

The complaint

Mr H complains that St James's Place UK plc (SJP) unfairly suspended withdrawals from the SJP Property Fund. He said this led to him being unable to transfer the last part of his pension to another provider.

I can see that Mr H mentioned a further potential complaint about the initial advice he received to invest in the property fund. But I've not considered that complaint here as it would rest with a different business.

What happened

Mr H had a pension plan. A small part of his pension was invested in the SJP Property Fund.

SJP wrote to Mr H on 30 October 2023 to tell him it was suspending withdrawals from the SJP Property Fund. The letter explained why it'd made this decision. And stated:

So, we've decided to defer withdrawals from our Property funds (Pension and Life) with immediate effect from 12pm on 20 October 2023. This deferral could be for up to six months.

In July 2024, Mr H wanted to arrange an annuity with another provider, using all of the funds he held with SJP. I understand these amounted to around £68K, with almost £5K being held in the property fund.

Mr H tried to transfer all of his SJP funds to his chosen provider. But he couldn't transfer all of his funds as the property fund was still suspended.

Unhappy, Mr H raised a complaint with SJP through his representative. Although his representative had explained why a full transfer couldn't be carried out, Mr H wanted to know why SJP was holding his money without his permission. He explained he wanted to use it to buy an annuity.

Mr H felt that SJP's communication had been inadequate. And asked it to ensure that all of his funds be sent to his chosen provider in line with his request.

SJP issued its final response to the complaint on 14 August 2024. It didn't think it'd done anything wrong. It explained why it'd taken the decision to defer withdrawals from the property fund, noting it had done so to protect value for its clients. It said it couldn't provide advance notice about the deferral as that would've had a negative impact on the value of the fund.

SJP said it continued to monitor the situation and would remove the restrictions once it was confident that was the right thing to do.

Unhappy, Mr H brought his complaint to this service. He said he hadn't received any updates from SJP since October 2023. As well as complaining about the property fund suspension and its impact on his transfer, he felt it was unfair that he would still have to pay fees to SJP to administer his remaining funds. To put things right, Mr H wanted SJP to transfer all of his funds in line with his request. He said if this wasn't possible, SJP should compensate him for

the income tax he felt he'd have to pay when he could eventually access his remaining monies.

I understand that Mr H transferred most of the funds he held with SJP in August 2024. But his property fund monies still remain with it. I also understand that Mr H took a 25% tax-free cash lump sum and then bought an annuity with his remaining transferred funds.

I understand that SJP announced on 27 November 2024 that it would wind up the SJP Property Fund. It wrote to Mr H on 4 December 2024 to tell him about this. The letter stated:

Any outstanding requests to withdraw or switch out of the Life and Pension Property funds will not be processed. In these exceptional circumstances, the Terms and Conditions of your Retirement Account, Investment Bond, or Trustee Investment Account allow us to terminate transactions.

Our investigator didn't think that the complaint should be upheld. He felt that SJP had acted reasonably when it'd prevented withdrawals from the SJP Property Fund.

Mr H didn't agree. He felt that it was his money, not SJP's. He said he didn't care what happened to other investors' money. And that it was SJP's problem, not his, if it wanted to try to protect others going forward.

As agreement couldn't be reached, the complaint came to me for a review.

I asked SJP to explain which part of its terms and conditions it felt had allowed it to take the actions it'd taken, noting that the 30 October 2023 letter about the property fund suspension had stated: "*This deferral could be for up to six months.*", but the deferral had already gone on for longer than this.

SJP felt the following wording in its terms and conditions allowed it to take the actions it'd taken:

Exceptional circumstances

We reserve the right to amend these Terms and Conditions or to terminate or suspend transactions in relation to your Account in the following circumstances:

- (a) if it becomes impossible or unreasonable for us to follow these Terms and Conditions because we reasonably believe that to do so would put us in breach of the law, regulatory requirements, industry guidance or codes of practice;*
- (b) if actuarial advice is that circumstances have changed in a way which could not reasonably have been predicted at the start of the Account, and if we did not set aside or amend these Terms and Conditions, the result would be unfair to our Investors; or*
- (c) if company tax rules change, in which case we will only be entitled to make changes that we believe, having taken actuarial advice, fairly balance your interests and ours.*

I also asked SJP to provide a detailed explanation and rationale for continuing to charge Mr H an administration fee to continue to administer his remaining property funds.

SJP provided a detailed explanation about the fees it'd charged for the property fund since its suspension. It also provided me with a copy of the letter it'd sent to Mr H on 4 December 2024.

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'm not going to uphold it. I'll explain the reasons for my decision.

I first considered whether SJP's decision to defer withdrawals from its property funds was fair and reasonable.

Was it reasonable for SJP to defer withdrawals from its property funds for no more than six months?

SJP's 30 October 2023 letter explained why it'd taken the decision to defer withdrawals from its property funds. I think the rationale for taking this action was reasonable, and in line with other businesses.

I also note that the terms and conditions of Mr H's pension plan state the following:

8.5 Delaying transactions

If you are invested in a Fund that holds property (for example land or buildings) or other assets that can be difficult to sell (for example private equity or private credit), we may delay income payments, requests to purchase an annuity, transfer, switch requests, payments of tax free cash, payments of Uncrystallised Funds Pension Lump Sums and payment of the Death Benefit, by up to six months.

Therefore I'm satisfied that the evidence shows that SJP acted reasonably, in line with other businesses, and in line with its terms and conditions when it decided to deferral property fund withdrawals for no more than six months. I consider that it took this step to protect investors.

I do acknowledge that Mr H wanted SJP to transfer all of his funds in line with his request, and that he didn't accept its rationale for the deferral as he didn't care about the protection of all investors. But I can't agree it would be reasonable to ask SJP to transfer only Mr H's share of the fund as it wouldn't be fair to its other investors. I appreciate Mr H doesn't care about them, but SJP has to treat all of its customers fairly.

I also considered Mr H's request for compensation for the income tax he felt he'd have to pay when he could eventually access his remaining monies. But I can't reasonably ask SJP to do this. There's no actual loss at this point. And in any event, it's possible that Mr H can still take a 25% tax-free cash lump sum from his remaining funds when he is able to access them.

I next considered if SJP kept Mr H updated about what was happening with the property fund.

Did SJP update Mr H on a regular basis about the property fund suspension?

In its final response letter dated 14 August 2024, sent more than nine months after the 30 October 2023 update, SJP stated:

There has been no fundamental change to our positioning since the update in January 2024, and therefore we expect that the current restrictions will continue for a further couple of months at least.

Mr H told this service that he hadn't received any updates from SJP since October 2023. So I asked it to provide me with a copy of the January 2024 it'd referenced and to evidence that it'd been sent to Mr H. I also asked it if any further updates had been issued to its clients during the period of suspension.

SJP didn't specifically respond to these points. But it did provide me with a copy of an update it'd issued to Mr H on 4 December 2024. This explained that SJP had decided to remove its property fund options. It said it would now focus on releasing property fund holders monies from property so the funds could be redirected to another investment strategy. It said that this could take around two years to complete, given the process of selling property assets.

While I think it would've been helpful if SJP had communicated more frequently with Mr H about what was happening, I'm not persuaded that this would've changed the outcome here. I say this because the evidence shows that SJP acted reasonably to protect its customers' interests - and in line with its terms and conditions - when it took the decision to defer withdrawals from its property fund. The evidence also shows that SJP had the right under its terms and conditions to take the actions it subsequently decided to take with the property fund.

I next considered whether it was reasonable for SJP to continue to charge Mr H administration fees for the fund, given he hadn't wanted to leave it behind when he transferred.

Are the charges SJP is still levying reasonable?

Mr H considers it's unfair that he still has to pay fees to SJP to administer his remaining funds.

Having carefully considered the explanation SJP provided, I consider it remains reasonable for SJP to apply an administration charge for the fund. I say this because I'm satisfied that SJP has taken the steps it has taken in order to maximise the value of the property fund for investors. It's therefore reasonable for it to charge an administration fee for this.

It's unfortunate that SJP's reasonable decision to suspend the property fund has caused issues for Mr H. But I can't fairly say that it has done anything wrong. Therefore I don't uphold the complaint.

My final decision

For the reasons explained, I'm not going to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 May 2025.

Jo Occleshaw
Ombudsman