

The complaint

Mr H, with the help of a claims management company, ("CMC") has complained about the suitability of advice given to him by St. James's Place Wealth Management Plc ("SJP") to transfer a personal pension into an SJP Retirement Account ("RA"). He has also said that despite paying ongoing advice charges ("OACs") since inception of the RA he hasn't received the annual reviews that he should have done.

What happened

In 2012 Mr H met with an adviser from a firm that was an appointed representative of SJP. While Mr H only ever met with this adviser I will refer to SJP throughout this decision for ease of reading.

Mr H appears to have had some sort of ongoing relationship with the adviser prior to this time but no specifics have been provided about this.

At the meeting in 2012 Mr H wanted to focus on planning for his retirement. A financial review completed on 28 February 2012 with Mr H recorded his circumstances as follows:

- He was single with no dependents.
- He was 48 years of age.
- He had recently become self-employed, contracted on a full-time basis.
- His annual salary was in the region of £42,000.
- He owned his own home with a mortgage which had sixteen years remaining on the term.
- He held around £8,000 in available cash.
- He held two pension plans with a different provider that I will refer to as Provider P.

In the suitability report that followed the completion of the financial review Mr H was recorded as having a medium attitude to risk which meant he wanted his capital to keep pace with inflation and was comfortable with being invested in equities and property, some of it overseas. He also understood there was a risk that there could be significant falls in the value of the investments and that accepting this risk gave him the potential to achieve better long-term results.

In the same documents Mr H's objectives for seeking advice were noted as him wanting to provide an income and capital sum when he retired at age 65. He didn't have a fixed level of income in mind but wanted to maximise his retirement benefits as much as possible. And that he wanted to explore other ways of getting the most for his investments in the future. It was also stated that Mr H had explained he had no relationship with Provider P and had never had regular reviews so he was interested in transferring to SJP so he could benefit from the offer of regular reviews, the good service he had already experienced with this particular adviser as well as the multi fund management approach offered by SJP. The risks involved in accepting the advice and what alternative options were also available to him were also set out in this document.

In addition, the suitability report along with the accompanying documents given to Mr H at the time detailed that the RA had an annual management charge of 1.25% and fund charges in the range of 0.3-0.85%. It was also explained that taking the additional charges into account the RA would need to outperform Mr H's existing plan by 1.10% to match the benefits from his existing plan by age 65 which equated to £404.71 based on the first year. It was also recorded clearly that there was an exit charge of £117.14 from his existing plan and that the RA also contained exit charges over the first six years.

In light of Mr H's needs and objectives and financial circumstances the adviser recommended that Mr H transfer one of his pension plans with Provider P to an SJP RA. The other plan with Provider P was not to be transferred because it benefitted from a valuable Annuity so it was agreed this should be left where it was. He was advised to invest in the SJP Managed Portfolio which was made up of the following funds:

- SJP/THSP Managed Fund (14%)
- SJP/Schroder Managed Fund (15%)
- SJP/Global Managed Fund (14%)
- SJP/INVECO PERPETUAL Managed Fund (15%)
- SJP/Worldwide Managed Fund (14%)
- SJP/AXA Framlington Managed Fund (14%)
- SJP/GAM Managed Fund (14%)

The SJP Managed Portfolio was recommended as suitable for a medium risk investor and therefore, was appropriate for Mr H as it offered a good level of diversification and risk appropriate for his objectives.

Despite the increase in charges and the exit fee which applied it was recorded in this letter that Mr H wanted to go ahead with the recommendation and he signed and dated the advice declaration on 5 May 2012.

In July 2024 Mr H, through his CMC, complained to SJP about the suitability of the advice he was given saying that he should have been advised to maintain his existing pension plan with Provider P rather than switch; that the higher charges of the new plan were not given proper consideration and were it not for the advice he wouldn't have moved away from Provider P and would instead have increased his contributions to his then existing arrangement. He also stated that he never received any annual reviews even though he was paying ongoing fees for them.

As SJP failed to provide the required final response letter after eight weeks the complaint was referred to this Service where it was assessed by one of our investigators. He was of the view that the advice given to Mr H in 2012 was suitable for him. However, he found that SJP hadn't carried out the annual reviews that Mr H had been paying for, for the years 2019, 2020, 2021, 2022 and 2023. So he said that SJP should refund the fees paid for the reviews by calculating the lost investment return Mr H would have experienced from the date the fees were deducted by SJP to the date of settlement and then pay the total loss into Mr H's RA if possible.

SJP accepted the investigator's findings and agreed to refund fees for the missed reviews in 2019, 2020, 2021, 2022 and 2023. It also agreed to refund the fees paid for the 2024 review on a pro rata basis. However, it proposed a different form of settlement – to add a return rate of 8% simple interest a year to the refund of the charges, from the date the fees were paid to the date of settlement - rather than calculate the loss on the investment, as it felt that this was a more pragmatic way of resolving the matter.

The CMC on behalf of Mr H didn't agree with the assessment and remained of the view that the advice Mr H received in 2012 was unsuitable for him. It also added another complaint point concerning advice Mr H received in 2018 from SJP to enter a drawdown plan to access his tax-free cash.

The investigator responded to the CMC's additional points but wasn't persuaded to change his initial outcome.

So as no agreement could be made the complaint has been passed to me to decide.

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've taken into account relevant: law and regulations; regulatory rules; guidance and standards; codes of practice; and (where appropriate) what I consider to have been good industry practice at the relevant time.

Where the evidence is incomplete or inconclusive, I've reached my decision based on the balance of probabilities – in other words, on what I think is more likely than not to have happened given the available evidence and wider circumstances.

Mr H's complaint is twofold – the suitability of the advice overall and whether he has received the annual reviews that he had been paying the OACs for. I will deal with each point separately, below.

Suitability of advice

In deciding whether the advice provided in 2012 was suitable for Mr H it's important to point out that my role is not to decide what the best or most perfect advice would have been for Mr H, or any consumer. My role is to look at the advice and the recommendations given and decide whether, from the information in front of me, what was recommended was in line with the consumer's needs and objectives at the time taking account of his personal and financial circumstances. So while there may have been other options available to Mr H at the time of the advice rather than switching his pension I can only look at the advice Mr H accepted and assess the suitability of that – I cannot state or decide what else Mr H should or could have done.

As a regulated firm, SJP and its appointed representatives had many rules and principles that it needed to adhere to when providing advice to Mr H, namely the FCA handbook under the Conduct of Business Sourcebook (COBS) and Principles for Businesses (PRIN), as they were at the time of the advice.

Furthermore, given the complaint concerns a switch of a pension I must also have in mind the relevant guidance provided by the FCA and its predecessor, the Financial Services Authority ("FSA"). And of particular relevance for this complaint is the report the FSA published in 2008 on the quality of advice on pension switching. This report identified four main areas where they considered advice to be unsuitable:

- The switch involved extra product costs without good reason.
- The fund(s) recommended were not suitable for the customer's attitude to risk and personal circumstances.
- The adviser failed to explain the need for or put in place ongoing reviews when these

were necessary.

- The switch involved loss of benefits from the ceding scheme without good reason.

As well as this, in deciding whether the advice was suitable I have considered what obligations SJP had when providing that advice and in conducting its suitability exercise. In doing this I expect to see that a business has obtained necessary information regarding the consumer's knowledge and experience in investing, their financial situation and any investment objectives – essentially enough information to understand the most important facts of the consumer so that the recommendation meets the consumer's investment objectives. These considerations include their attitude to risk, the purpose of investing and how long they want to invest for; whether the consumer can financially withstand the investment risk; any potential future changes to their circumstances (financial and personal); the extent of their regular income, assets, cash holdings, investments, property liabilities and regular financial commitments.

The advice Mr H received was to switch his pension held with Provider P to SJP. There is nothing in the information to suggest that the pension with Provider P was no longer suitable for him so clearly the advice warrants a closer look.

As already set out, the information I have tells me that Mr H was seeking advice about his retirement planning and that he wasn't happy with his existing pension provider at the time particularly because he hadn't had regular contact with it and wanted more face-to-face meetings. So initially this indicates a clear need on the part of Mr H to switch away from Provider P.

I appreciate the new plan had higher charges than his then existing provider but this was because the SJP RA gave Mr H an additional service of the ongoing advice reviews that it seems he was specifically looking for. So it isn't a surprise that the new plan was slightly more expensive. I am satisfied that Mr H was made aware of this and was something he willingly agreed to. And due to him seemingly wanting more regular contact about his investments it doesn't seem unreasonable that this service was included in the recommendation.

In terms of affordability Mr H wasn't investing any monies from his earnings. He was investing a lump sum that he had built up over the years that had been effectively ringfenced for his retirement needs. So investing this money into what was very likely to be a long-term investment doesn't seem unsuitable – it wasn't depriving him of any regular income nor was it using a lump sum of money that Mr H had sitting in cash or earmarked for something else (other than retirement funding).

Turning now to Mr H's attitude to risk assessment and the funds he was recommended to invest in, Mr H was 48 years of age at the time of the advice. He was in a fair financial position and had some disposable income left on a monthly basis. However, he was many years away from retirement (wanting the plan to run until he turned 65 years of age) and as I have said above, he was investing his pension lump sum for his retirement which was a sensible thing to do. He also wanted to invest for growth and so it's logical that he would have wanted to build up his pension as much as he could comfortably do to ensure he was in the best position possible upon retirement. So his risk categorisation being medium doesn't seem unsuitable to me as this allowed him to invest in a mixture of safe and riskier assets, balanced out by each other, which in turn allowed the potential for some growth. In addition to this given how long he was away from his chosen retirement age he was in a position of being able to invest over a long period of time and to weather any fluctuations in the markets over the years thereby increasing the growth potential of the fund.

Looking at the actual funds Mr H was recommended to invest in, I am satisfied they were

diverse enough for someone of his medium attitude to risk – they were split, for the most part, between equities and bonds/fixed interests which reflects his attitude to risk – it allowed for some safety while also providing a way the funds could potentially grow in value. And while I appreciate there was a significant proportion in equities this would have been to provide Mr H with the best potential for growth. And even though some of the equities were overseas the majority were placed in UK based equities which balanced out the higher levels of risk posed by the overseas equities.

It was also noted in the documentation that the portfolio in which Mr H was invested with Provider P was at a lower risk rating than the one SJP was offering. So given he was assessed as a medium risk investor (suitably so in my view) and wanted to make the best growth possible on his investment it doesn't seem unreasonable that he be advised by SJP to take slightly higher levels of risk to meet this need.

Overall, therefore, having looked at Mr H's circumstances and the details of the advice he was given I am satisfied that it was largely suitable for him taking account of his needs and objectives at the time. And while Mr H has now said he would have stayed with his existing provider had it not been for the advice from SJP, given the fact it was recorded that he was unhappy with Provider P and felt he wasn't getting what he wanted from it I think this is unlikely.

OACs

As explained earlier in this decision the investigator upheld this part of the complaint and SJP agreed, following the investigator's assessment, to refund the fees for the missed reviews. So there is little point in me repeating the details and making any further findings. All I will say is that I am in agreement with the investigator's outcome that before 2018 due to the Retail Distribution Review, separate OACs were not applicable to Mr H's investment. The OACs in the current form were triggered by Mr H making a change to his investment in 2018. Therefore, only the OACs that he has paid and the corresponding annual reviews from that date onwards form part of these findings. Given SJP has found that the reviews for 2018 through to 2023 were not carried out it is only right that SJP refund what Mr H has paid for these as he never received them. I also agree with SJP offering to refund fees for 2024 on a pro rata basis.

In terms of the offer SJP has made, again as previously explained the calculation of the refund isn't directly in line with the methodology the investigator set out in his assessment. However, Mr H's CMC has confirmed it is willing to accept the calculation methodology SJP has proposed as it is agreed by all parties that this is the most pragmatic way of resolving this part of the complaint.

Other considerations

I note that the CMC raised the point about the suitability of the advice provided to Mr H in 2018 to enter into a drawdown facility and how it feels this should also form part of this complaint. However, having looked at all the communications between the CMC and this service and SJP this specific point as never been raised in the past as a complaint point. Furthermore, I can see the CMC was given an opportunity before full investigation into the complaint began to confirm all points of the complaint and even at this stage it didn't raise any points about the 2018 advice. Therefore, because of this and also because SJP hasn't had the opportunity to investigate this point it cannot be dealt with in this decision. If the CMC wants to pursue this point on Mr H's behalf it can do so via separate complaint.

Putting things right

As per the offer made by SJP in May 2025, agreed by the CMC on behalf of Mr H, SJP must pay Mr H a refund of the charges for 2019, 2020, 2021, 2022 and 2023 plus a pro rata refund for any charges paid for 2024, including a return rate of 8% simple interest a year from the date the fees were paid to the date of settlement.

My final decision

For the reason set out above my final decision is that I uphold this complaint. I direct St. James's Place Wealth Management Plc to pay Mr H the calculation of the redress as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 26 September 2025.

Ayshea Khan
Ombudsman