

## The complaint

Miss A complains about the service she's received from St James' Place Wealth Management Plc (SJP). She complains about the advice given to her to transfer her deferred defined benefit (DB) occupation pension scheme benefits and the ongoing fees that she's been charged. She also thinks she's been given a lack of support and service. She would like to be compensated for any financial loss she's incurred.

## What happened

In late 2017 Miss A met with SJP to discuss her pension arrangements. As a result she was advised to transfer her DB scheme benefits to a new retirement account with SJP. Her existing adviser – who was due to retire, introduced her to a new adviser who would then be responsible for providing ongoing advice, but the recommendation to transfer was dealt with by a different specialist adviser.

The transfer of £387,110.40 completed in March 2018 with Miss A withdrawing tax free cash (TFC) of £96,732.09.

Miss A had been off work suffering from ill health before the pension transfer completed and, in June 2019, was granted ill-health retirement by her employer. After that Miss A made a number of ad-hoc income withdrawals before commencing regular withdrawals in April 2021. In March 2023 Miss A complained to SJP making the following points:

- The original advice she'd received to transfer had been unsuitable. The meeting she had with the adviser concentrated on the benefits of transferring but made no mention of the benefits she'd be giving up by transferring, or that she could run out of funds by drawing from her retirement account.
- She had previously complained about SJP's fees and how she thought they were higher than expected. Her relationship with SJP's adviser had broken down and she believed she hadn't received the requisite number of reviews due to her in respect of the ongoing advice fees.
- SJP hadn't helped her to draw up a will or obtaining a remortgage as she believed it should have done.
- In the first year after transferring her funds were held in cash which she didn't think SJP had explained to her. This added to the conversation that ensued about possibly "running out of funds" if she continued to drawdown at the same level.
- She wanted SJP to compensate her for any financial loss she'd suffered.

SJP indicated that it did consider the original advice may have been unsuitable and said it would work with the scheme and its actuaries to quantify that potential loss. But by March 2024 it issued a loss calculation which demonstrated that Miss A hadn't suffered a financial loss due to the transfer advice and therefore no redress was payable. It also provided a final response on Miss A's overall complaint points:

- It thought any queries about the fees being charged and whether they were higher

than expected should have been raised with the advisers in the first instance. However it was satisfied that fees were discussed and set out in the documentation that was provided. It hadn't seen any evidence to suggest the fees that had been charged were higher than had been set out.

- It thought the adviser had explained that there were no guaranteed returns with the SJP pension plan, and they hadn't made any comparisons with pension plans offered by alternative providers – which they weren't required to do.
- It was right that SJP had recommended that the funds were moved from cash into a managed portfolio after the TFC had been withdrawn. But its evidence would suggest that it was Miss A who decided that she didn't want to switch at that time and the funds remained in cash until a switch was agreed in July 2019.
- There was evidence of ongoing contact with the current adviser over the years and no suggestion that he hadn't responded to all Miss A's requests for help, and where he was unable to do so he referred her to her mortgage provider regarding a remortgage.
- Although there is evidence that the adviser had contacted Miss A and offered financial reviews it was clear that in 2019, 2020, 2022, 2023, and 2024 the reviews didn't take place. It accepted Miss A shouldn't be charged for ongoing advice when it wasn't taken up, so offered to refund the ongoing advice charges for those years with simple interest added at 8% per annum.
- It also offered £350 for the distress and inconvenience caused by the matter.

Miss A didn't accept the offer believing that the transfer advice was unsuitable and that SJP had "left her to her own devices" at a difficult time for her leading to her finances ending up in such a poor situation. She had already brought her complaint to this service during the long wait for SJP to carry out its loss assessment so one of our investigators looked into the complaint.

They said that overall the transfer advice had been unsuitable and that if Miss A had been advised that the transfer wasn't in her best interests she would have taken that advice. They set out the redress calculation that should be carried in accordance with the regulator's approach – but said that redress for the ongoing charges refund should be settled before the transfer loss calculation is carried out.

SJP said that it had already accepted the advice was unsuitable and had carried out a loss assessment – in line with the regulator's approach. It explained that it had run the calculation up to age 60 as it was clear there was no need for Miss A to access the TFC at age 55. It said if it were to re-run the calculation to age 55 – as recommended by the investigator – it reserved the right to deduct any redress for the ongoing charges from any loss identified from the DB transfer.

Miss A also reiterated the parts of her complaint which related to the service and administration SJP had provided. The investigator looked into these issues and issued another assessment which said:

- It was correct that Miss A had asked SJP to help with drawing up a will. The evidence would suggest that SJP sent Miss A a questionnaire to complete prior to writing the will – which Miss A said she received and returned. But it would appear this wasn't received by SJP – so the most likely outcome is that it was lost in the post for which they couldn't hold SJP responsible. In addition Miss A was in communication with SJP during this time so could have followed up on that issue. SJP had said Miss A could still contact it to put arrangements in place if she so wishes.

- It was also correct that Miss A did approach her adviser for advice around her mortgage arrangements. The adviser didn't hold the necessary qualifications to help with this matter and suggested she approach her existing lender – which she did. It was fair to assume that advisers aren't always authorised to advise on all areas and products, so it was reasonable the adviser would refer her to another adviser/lender.
- Miss A had asked SJP to find her an alternative adviser feeling that her existing arrangement had broken down. SJP was unable to find an alternative but has provided a link to its website so that Miss A can find a suitable adviser herself.
- They were satisfied that Miss A's adviser did have contact with her over the years – primarily regarding withdrawals from the pension plan. And they were satisfied that the adviser had given warnings about the level of withdrawals being made and the early erosion of her funds. It was accepted by SJP that annual reviews, despite being offered, weren't conducted. But they didn't believe that the adviser could have refused the withdrawal requests without very good reason as it was Miss A's money to do with as she required. They also noted that Miss A received regular statements from SJP which would have made her aware of the rapidly reducing value of her funds.
- They thought it was clear that SJP hadn't responded to Miss A's request for a budget planner to be sent to her. But thought that Miss A's circumstances meant it was more likely she would have needed to make ad-hoc withdrawals regardless.

Miss A asked for her complaint to be referred to an ombudsman – so it's been passed to me to review.

As of 1 April 2024 Miss A's plan was valued at £71,638.20.

### **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 outcome will be disappointing for Miss A – so I'll explain my reasons below.

#### *The DB transfer advice*

When Miss A complained about the advice she was given to transfer her DB scheme benefits SJP accepted that it may have been unsuitable and said it would carry out a loss assessment to determine if she had been financially disadvantaged as a result. So I don't need to consider the suitability of the advice as it's accepted by all parties. What I need to consider is the outcome of the loss assessment.

Initially SJP said that its assessment showed that Miss A hadn't suffered a loss following the transfer but was actually better off as a result. The calculation had been run to a retirement age of 60 as SJP considered that Miss A wouldn't have been able to retire at age 55 – which was her age when the advice was given.

So we asked SJP to rerun the calculation to age 55 to see what the outcome would be. Confirmation was provided to show that Miss A was still better off at that age as a result of the advice.

A loss assessment calculation following unsuitable advice of a DB pension transfer is a complex matter and usually carried out by experts in that field. So I've no reason to dispute the outcome of the assessment. But I have been able to check the information that was input in order to carry out the assessment and I'm satisfied that it's correct. So there's nothing to

support any claim that the loss assessment isn't correct and therefore I'm satisfied that SJP, although it did give unsuitable advice, doesn't need to do anything to put that error right.

I know Miss A was disappointed with the advice from SJP and that it was ultimately unsuitable for her, but the outcome of SJP's investigation is that she hasn't suffered a financial loss – but indeed is better off as a result.

### The ongoing charges

Miss A also complained about SJP's general service and support to her during the time she has been a client. I'll set out my findings on the wider service she's received below. But part of her complaint was that she simply didn't receive regular reviews and believes that as a result her finances are in a difficult position which she thinks would have been avoided with these reviews.

In its suitability letter from 2018, SJP stated that it *"strongly recommend that we conduct a review of your circumstances at regular intervals. I will also 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."* And SJP's charges and services document set out the charges for the ongoing advice. It said *"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."*

So SJP's annual reviews were clear in their frequency, cost, and content. It has subsequently told us that it expects an annual review to review a client's circumstances and goals, as well as the suitability of the existing investments aligned to their attitude to risk (ATR) leading to a review of the invested funds.

Miss A said she didn't receive these reviews following her advice in 2017 and was surprised to receive an invitation in 2023 – which she declined – as she hadn't previously met with an adviser and wasn't entirely sure who her adviser was.

In the final response letter, SJP said that the adviser – who it thought did have frequent contact and communication with Miss A over various matters – did offer annual reviews, but as Miss A hadn't taken up the offers it wouldn't be fair to charge her an ongoing fee for the years that she didn't have an annual review. It therefore offered a refund of ongoing advice charges for 2019 to 2024 inclusive – along with the addition of 8% simple interest per annum – but not for 2021 as it thought it had provided an annual review that year.

I understand SJP's offer still stands. I'm satisfied it has been calculated in line with our approach to compensating for missed reviews. So I think that's what SJP should do here. But I have also considered the position for 2021 to decide whether SJP did satisfy its obligation to carry out an annual review during that year.

So I've looked at the suitability report that SJP issued in March 2021 following Miss A's request to withdraw funds from her plan. The report confirmed that the adviser had reviewed Miss A's sources of income – but confirmed that wasn't enough to cover her bills and lifestyle. The objectives for holding the pension plan remained unchanged. The report said SJP should review the level of income taken annually to ensure it was sustainable. It warned, *"It is important that you keep the level of income under review, in particular, if you continue to you draw a level of income that we expect will exhaust your fund before age 86 years. We will discuss the age at which your fund is projected to run out as part of the annual review of your plan."*

The report also set out the various options to drawing income – such as deferring income and also annuity purchase – but those weren't appropriate for Miss A's situation. Her ATR was reviewed and remained unchanged, and her health was also discussed in respect of whether an enhanced annuity was a viable alternative.

I think this was sufficient to constitute an annual review as it was named as such and outlined what I'd expect it cover – such as sources of income, attitude to risk, personal circumstances and any changes to all of these. A personalised recommendation was also made with warnings about the risk of exhausting the fund and alternatives to withdrawing income. The report also satisfied the requirements SJP has told us it has for an annual review to be considered sufficiently robust.

So I think SJP did comply with its obligations to carry out a review in 2021 and doesn't need to refund the ongoing advice fee for that year.

*Did SJP continue to provide a service to Miss A (will, mortgage, budget planner, help with amount of funds being drawn etc)*

Miss A also complained about the lack of support and help SJP's adviser gave her over the years. She believes the 2021 review followed the adviser's suggestion that she should draw an income from her fund as taking ad-hoc withdrawals was proving to be difficult on her finances. She feels SJP were happy for her to continue withdrawing (and enjoying) funds and didn't put any measures in place to avoid depleting her total funds. She says she:

- Asked SJP to assist her with drawing up a will which was never completed.
- Asked for help with budgeting on numerous occasions but didn't receive the promised budget planner to complete.
- Asked for help with a remortgage but was advised to approach her lender/another adviser.
- Asked to be allocated another SJP adviser but was told that wasn't possible.
- Asked for help and support in improving her financial situation but has been ignored in that respect.
- Was sent an introductory email by the adviser's daughter thereby confusing her about who her adviser was and causing concern about who was accessing her personal information.

I can understand Miss A's frustration and concern over these issues. She has admitted that budget planning is difficult for her, and she simply wanted some help on how to control and maintain her finances. She also made two requests for help with matters away from her retirement planning which she says were ignored, as well as being confused about who was supposed to be her adviser during this time.

I've looked at the available evidence and I can see that SJP did provide Miss A with a questionnaire to complete in order to progress drawing up a will in May 2020. Miss A says she completed and returned the questionnaire, but SJP says it has no record of receiving it. I've no reason to dispute this sequence of events so the only conclusion I can draw is that the questionnaire was "lost" in transit – which I can't reasonably hold either party responsible for. But I haven't seen any evidence to suggest Miss A contacted SJP to ask about the progress of her request, which I would have expected her to do if she hadn't heard anything after a reasonable length of time.

So I don't think it would be fair for me to say that SJP acted unfairly here but simply that the matter didn't progress because of other factors. In any case SJP says Miss A is free to approach it again to discuss the provision of a will and work with it to ensure that it's completed.

With regards to the mortgage I can see that SJP's adviser said he was unable to help Miss A with this request as he wasn't authorised to undertake such work. Not all advisers are authorised to deal with all products on the market and in such circumstances I would expect them to explain this to the client and suggest alternative routes to help. In this case I understand Miss A was advised to approach her existing lender (or seek another authorised adviser) and I understand this enabled her to sort out her mortgage situation.

I've looked at the correspondence I've seen regarding the more general help and support SJP gave Miss A and I can see that there have been numerous interactions over the years which have predominately been in respect to income withdrawals – both ad-hoc and regular. I wouldn't expect SJP to refuse those requests without good reason and I can see that on each occasion the adviser has provided warnings and guidance around taking too much from the fund and thereby depleting it. So I can't reasonably say that SJP hasn't helped Miss A when it's been asked to. Miss A hasn't been specific in setting out exactly how it could have supported her more, after all it should be remembered that SJP's reviews and communications will have been mostly around the pension plan and retirement planning.

But Miss A said she did request a budget planner from SJP which she thought would have helped her with her overall financial controls and planning. SJP accepts this wasn't sent to her although it also says Miss A didn't chase up the request as she could have done, and this matter would also have been discussed at the annual review meeting of 2023 which Miss A declined to take up.

Miss A has also questioned why she was refused access to an alternative adviser in 2022 when she requested a change due to what she thought was a breakdown between her and her existing adviser. She also cited an instance when she thought the adviser "*shouted at her*" during a conversation as further evidence of the service she experienced. I'm unable to confirm what was discussed between Miss A and her adviser although I have no reason to dispute this version of events. SJP has apologised if Miss A felt the adviser acted unprofessionally – which I think is a fair and reasonable reaction to matters in the circumstances, but I accept this may have added to the breakdown of the relationship.

SJP has now provided Miss A with the means to search for an alternative adviser of her own choice, but I haven't been provided with any evidence to support the idea that her request couldn't have been accommodated previously. I think the situation with the adviser has been compounded by Miss A receiving introductory emails from his daughter (also working in the practice) which has added to her confusion about the situation. In these circumstances I can understand Miss A's frustration and I think the matter is best resolved by Miss A seeking a new adviser from the link provided to her by SJP.

But it's difficult to conclude that SJP has acted unfairly over all these matters. I can see that it has engaged with Miss A over most issues and where it hasn't dealt with her enquiries has provided reasons for this, and it's also suggested Miss A could have followed up her requests to determine why they hadn't been actioned. But I think SJP could have done better in some of these areas. It could have provided the budget planner which may have helped Miss A when she requested it, and it could have done more to direct her to an alternative adviser in 2022 – which may have enabled her to construct a better adviser/client relationship earlier.

So although SJP's actions haven't, in my view, caused Miss A any financial loss, they have added to her general frustration and concern over her relationship with SJP. She says they have also added to her general stress and current health issues – which I have no reason to dispute. For that reason I think Miss A has been impacted and therefore I think a compensatory payment is warranted. SJP has offered £350 for all the circumstances in this matter.

That compensation is to cover having to bring the complaint about the unsuitable advice, and the distress and inconvenience caused by other general complaint points about service and support. I think, when taken overall, that offer is fair and reasonable in all the circumstances and reflects the time Miss A has invested in bringing her complaint and the impact some of SJP's actions have had on her over the years.

### The tax refund situation

I note Miss A was frustrated about not receiving the tax refunds that were due on her income withdrawals because SJP wasn't able to implement the correct tax code when she made ad-hoc withdrawals. I've seen the protracted email conversation between Miss A and her adviser when she wanted a refund of overpaid tax because it was causing her problems when budgeting. I can understand why this caused Miss A frustration because she clearly expected to receive the correct net amount of income she asked for.

But SJP was only responsible – in its role as pension provider – for applying the tax code it was issued with by HMRC. It wasn't responsible for making sure the tax code was correct and up to date, only to apply what it was provided with to then pay Miss A the appropriate amount of money after deduction of the tax set by the code. Unfortunately, Miss A made a number of withdrawals which – I assume led to HMRC not being able to update her tax code immediately. This meant that at various times Miss A was taxed using an emergency or out of date code.

I can see that Miss A wanted SJP to rebate the overpayment of tax in "one go" instead of in "drips and drabs" which is understandable. But SJP advised her that when the correct tax code was subsequently issued the tax situation "would sort itself out." I'm sure that was of little consolation to Miss A, but I wouldn't expect SJP to be able to do anything more, as it was only able to apply new tax codes as they were issued to it by HMRC. So I don't think SJP acted unfairly here or could have anything more to support Miss A.

### **Putting things right**

I know this outcome isn't the one Miss A would have hoped for. But I think the matter of the suitability of the 2017 advice has been addressed and it's been confirmed that Miss A didn't suffer a financial loss as a result of that advice.

SJP has offered to refund its ongoing advice charges – with interest – for the annual reviews which didn't take place, which is fair in my opinion.

Miss A is right to have raised a number of issues regarding the service SJP provided her outside of the annual reviews, and it's clear SJP ought to have done some of those things better which may have helped Miss A with her budget planning or at least helped to repair any damage to her relationship with SJP's adviser. But I think SJP's offer of £350 to compensate Miss A for the impact all of these things have had on her is fair and reasonable in the circumstances. I haven't been presented with any evidence to support the idea that any of these actions (outside of the unsuitable advice and refund of ongoing charges) have caused Miss A a financial loss.

### **My final decision**

St. James's Place Wealth Management Plc has made an offer to refund the ongoing advice charges for 2019, 2020, 2022 2023 and 2024 with added interest at 8% simple per annum. It's also offered £350 compensation for the impact some of its service actions had on Miss A. I think that's a fair and reasonable offer so that's what St. James's Place Wealth Management Plc should do.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 3 June 2025.

Keith Lawrence  
**Ombudsman**