DRN-5276869

The complaint

Mr T's complaint concerns advice provided by St. James's Place Wealth Management Plc ("SJP") to start a Loan Plan to mitigate an inheritance tax (IHT) liability. He's unhappy with the growth achieved by the investment, along with a lack of transparency about the process, particularly in respect of the charges for the advice and product.

His wife, Mrs T, has brought a complaint in respect of similar advice received at the same time, which has been dealt with under a separate reference.

What happened

Mr T was recommended the Loan Plan following a series of meetings with an SJP adviser in 2017 during which an IHT liability of around £240,000 was identified. In light of his wish to mitigate this, the Loan Plan was set up with an investment of £100,000 made into a conservative 'lower-medium' risk portfolio, with a regular annual income payment (initially delayed for a year) of 4% to be made. The same investment and product were recommended concurrently to Mrs T.

After the first annual payment was made in 2018 the payments were stopped and following a review of the investment that year, the risk profile was increased, in a response to the performance not being at the level expected. The plan then continued until 2023 when, having requested details of the total charges incurred over the six-year period, Mr T requested to surrender the investment and a complaint, as set out above, was made.

SJP didn't think the complaint should be upheld. It said, in brief:

- The IHT liability was correctly identified and a suitable, flexible strategy to address it recommended.
- The annual withdrawals were discussed and agreed.
- The projected growth figures weren't guaranteed.
- There'd been a significant market downturn during the period.
- It wouldn't be expected that advisers would make regular fund switches in response to market volatility as the investment was a long-term commitment.
- The charges applied were fair, transparent, and compliant. And fully explained in the documents provided.

Although it didn't uphold the complaint, SJP did offer Mr T (together with Mrs T) £200 to acknowledge the delay in it dealing with it.

Mr T referred the complaint to this service, but our investigator also didn't think it should be upheld, for broadly the same reasons as SJP.

Mr T continued to disagree and said that the references to the withdrawals in the SJP documentation didn't accurately reflect what had been discussed and agreed. If the withdrawals had continued it seemed highly unlikely the plan would've achieved its objective. Further, the charges hadn't been fully explained, with only a 0.5% figure mentioned. So, the product had been misrepresented and if he, and Mrs T, had been fully informed they

wouldn't have gone ahead.

As no agreement could be reached, the matter's been 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.

I'd say first that although Mr T hasn't particularly indicated concerns around the general suitability of the advice, I'm satisfied the Loan Plan as recommended seems to have been a reasonable strategy for addressing the clearly identified IHT liability Mr and Mrs T sought to address. The investment appears affordable, flexible, and pitched at a level of risk that seems consistent with their circumstances.

In respect of the issue of the income that Mr T says wasn't discussed or required, and, if maintained, would've impacted the effectiveness of the strategy, I note what he's said, but I must also consider the documents issued at the time. These record and summarise a detailed consideration of the issue.

It may be that there was some miscommunication around the level at which the income withdrawals were set – 4% - and the potential returns that might be achieved. But I'm satisfied the information provided to Mr T appears to be accurate and fully reasoned; for instance, in respect of the withdrawals being set up to only begin after the investment had been in operation for a year. And moreover, the withdrawals were completely flexible, as demonstrated by the decision to stop them after the first was paid out. So, I've not seen that, even if there was a misunderstanding, that Mr T was particularly disadvantaged by the implementation of the facility.

In any event, I think it's clear that at the heart of the complaint is Mr T's concern about the performance of the investment, and particularly the impact of all the related charges, which Mr T feels weren't properly communicated at the outset.

Again, looking at the documentation provided to Mr T at the time of the advice, this set out the potential returns at several levels, as required, and made no guarantee that any particular level would be achieved. As I say, it may be that there was some confusion created by what was discussed as opposed to what was documented.

But in considering all the available evidence, I'm satisfied, on balance, that the potential for the performance to fluctuate was explained and that the charges were communicated too. I appreciate it will have been disappointing for the investment to be worth in 2023 only around the same as it was at the outset (net of the 2018 £4,000 withdrawal). But as has been noted, the six-year period in question was a volatile one for investment returns, incorporating both the pandemic and the war in Ukraine. The FTSE 100 share index was at around the same level when the investment was surrendered as it was when the investment was made. I think it's important to bear in mind too that this was recommended and intended as a long-term investment, to be held for around 20 years.

In summary, while I recognise Mr T will be disappointed, I find I'm unable to conclude that SJP acted incorrectly or unreasonably when advising him.

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 Mr T to accept or reject my decision before 29 May 2025.

James Harris
Ombudsman