DRN-5374668

The complaint

Mr B complains, with the help of a professional third party, about the advice and service he has received from St. James's Place Wealth Management Plc ('SJP') in relation to his pension. Mr B says the advice he received to switch pension providers was unsuitable for him and that SJP has failed to provide the ongoing advice he paid for.

What happened

Mr B met with an adviser from SJP in May 2008. He has said that some years previously he'd set up a pension, provided by a business I'll call Firm P. He said he hadn't had contact with Firm P and was interested in finding out how his pension was performing. He says he saw an advertisement for SJP so approached it.

A fact find was completed when Mr B met with SJP. It noted he wanted to review his pension. It said his long-term goals were to clear his mortgage (which had a remaining balance of approximately £73,000 and a term of 13 years) and build his pension, with him not envisaging retiring before age 65. SJP noted that his personal pension with Firm P had a value of approximately £77,500 and Mr B was also a member of his employer's company pension scheme. SJP said Mr B didn't want to transfer his personal pension into his workplace pension rather he wanted to *"use the distinctive approach to investment"* offered by SJP. It said it had explained the role of its selection committee and another external business in helping SJP select and constantly monitor fund managers. And it noted that Firm P did not offer anything similar. Although not noted in the document we've been provided, Mr B was 52 at the time and married.

On 4 June 2008, SJP wrote to Mr B with its recommendation. It said Mr B's main objective at the time was to *"potentially provide a greater pension at retirement with the benefit of the distinctive St. James's Place approach to investment management."* It noted that Mr B could leave his personal pension with Firm P and either do nothing or change investment funds. But SJP said it did not recommend this as Mr B preferred SJP's *"distinctive approach to investment management"*. So, it recommended that Mr B transfer his pension from Firm P to an SJP retirement plan, even though the ongoing costs were higher than that of his existing pension (noting the new pension would need to outperform the previous pension by 1.3 – 1.4% to match the benefits the existing pension could have provided). SJP also said it recommended that regular reviews were undertaken.

Mr B signed the declaration, which had accompanied the recommendation, on 20 June 2008 to proceed with the advice.

On 15 February 2016, SJP wrote to Mr B confirming further advice that had been discussed. It said Mr B's objective was to take tax-free cash ('TFC') from his SJP pension, but he didn't expect to need to draw an income until around age 66 (Mr B was 60 at the time of the advice). So, SJP recommended that Mr B move his SJP pension, at the time valued at £117,178.94, to a SJP flexible drawdown plan. This would enable him to withdraw £29,294.73 TFC and keep the remainder of his fund invested. SJP said it believed regular reviews of Mr B's circumstances were essential and it said it would conduct a review at least annually. An accompanying illustration confirmed that the charge for the ongoing reviews was 0.5% of the pension value per annum.

Mr B signed a declaration on 22 February 2016 to proceed with the advice.

I haven't seen any evidence of annual reviews being conducted in 2017, 2018 or 2019.

SJP wrote to Mr B on 27 January 2020 – summarising the value and performance of his pension. SJP has also, since our Investigator first gave an opinion on this complaint, provided contact notes indicating a call took place to discuss this document in April 2020.

SJP's notes say that Mr B contacted his adviser in October 2020 to enquire about accessing TFC from his workplace pension to provide some financial assistance to his daughter. SJP says the provider of that pension was unwilling to offer any advice. It said Mr B still wanted to make, and receive from his employer, contributions to his company pension and the provider had confirmed he could continue to do so, provided a small nominal balance was retained. The pension was valued at £13,559.47.

SJP wrote to Mr B on 8 December 2020. It recommended that he make a partial transfer of £13,400 from his workplace pension and crystallise the funds in his SJP retirement account. This would enable him to draw £3,350 in TFC, invest the remainder in line with his existing SJP pension and retain his workplace pension to continue to receive contributions. And the ongoing advice he received from SJP would then cover the funds that were transferred. SJP did note that charges incurred on his SJP retirement account would be more than his existing provider was applying. And the funds would have to outperform the previous pension by 1.38% to account for the charges and provide the same benefits.

I understand Mr B again accepted this advice.

On 27 January 2021, SJP wrote to Mr B to provide his next annual drawdown review. And it wrote to him again on 24 February 2021, to confirm its recent discussion and that it didn't recommend any changes. SJP has recently, after I gave my initial provisional findings on the matter, also provided contact notes indicating further reviews were carried out in July and December 2021.

SJP sent Mr B another annual drawdown review document on 5 January 2023. And it wrote to him on 11 April 2023, summarising its review of his circumstances, noting Mr B had now retired and wanted to begin drawing an income of £1,000 per month from his pension to begin with.

Mr B's representatives complained to SJP on his behalf on 26 September 2023. They said they didn't think the advice he'd received was suitable for him, taking into account the relevant regulations. They said his existing pension was already professionally managed and the transfer meant he'd moved to a more expensive charging structure. The representative also said that scheduled annual reviews had not always taken place and so Mr B wanted a refund of charges paid where this service had not been provided.

SJP didn't agree that its advice was unsuitable. It also said it thought Mr B's complaint about the annual review that ought to have taken place in 2017 had been made too late. SJP did though acknowledge that no review had taken place in 2018 and 2019. So, it said it would refund the fees charged in respect of those reviews, plus 8% simple interest.

Mr B asked our Service to consider his complaint. One of our Investigator's looked into it and thought it should be upheld in part. He said, it appeared that Mr B's representative had chosen not to pursue the complaint about the 2017 review not taking place. And the Investigator didn't think that the advice to transfer and draw TFC was unsuitable. He didn't however think that the offer made by SJP to refund fees for missed reviews in 2018 and 2019 went far enough, as he thought that the evidence available at the time of the opinion being issued indicated the 2020 and 2022 review had also not been conducted.

SJP didn't accept our Investigator's opinion. At first, it didn't dispute that the 2022 review had not taken place. But it argued that a review had taken place in 2020 – and provided new evidence to support this, as referenced above. As agreement couldn't be reached the complaint was passed to me to decide.

After I gave my initial provisional findings, SJP then argued that the 2022 fees shouldn't be refunded either as a review took place in December 2021 and again it provided evidence, which it hadn't previously supplied, to show this. SJP said this review should be considered the 2022 review.

Due to some information and evidence only being made available by SJP at a late stage in our Investigation, I've issued two provisional decisions on this complaint. Below are extracts from both of those decisions, explaining my opinion, which now form part of this final decision.

Mr B's complaint concerns the suitability of the advice he received from SJP and the ongoing review service and whether that was provided as it should have been. For ease of reading this decision, I'll discuss the issues separately.

Suitability of advice

There were two separate instances of advice from SJP to Mr B which involved switching his pensions to new providers. The first was in 2008 when it recommended that he move his pension from Firm P to an SJP retirement account.

Mr B says he approached SJP to discuss his pension after seeing an advertisement. He says he hadn't had contact with his provider, Firm P, about the pension and he wanted to know how it was performing. And he says his thoughts were that he'd likely take an income from this pension to tie in with the state pension, when he reached qualifying age. I haven't seen anything to dispute what Mr B has said – that he approached SJP to discuss his pension. And I think it is reasonable, given his age at the time, that he was at the point that he likely wanted to know a bit more about his retirement provisions.

SJP completed a fact-find to gather information about Mr B's circumstances and objectives. I'm satisfied the information gathered was relevant and appropriate. And it assessed his attitude to risk as being medium, which I've seen nothing from the time of the advice to dispute.

As I’ve set out above, following discussions SJP recommended that Mr B transfer his pension from Firm P to an SJP retirement account. SJP’s ‘Key facts about our services’ document, which the suitability report refers to having been shared with Mr B, explains that it didn’t offer products from the whole market, rather a limited range, including its own products. So, I don’t think it has acted unfairly by recommending an SJP retirement account and I believe it was clear with Mr B about what it could offer.

The suitability report noted that Mr B’s pension with Firm P was invested in a managed fund. SJP recommended that following the transfer, the pension be invested equally across six managed funds. I can’t see that Mr B had a pressing need to diversify his pension in this way or that this was one of his stated objectives. But SJP’s recommendation explained, and I haven’t seen anything to dispute this, that these managed funds were consistent with Mr B’s attitude to risk. So, I don’t think the recommended investments were unsuitable for Mr B, based on the available information.

SJP explained in the recommendation that the charges associated with the new pension would be higher than those charged under the Firm P pension. It noted that the SJP pension would incur fees of 1.73% per annum. And an illustration from the time indicated was comprised of a 1.25% annual management charge and external management charges applicable to some of the investments. SJP also stated that these charges were greater than those being applied to a workplace pension that Mr B was a member of and would also be greater than a stakeholder pension. I’m satisfied that SJP made this increased cost clear to Mr B. And it was also clear about the potential impact of this on his pension, by referencing that the new pension would have to outperform the existing pension by 1.3 – 1.4%. But whilst, in my view, SJP was clear about the additional cost, I think there had to be a good reason for Mr B to incur this cost, in order for the transfer to be suitable.

SJP said the reason for its recommendation was that Mr B wanted to “use the distinctive approach to investment” offered by SJP. I haven’t seen anything from the information at the time that indicates that Mr B was an experienced investor. And he says, other than seeing the advertisement and being aware of SJP’s name, he had no prior dealing with SJP. I haven’t seen anything to dispute this. I don’t think it is likely that Mr B was aware of SJP’s “approach to investment” before talking to the adviser. And on balance I don’t think it is likely that this was a genuine motivation for Mr B, before speaking to SJP.

In addition, his existing pension offered a manged fund, so he didn’t have to transfer to benefit from this feature. An illustration was produced for the SJP retirement account. But I haven’t seen evidence of a comparison of the past performance or expected growth rates of the Firm P pension and the proposed new pension having been produced. So, there doesn’t appear to have been evidence supporting that Mr B would be better off financially by transferring and that this meant incurring the additional costs was reasonable.

That being said, while I don’t think Mr B entered the discussion with using SJP’s “distinctive approach to investment” in mind, I do think that the potential for having an ongoing relationship with an adviser in relation to his pension was something that would have appealed to him and, in his circumstances, been considered a benefit. Again, Mr B was 52 and at the time of the advice was therefore already above the minimum pension age (which in 2008 was age 50). It doesn’t appear from the information at the time that Mr B intended to access his pension benefits for a number of years. But I think it’s likely he was beginning to think about his pension more, and how this could work for him. And I think he would’ve wanted to take a more proactive role in his retirement planning.

At the time of the advice, in 2008, prior to the Retail Distribution Review ('RDR') in 2012, businesses were not required to offer a regular review service. And, as I understand it, Firm P as the provider wasn't in a position to offer Mr B advice and I've seen nothing to indicate it offered a review service. Indeed, Mr B has said that he hadn't had any contact with Firm P. Again, I think it makes sense that Mr B may have wanted to take a more active interest in his pension – which I think is supported by him having contacted SJP. And so, I think what SJP offered – the potential for an ongoing dialogue about his pension – which not all businesses offered, would have appealed and been valuable to Mr B.

In addition, as Mr B doesn't appear to have intended to draw benefits from his pension for several years, he had a reasonable timeframe to benefit from growth. And, in particular, to invest to achieve the needed growth to outperform his existing pension, which wasn't wholly unrealistic, and offset the higher cost of the SJP retirement plan.

So, in Mr B's particular circumstances, I don't think the recommendation to change pension providers in 2008 was unsuitable, because while Mr B would have incurred increased costs, the potential for ongoing support made this reasonable.

In 2020, SJP recommended that Mr B make a partial switch from his workplace pension, to his SJP pension. The reason was that Mr B wanted to take TFC from this pension and continue to pay into it. But he couldn't draw the TFC through his workplace scheme.

Mr B was entitled to draw TFC as he was beyond the minimum retirement age. And he'd already taken the maximum permissible TFC from his pension with SJP in 2016, so this wasn't an alternative.

I can see that SJP contacted the provider of the workplace pension in order to confirm that a partial transfer was possible and that as long as a residual balance was maintained Mr B could continue to contribute to the existing pension – enabling him to meet that objective.

SJP made it clear in its recommendation that the ongoing management costs of the SJP pension were greater than those applicable to his existing scheme. And the residual funds remaining after taking TFC would need to outperform the growth of his existing pension, in order for him not to be worse off. I think there was a valid reason for Mr B to incur the additional ongoing cost as it allowed him to meet his objective of accessing TFC. The level of additional performance that was required of the SJP pension wasn't unrealistic. And the residual funds after taking TFC were consolidated with his existing pension, so would be covered by ongoing reviews SJP provided to Mr B. So, I think this advice was also suitable.

Mr B also took other advice from SJP in respect of accessing his pension benefits. In 2016 Mr B wanted to take the 25% of TFC he was entitled to under the pension at that time and leave the remainder invested as he didn't require a regular income. SJP recommended that Mr B move to a flexible drawdown plan, still with SJP, in order to take the TFC. And that the residual funds be invested in the same way that his existing SJP retirement plan was invested, as his attitude to risk was unchanged.

This advice appears to have met Mr B's stated objective – it gave him access to the TFC he wanted, and was entitled, to take. The level of risk was not altered by the advice, as the investments remained the same. The recommendation letter SJP sent at the time did explain that Mr B would be paying higher charges under the drawdown arrangement than the retirement plan. The annual management charge was 1.5% (including 0.5% for ongoing advice). And again there were external management charges applicable to some of the investments (but as the investments were the same these charges were similar to those already being incurred). But Mr B wasn't able to achieve his objectives without moving to a flexible drawdown arrangement. So overall, despite the increase in cost – which SJP made Mr B fully aware of – I think this advice was suitable.

Finally, in 2023, Mr B retired and wanted to draw income from his pension. SJP recommended that he do so from his existing pension and not make any further changes. This meant his costs and exposure to risk were unchanged. So again, I think this advice was suitable.

Taking all of this into account, based on Mr B's circumstances and needs at the times of the various instances of financial advice, I think SJP has acted fairly and reasonably when advising him and that the advice it gave was suitable to his objectives.

Ongoing reviews

When SJP initially advised Mr B in June 2008 it referred to the importance of regular reviews. But this took place pre RDR, and SJP was not required at that time to offer reviews or specify their structure. And there wasn't a separate charge being applied for a review service.

It was only from the point of the advice in February 2016 that a specific charge was levied for the ongoing review service. The illustration provided for the SJP flexible drawdown account taken out at that time stated that the charge for ongoing reviews was 0.5%. And the recommendation letter said that this service meant SJP "will conduct a review of your plan at least annually. We will write to you each year on the anniversary of your plan to provide you with an annual statement in respect of your plan and invite you to contact me so that we can arrange for a review."

I'm satisfied that the details of the service – an annual review of Mr B's pension plan – were clearly set out. What is in dispute is whether those reviews took place.

The first annual review would have been due in February 2017. But SJP said it thought we didn't have jurisdiction to consider this review, as the complaint about it had been raised too late (more than six years after the event took place and more than three years since Mr B ought to have been aware of having cause to complain). Our Investigator said that they understood Mr B and his representative no longer wished to dispute this point. And we've not been told anything to the contrary since the Investigator gave their opinion.

SJP is correct that the complaint (made in September 2023) was raised more than six years after the review ought to have taken place in February 2017. But as for whether this was more than three years after Mr B ought to known he had cause to complain, I haven't considered this further, because it seems to have been agreed that Mr B is no longer pursuing his complaint about that annual review. So, for clarity, I'm not considering the annual review from 2017 here and have only looked at the annual reviews due from February 2018 onwards.

In its initial response to the complaint, SJP acknowledged that reviews did not take place in 2018 and 2019 as they should have done. So, it isn't in dispute that these reviews were missed, and I don't need to consider these two reviews further other than to say I think the fees paid in respect of those reviews should be refunded.

I've seen copies of annual review letters issued in February 2021 and April 2023. These refer to discussions that had recently taken place. And I'm satisfied that the relevant reviews took place in those years and that no further action is necessary.

There is no question that SJP provided Mr B with advice in December 2020, in relation to the partial transfer from his workplace pension. But I'm satisfied that this was separate and distinct from the review that should have been conducted in February 2020.

SJP has provided a copy of a letter sent to Mr B on 27 January 2020. This said it was providing his 'annual drawdown review'. This summarised, amongst other things, that the value of his pension was £122,845.76 and the split of the existing investments. But it didn't refer to any discussion having taken place prior to this letter. So, this was different to the review summary letters SJP has been able to provide for 2021 and 2023 and seems to represent SJP simply providing a summary of the pension rather than a review of its ongoing suitability. So, I don't think this is enough to demonstrate that a review was carried out in 2020.

SJP has though also provided call notes showing that Mr B's adviser called him on 22 April 2020. The note is relatively short but says that the adviser spoke to Mr B "and gave him an update on the markets and his RA, I advised no fund changes and to ride this bad patch through which [Mr B] was in full agreement with, he believes everything will recover once this is over. Agreed to keep in contact over the coming weeks and months". I've seen similar notes reflecting contact between the parties in respect of the advice in December 2020 and the annual review in February 2021, which I'm satisfied occurred. And so, I have no reason to doubt that the described conversation took place.

While the note doesn't refer to a call duration it does make reference to a summary of the 'RA', being Mr B's retirement account, having been given. And it says that SJP did not recommend any changes, so summarises an opinion and advice given by SJP, which on balance likely followed a review of the pension by the adviser.

A review of Mr B's pension was carried out by SJP in April 2020, February 2021 and April 2023. Under the agreement between the parties' reviews were due annually. And so, following the above pattern, a review ought to have been carried out in 2022 (in early spring). And there isn't any evidence of a review taking place at that time or in 2022.

But the contact notes that SJP has now provided do indicate that additional reviews of Mr B's pension were carried out between February 2021 and April 2023 - specifically in July 2021 and December 2021.

These contact notes are in a similar format to those SJP sent us to demonstrate that a review took place in April 2020. And, as with those notes, I don't have any good reason to doubt their authenticity.

This information records that a phone conversation between Mr B and his regular adviser took place in July 2021. The notes say that the 'title' of the 'event' was 'Phone Review Meeting'. And the 'type' of activity was a 'client review'. The notes summarise that the adviser called Mr B, it was discussed that there were no changes to Mr B's circumstances, and the adviser "gave him a full update of his RA. He was very happy with the growth considering the circumstances. I advised no fund changes…" It isn't entirely clear why a conversation took place in July 2021 when a review had already been conducted with the same adviser in February 2021. Although it appears from how this was categorised that this conversation may not have been considered an 'annual review'. But in any event, I don't have any reason to doubt the accuracy of the note and therefore, on balance, I think that conversation did occur.

There was then a note of another conversation that took place in December 2021. This appears to have been between Mr B and a different adviser at the same business and is recorded as having been carried out face to face. The 'type' given to this 'event' was again a 'client review'. But the title and description were both listed as 'annual review'. The notes again said Mr B's circumstances and attitude to risk were reviewed, he was happy with the performance of his pension, but a move to a more conservative portfolio was to be considered. And a follow up discussion on that point was scheduled for the following week and I can see that an updated valuation was compiled in advance of that follow up.

Again, it isn't clear why this review was carried out when it was given there had already been reviews in February and July 2021 and the notes for the July 2021 meeting refer to talking again in twelve months. But Mr B had taken advice from SJP in December 2020, when partially transferring his workplace pension to his retirement account. So, I think it is possible that SJP's systems scheduled a review for the anniversary of the December 2020 advice. And, as it appears to have been a different individual that held this review with Mr B, the earlier reviews may have gone unnoticed due to human error.

Ultimately though, although the reason for the annual review being caried out in December 2021, several months ahead of schedule, is unclear, on balance I think it is likely that this meeting did take place. And had it not been conducted early, this would have represented the 2022 annual review.

Overall, I'm satisfied that SJP carried out an annual review with Mr B in February 2021, December 2021 and April 2023. As I've said, reviews were due to take place annually. So, the second of these three reviews (December 2021) ought to have taken place in 2022. And because it didn't, the time between it and the next review was greater than a year. But, I can't see that this review being conducted slightly early has caused Mr B to lose out. So, based on the evidence now available, I don't think it would be fair to require SJP to refund the fees charged for the 2022 review as, in these specific circumstances, it has broadly provided the service that it ought to have.

In summary therefore, I said that to put things right SJP should refund all fees charged in respect of the 2018 and 2019 reviews. But I said these amounts should be adjusted to account for growth that would have been achieved on those amounts if they had remained in the original investments from the date they were deduced to the date of my decision – rather than SJP paying simple interest. I also said that this amount should, if possible, be credited to Mr B's pension.

Responses to my provisional decision

I gave both parties an opportunity to make any final comments before I reached my final decision.

Mr B's representatives noted that, had the relevant evidence been provided by SJP sooner, the complaint could potentially have been resolved a lot earlier. And they said they thought the compensation amount should just be paid directly to Mr B.

SJP said I'd now essentially agreed with what it had said in response to the complaint, so questioned why I had said I thought the complaint should be "upheld in part". It also said, as I had agreed with it on the merits of the matter, it wouldn't expect to see a change in the proposed means of calculating redress, so asked for clarification.

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.

Neither party have provided any further comments or objections in respect of the merits of the complaint. So, I don't see any reason to depart from my provisional findings, explained above, in respect of the suitability of the advice or the ongoing service provided and which reviews were missed.

The comments that were made largely relate to how to put things right.

I agree with Mr B's representative that it is unfortunate SJP did not provide all of the relevant information at the outset. And indeed, I think this is disappointing, given the time that SJP had to collate the relevant information between the complaint being made and it being passed to one of our Investigator's. But nevertheless, it is only fair that I take it into account the evidence now available. And I'd add that we are not the regulator, and it isn't our role to fine or punish a business.

Turning to SJP's comments, the reason that I've said that the complaint should be upheld in part is that I found it has done something wrong by not carrying out reviews it ought to have in 2018 and 2019, and so the part of Mr B's complaint, in relation to that failing, was justified. It is true that SJP acknowledged this failing in its response to the complaint – so my findings do mirror this. But SJP may be confusing my saying the complaint should be upheld in part with whether I've recommended a different outcome. Ultimately Mr B's complaint that errors occurred is still valid and that part of his complaint is still upheld, even if SJP has previously accepted this error.

In relation to the recommended redress, SJP has said that as I've largely agreed with it, it wouldn't expect me to recommend a different way to put things right to that which it has proposed. But again, I think it is confusing matters here.

In situations where I reach a similar opinion to a business on whether something has gone wrong, that doesn't mean that I am required to automatically find that its proposed resolution is fair or reasonable. My role is to consider whether a mistake has been made, which I'm satisfied was here with the 2018 and 2019 reviews being missed. And where I think there was an error or mistake, I have to think about what a fair and reasonable way to address this is – bearing in mind our usual approach is to try and put a consumer as close as possible to the position they would have been in but for the error.

Mr B can't be put in the position he ought to have been in. Because the position he should be in is that he should have received the reviews in 2018 and 2019 that he'd paid for. Which can't be done retrospectively. So, in my view, the fair alternative, is to put him in the position as if he wasn't charged for the service that wasn't provided.

SJP did offer to refund the fees applicable to the missed reviews in 2018 and 2019, which were deducted from the pension. But I don't think its offer, to pay simple interest at a rate of 8%, is fair. Because, had the fees not been deducted (for the service that wasn't provided), those amounts would have remained in the same investments as the rest of the pension. So, they wouldn't have earned simple 8%. They'd have earned the same returns as the remainder of the pension – which is what I've said SJP should calculate. So, that is why I've recommended a different way of putting this right to that suggested by SJP, because I didn't think its suggestion was fair and reasonable – which is within my remit to consider.

Mr B's representative has said that he would like compensation to be paid to him as a lump sum. But again, if the fees hadn't been deducted from the pension, he wouldn't have received these as a lump sum. They'd have been held within the pension. So, I remain of the opinion that the fair way to address matters is for the funds to be credited back to the pension if possible, and that SJP should look to do this first.

Summary

For the reasons I've explained I think the advice that SJP provided to Mr B was broadly suitable. And from 2020 onwards it has largely provided the ongoing service that it should have done. But it didn't provide the service to Mr B it ought to have in 2018 and 2019. So, that part of Mr B's complaint is valid, as there was a failing by SJP, and is upheld. And it should compensate him for that failing.

Putting things right

SJP failed to provide the agreed ongoing review service to Mr B for 2018 and 2019. So, I think it would be fair and reasonable that all fees that were applied in respect of these reviews (being the twelve months' worth of fees prior to each of the reviews) be refunded.

These amounts should be adjusted for growth had the fees remained in the existing investment funds, from the date the fees were deducted to the date of my final decision.

The compensation amount should be paid into Mr B's pension plan if possible. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.

If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mr B as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.

Mr B has utilised his entitlement to tax-free cash from the pension. So, the loss would have been taxed according to his likely income tax rate in retirement – presumed to be 20%. And I think it is fair, if paying a lump sum to Mr B rather than paying into the pension, that SJP makes a notional reduction of 20% from the loss to reflect this.

SJP should also provide details of the calculation to Mr B in a clear, simple format.

My final decision

For the reasons I've explained, I uphold Mr B's complaint in part.

To address this, St. James's Place Wealth Management Plc should compensate Mr B in line with the putting things right section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 October 2025.

Ben Stoker
Ombudsman