

## The complaint

Miss P has complained that St James's Place Wealth Management Plc ('SJPWM') misinformed her about the value of her Enterprise Investment Scheme ('EIS') which caused her to make a financial decision and led to a financial loss. To put the matter right Miss P would like for the value of her EIS to be paid to her.

## What happened

Miss P had been investing with SJPWM since 2016 and in April 2017 invested £40,000 into an EIS which was later partially taken over by a third party in July 2022. In October 2023 Miss P received a valuation from SJPWM which showed her EIS was worth £113,745. As a result of that she withdrew £30,000 from the investment but the valuation later proved to be incorrect.

Miss P raised a complaint with SJPWM on 25 January 2024 and asking it to liquidate her investment but didn't receive any response so brought her complaint to the Financial Ombudsman Service.

SJPWM wasn't able to provide this service with all the information needed to consider the complaint and in the absence of that our investigator issued his limited information assessment. He was able to conclude that the EIS/product provider was still providing valuation of assets it no longer owned which meant SJPWM was double counting the holding in its valuation to Miss P. As Miss P had been misinformed and wanted to sell the holding, he recommended that SJPWM liquidate the EIS and pay Miss P £300 for the distress and inconvenience she had been caused.

Further to the investigator's assessment even though SJPWM hadn't been able to investigate Miss P's complaint or respond to her, it was able to provide additional information. It said;

- The EIS was illiquid so Miss P couldn't withdraw her funds, and she wouldn't have been able to do so in January 2024. It said, because of her EIS experience, Miss P would have known this.
- It was accepted there was an error in the valuation on Miss P's online account which was misleading.
- It hadn't completed its investigation yet but wasn't looking to compensate Miss P since January 2024 as Miss P hadn't been able to access the funds held. It believed Miss P was aware of this and her request to remove her funds was born out of frustration because of the continuing inaccuracy on her online account.
- SJPWM said it was reliant on the EIS provider for valuation information and so it wasn't responsible.
- But it did accept that it hadn't provided Miss P with a response to her complaint, and she had to involve this service. So, it offered her £1,000 for the trouble and upset caused.

- It referred to an earlier complaint Miss P had raised with this service about the same issue in June 2018. SJPWM had said it wasn't responsible for the error at the time but as a gesture of goodwill had offered £1,000 for the stress and anxiety caused. That complaint was considered by an ombudsman who concluded that SJPWM wasn't responsible for the inaccurate valuation and Miss P could contact the EIS provider to obtain an annual valuation. As a result, Miss P went on to accept SJPWM's offer of £1,000 for that complaint.

After considering the new information, the investigator issued a further assessment. He accepted the incorrect valuation would have caused Miss P inconvenience but now didn't think fair resolution would be to surrender the EIS as it was illiquid, and Miss P would have been aware of the risk of EIS investment and the risk of illiquidity.

However, he did recognise that SJPWM was wrong in not responding to her concerns and subsequent complaint so a recognition of this was needed. But SJPWM's offer of £1,000 was considerably higher than the investigator's original assessment which was issued before he was aware of the facts. He thought SJPWM's offer demonstrated its acknowledgement of its shortcomings in its dealing with Miss P and it was fair.

Miss P didn't agree with the outcome. She said;

- When she received the valuation showing a sharp increase in value, she checked this with SJPWM who confirmed it was correct. The fact that the EIS was illiquid at the time was irrelevant.
- Miss P met with her SJPWM adviser and a representative from the EIS on 5 January 2024 and SJPWM accepted responsibility for the errors. This could be confirmed with her adviser or the meeting notes.
- She reiterated SJPWM's poor handling and lack of response to her complaint.
- She had only held two EIS which were recommended by SJPWM, and she was reliant upon it for correct information.
- There were other outstanding issues which while not relevant to the complaint, gave context to what SJPWM had said. The issue of this complaint was her being given wrong information and SJPWM's failure to take responsibility for that. She was frustrated with SJPWM, and she was seeking compensation of a sum equivalent to the value of the EIS and SJPWM could take back that amount when the EIS was liquidated.
- SJPWM should be forced to take responsibility for the financial information it provided and couldn't sidestep this by saying it was down to another organisation when she continued to receive the financial information direct.
- SJPWM had failed in providing her with information that was clear and not misleading. It has provided her with inaccurate information and should compensate her accordingly.

Miss P's comments didn't change the investigator's opinion on the complaint. As it remains unresolved, it has been passed to me for a final decision.

### **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.

It's accepted that the valuation of the EIS was wrong. And I've seen evidence of this as SJPWM has provided some Wealth Account Summary samples of Miss P's portfolio. I can see the valuation as of 9 November 2023 shows the current unit value of the VCT to be

£109,294 whereas a later one dated 24 November 2023 shows £53,127. Miss P has said she relied on SJPWM to provide her with correct valuations which caused her to raise £30,000 from her investment and which she says led to a financial loss.

I've thought carefully about this point. Miss P was reliant upon SJPWM for accurate pricing information but I have also borne in mind that SJPWM was in turn reliant upon the product provider. As EIS invest into private companies that aren't listed investments or publicly traded on exchanges, they would be valued by the company which invested. SJPWM wouldn't have access to that information and this tallies with what SJPWM has told us. I've seen internal emails from SJPWM when querying the valuation discrepancies in what the EIS was providing. In response the SJPWM team that dealt with EIS said;

'We receive a monthly data feed from our third party product providers [both the original EIS and the EIS that partially bought it] containing the values for total amount invested, withdrawn, income paid and current valuation for each plan. This is sent to us usually in the first 6 working days of the month and usually takes 48 hours to display correctly in our systems.

Due to the nature of the data sent, we don't have the ability to check the values as that is all stored within [the EIS'] own systems. We are therefore reliant on them sending us the correct values to display on the WA [Wealth Account].'

I also understand from SJPWM;

'...that the issue that [the original EIS] were sending SJP data for a plan which they no longer owned, and therefore double counting occurred as it was transferred [to the buying EIS].'

As a result of the query, the relevant team was to raise it with the product provider. So, I'm satisfied the incorrect information – the double counting of the asset – was being provided to SJPWM by the product provider and it was only the product provider that could value the EIS. SJPWM had no independent means of doing so and was reliant upon the product provider.

In its response to the investigator, SJPWM referred to a complaint Miss P had made against SJPWM to this service about a problem she experienced in 2017/18. I've reviewed my fellow ombudsman's final decision for that complaint and can see the issues are similar in that inaccurate information was displaying on SJPWM's portal – the Wealth Account – and SJPWM hadn't rectified that problem. Again, Miss P's investment decisions were affected by the inaccurate information.

Ombudsman decisions don't set a precedent as this service considers each complaint in the particular circumstances of that complaint and on its own merits. But I can see that earlier complaint turned on similar facts. And while Miss P has said she was told by SJPWM in January 2024 that it accepted responsibility for the incorrect pricing, for the earlier complaint its recorded that the same EIS product provider took responsibility for the inaccurate information, and it was the product provider who was in direct control of the resolution – the correction of its data feed – so SJPWM was limited in what it could achieve. And Miss P had access to accurate valuations information directly from the EIS provider.

I think its most likely the same applies to this complaint but, I appreciate this complaint is slightly different as Miss P 'logically drew the conclusion the £113,745 valuation could not be correct' and 'checked with SJP, only to be told it was an accurate figure.' Miss P says she was told by SJPWM that 'various validation checks' meant the information provided to its clients was correct and that 'an element of trust' was relied upon by SJPWM when receiving

information from a provider and passing that to a client. But Miss P's argument is that SJPWM was taking fees from the client in its role as custodian.

It's clear in this case Miss P did double check the information with SJPWM, and she says she acted on the information she received. However, I think there were enough indicators for Miss P to have known the valuation was incorrect and so could have taken further action to mitigate any loss that she has said she suffered as a result.

I say this because Miss P received, what look to be, correct valuations direct from the product provider while, in contrast, the value of the EIS had doubled in value on her Wealth Account. I think this should have aroused suspicion as to its accuracy and Miss P herself has said she thought it was likely the valuation was wrong. And she was also aware of the problems with the provision of EIS valuations as per her previous complaint and so was aware that SJPWM was reliant upon the product provider and that SJPWM had no way of verifying the correct valuation as quoted above. SJPWM was acting in good faith – 'an element of trust' – when passing on the valuation provided to it by the product provider.

So, while I think SJPWM could have done more here and contacted the product provider for clarification about the price when asked about it by Miss P, I also think Miss P, or her adviser could have done the same as referred to in the previous final decision for Miss P's earlier complaint. Miss P was aware this was a course of action open to her and I can also see that Miss P received what look to be six monthly valuations from the product provider – 25 May 2022, 13 December 2022 and 28 June 2023 which look to be correct. And it's also clear that Miss P's adviser was also in direct contact with the product provider in 2023 so did have the access to have checked the value. It's not been made clear why he didn't.

To put the matter right, Miss P suggested she be paid the value of the EIS as of January 2024. She says the fact it was illiquid at that time is irrelevant as SJPWM could surrender the EIS later when it was able to do so and keep the proceeds. Miss P has also said there are other ways in which she can be compensated but hasn't proposed another method.

But I don't think this is the correct outcome. I say this because I can't agree there is a link between the incorrect valuation of the EIS and that being put right by Miss P being able to receive the January 2024 value of the EIS.

In making her complaint Miss P has said her decision to raise £30,000 was based on the misinformation given to her by SJPWM and which led to a financial loss. But I'm not sure what financial loss Miss P is referring to as she hasn't quantified it. My understanding is that she invested £40,000 in 2017, has taken withdrawals/income over the years and at the end of 2023 her investment was valued at over £50,000. So, I haven't seen any evidence of Miss P having incurred an actual financial loss because of the misinformation and which needs to be put right.

However, I do recognise this whole period must have been very frustrating for Miss P. She had been in this position before and it had been established the pricing feed was a known issue and remained so. But for the reasons given above, I don't find that SJPWM is responsible for that misinformation. Miss P had held the EIS for over eight years so by this time had gained experience of them, was aware of the risks involved in EIS investments and had previous knowledge of the mispricing of her investment.

Overall, I think Miss P had sufficient knowledge and experience to have been aware the EIS valuation of over £113,000 was incorrect. And I think Miss P, or her adviser could have done more to establish the correct valuation via the product provider with whom they had a direct relationship. I also haven't been provided with sufficient evidence that Miss P has suffered a

financial loss that should be put right by her being paid the January 2024 value of the EIS. I don't find that would be fair or reasonable. It follows that I don't uphold this part of Miss P's complaint.

### **Putting things right**

But I do find that SJPWM didn't address Miss P's complaint concerns, and an award should be made for the trouble and upset she has been caused. But since bringing her complaint to this service SJPWM has offered £1,000 for this which is more than I would award under similar circumstances. So, I think it is fair and reasonable, and award Miss P £1,000.

I appreciate Miss P will be disappointed with the outcome to her complaint in that I haven't upheld it any more than I have. It's clear she feels strong about it and has been frustrated. But I hope I have been able to explain how and why I've reached my decision.

### **My final decision**

For the reasons given, I don't uphold Miss P's complaint about St James's Place Wealth Management Plc and the valuation of her EIS. But I do agree Miss P has been caused trouble and upset and the offer of £1,000 is fair and reasonable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 13 June 2025.

Catherine Langley  
**Ombudsman**