

The complaint

Mrs A, represented by a Claims Management Company (CMC), complains that investment advice provided to her by St. James's Place Wealth Management Plc ("SJP") was unsuitable and that it also failed to provide ongoing annual reviews of the recommended investments.

What happened

Mrs A was provided with advice after approaching SJP in 2010 having recently inherited £120,000. The SJP Partner completed a fact find to confirm Mrs A's circumstances and objectives – to invest for capital growth over five to ten years – and recommended she invest £20,400 into a stocks and shares ISA utilising two years' allowances, and £50,000 into an investment bond. Mrs A surrendered the bulk of the ISA investment around 2013 and the investment bond in 2015.

Mrs A's CMC complained to SJP in 2024 about the failure to provide reviews and the suitability of the advice. It said, in brief, that she'd had no investment experience, the products were invested at too high a level risk and too much of her money was invested. Further, the charges were excessive and not explained, and insufficient consideration was given to Mrs A's plans, as demonstrated by her withdrawing early from the investments and incurring charges for doing so.

SJP didn't provide a response to the complaint, so it was referred to this service. An investigator looked into it, but didn't think it should be upheld. In short, he said:

- The objectives noted for Mrs A seemed reasonable given her circumstances.
- Following implementation of the advice she was left with £20,000 on deposit as an emergency fund.
- Investing for five to 10 years appeared appropriate in the circumstances and the recommended products were open-ended.
- She did have some experience of investing via an existing ISA.
- A 'medium' attitude to risk seemed consistent with her age and circumstances, and the smaller ISA recommendation had been invested at a lower level of risk.
- The charges were set out in the documentation.
- The advice was provided prior to the Financial Conduct Authority's Retail Distribution Review. So, the adviser had been remunerated by way of commission rather than ongoing charges. As such, there'd been no requirement for SJP to carry out annual reviews.

Mrs A's CMC didn't accept the investigator's view. It conceded the point regarding the ongoing charges but maintained that the recommendation overall had been unsuitable. It reiterated its view that the advice had resulted in too much of Mrs A's savings being placed in asset-backed investments. It also stressed that her need for access to the money within five years had been known to the adviser but despite this he'd recommended products to which an early withdrawal charge applied for the first six years.

The CMC also didn't agree that Mrs A's existing ISA supported her having investment experience, as it held only a small amount and there was no record of when, and in what, it

had been invested. It also questioned comments made by the investigator regarding the possibility that Mrs A may not have incurred a loss because of the advice, as it looked like the recommended products may have outperformed the benchmarks used to determine compensation.

The investigator wasn't persuaded to change his view. He felt it was reasonable to conclude that it would've been inappropriate for Mrs A to leave more on deposit and invest less, given her objectives and the likely much lower returns available. He explained that it was this thinking that had informed his comments around the possibility that there'd been no loss.

He also remained of the view that the ISA, previously a PEP, would've provided Mrs A with at least some experience of the up and downs of the market.

In respect of Mrs A's potential to draw on the invested money within five years, the investigator noted that the comments recorded at the time suggested a desire for most of the money to be invested for 10 years and that an earlier withdrawal after five years was only a possibility. Overall, he remained of the view that the advice had been suitable.

The CMC continued to disagree, so as no agreement could be reached the matter was referred to me to review.

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 come to the same conclusions as those reached by the investigator and for broadly the same reasons. I've read and considered everything on the file. But that said, I'm satisfied I don't need to comment on every point raised to reach what I consider to be a fair and reasonable decision. Where I've chosen not to comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. That approach is in line with the rules we operate under.

Mrs A appears to have been in a reasonably secure financial position in 2010 when she received her inheritance. She was in her early sixties, in receipt of a pension from previous employment, but still working, on a self-employed basis, directing profits from her business back into it. She owned her property unencumbered, had no liabilities and no dependents. She was left with around £350 monthly disposable income after all outgoings were accounted for.

It seems reasonable therefore that she should seek some advice on how best to invest the inheritance. The SJP adviser assessed Mrs A's circumstances and objectives and made a recommendation that I think was suitable. It was recorded that investment risk was discussed and Mrs A agreed a 'low to medium' level (a 2 on a scale of 1-5, where 1 was low and 5 high) for the smaller ISA investment and a 'medium' level for the larger bond investment, with some specific discussion around one higher risk fund that she wanted to invest in for the bond.

In respect of her experience and understanding of the risks involved, I accept that her existing ISA wasn't at that point a significant investment. But having previously been a PEP, it does seem that it would have been held for some years and would therefore likely, even as a small amount, have given Mrs A some experience of the ups and downs of the market. And the documented discussions around risk suggest an understanding of volatility and the market on her part.

The structuring of the overall recommendation also appears reasonable. The 'fact find' notes said, "(Mrs A) wants to save for the future with the intention of spending most of the money in say 10 years' time. She anticipates drawing about 20k in perhaps 5 years' time so would like this sum put in low to medium risk funds but 50k she expects to leave invested for ten years so is prepared to use medium risk funds for the opportunity of longer-term growth".

The suitability letter issued to her made further reference to the intended investment period. It said, "You have no set target in mind but you are likely to draw funds in 5 years' time leaving the bulk invested for about 10 years." And "I have recommended that you invest £20,400 in SJP Stock and Share ISAs ...This meets your objectives because you want growth investment in low to medium risk funds which you might want to access in 5 years' time. I have recommended you invest £50,000 in a SJP Investment Bond also for longer term growth and in medium risk funds as you do not envisage needing this money for 10 years...."

I appreciate Mrs A went on to withdraw the bulk of the invested money over the next five years. But I don't see that the adviser could have foreseen that happening or done more than structure the recommendation as he did to ensure that some earlier access was possible. While the bond investment was subject to early withdrawal charges, they would only be applied, at a decreasing rate, over the first six years, so less than the 10 years envisaged for that part of the investment. The 'shorter term' ISA investment wasn't subject to early withdrawal charges.

Clearly Mrs A changed her plans – I note she considered surrendering the bond in full as early as 2013 to make an alternative investment, but then didn't go ahead, leaving it in place until 2015. But as I say, the adviser could only base his recommendation on what was discussed and agreed at the time, and it appears he actively built in an element of flexibility to take account of Mrs A wishing to potentially access some of the money after five years.

Lastly, I don't think too much was invested. Account was taken of Mrs A's plans for some immediate expenditure, and she was still left with £20,000 as an emergency fund. So, in summary, I'm satisfied the recommendation was generally suitable.

My final decision

For the reasons given, my final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 7 July 2025.

James Harris
Ombudsman