result here is that SJP ultimately has issued the information that was requested, I think Mrs D was understandably entitled to assume there was no reason why it couldn't be provided, and I can understand why she became more and more frustrated in the time it took.

I'm pleased to see that in eventually in October 2024 SJP provided a monthly breakdown of all the charges applied to Mrs D's plan. I'm satisfied this information is in line with what was requested and can now allow Mrs D to carry out the calculations she would like in order to see the charges that have been applied to the account in relation to her investment losses. Mrs D is free to carry out that analysis, but I would point out that in my view the various charges were set out clearly in previous documentation from 2018 – such as the suitability report and illustration – so I can't reasonably say that she wasn't made aware of them.

So I don't think SJP needs to take any additional action now around information on charges although I have to consider the impact the time it took to provide the information had on Mrs D – which I'll look at later in my decision.

#### The duplicate charges and adjustments

When she first began looking at the charges applied to her account Mrs D identified that SJP had applied “duplicate” charges to her account in early 2019. She wanted SJP to explain any error that had occurred and confirm the calculations used to support the subsequent financial adjustment that was made. She said this added to her overall loss of trust in SJP about the administration and management of her plan.

I’ve seen SJP’s explanation for what happened here. It said that following a fund switch that was backdated to October 2018, it deducted three annual management fees in February 2019 – but from the wrong (previous) fund. It said the adjustment was to correct this error and led to a payment of £270.38 to Mrs D’s plan. I’ve seen evidence to show the position of the plan before and after this correction and I’m satisfied it has been carried out appropriately and that Mrs D is now in the position she ought to have been without the error.

Of course this was an error and I think it would have been disappointing for Mrs D to have discovered it from looking at the summary of charges from her plan. I think this would have added to the general level of frustration that Mrs D felt around that time and I can imagine it would have caused her additional concern. I’ll cover this more in the compensatory payments section below.

### The data breach

In March 2023 Mrs D says that when she opened a secure message from SJP there was an attachment which contained details of another clients “*finances*”. She deleted the information upon request but was concerned that somebody else might have her details and that SJP had demonstrated “*a level of competency which was unacceptable.*” She said she’d report the action as a breach of data protection but was also concerned about the tone of SJP’s email asking her to delete the information.

Our role doesn’t include the scope to determine whether a breach of data protection has occurred – that’s for the Information Commissioner’s Office to decide if a breach is reported to it. In this case I can see that both parties have reported the breach which SJP has also accepted occurred. I can however consider the impact the breach had on Mrs D and in this case, although there’s no evidence to suggest her information was provided to any other party, it is clear that she was concerned about that possibility and distressed about receiving somebody else’s plan details.

At a time when Mrs D was already in dispute with SJP and frustrated at the length of time it was taking to obtain the information she’d requested about her plan’s charges, it’s not hard to conclude that this would have added to her frustrating “complaint journey” and would have added to her overall distress. I’ve therefore considered this matter, in terms of a compensatory award, below.

### Compensatory payments

As I’ve concluded previously I’m satisfied that Mrs D was compensated for the transfer and advice issue in 2020 and SJP doesn’t need to provide any additional refund – beyond the offer it has already made – for the ongoing advice fees and (lack of) annual reviews. And I don’t think Mrs D has suffered any financial loss relating to her other complaint points about the service SJP has provided and the errors it appears to have made.

But I have to consider whether SJP’s actions and lack of service warrant a compensatory payment for the impact these matters have had on Mrs D.

I think SJP impacted Mrs D in three ways:

- The time taken to provide a monthly breakdown of the pension charges as requested



by Mrs D.

- The data protection breach of attaching another client's details to an email it sent her.
- The error in applying annual management charges to the wrong fund in 2019 which was only corrected after Mrs D queried "duplicate" plan charges in 2023.

SJP said it would offer Mrs D £150 for the delay in fully responding to her complaint and £350 for the distress and inconvenience caused by its other actions. Our investigator thought the second payment ought to be £500 to bring it more in line with our guidelines where the distress had continued for some months.

I've thought carefully about this, and I think £500 is within the range of what I'd expect to see for the impact of such errors on Mrs D. I've set out in each section above how I think she was affected, and I think this sum is fair and reasonable in all the circumstances.

### **Putting things right**

SJP needs to pay Mrs D £650 in total for the delays in responding fully to her complaint and for the impact its actions had on her.

It should also refund the 2023 ongoing advice charge – along with the interest payable – in line with its offer of redress.

### **My final decision**

For the reasons that I've given I uphold Mrs D's complaint against St. James's Place Wealth Management Plc.

St. James's Place Wealth Management Plc should refund the 2023 ongoing advice fee with interest according to its original offer and pay Mrs D a total of £650 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 14 May 2025.

Keith Lawrence  
**Ombudsman**