

The complaint

Mrs B complains St. James's Place Wealth Management Plc ('SJP') charged her for ongoing advice services it failed to provide.

What happened

Mrs B inherited an investment bond in 2013. The bond was originally advised and arranged in 1999 and until Mrs B inherited it, was held in trust.

In July and August 2023 Mrs B wrote to SJP to ask questions about the bond, the services SJP provides her with, the lack of communications in previous years and the implications of withdrawing cash from the bond. The August letter was sent following no response being received from SJP to her July letter.

SJP responded to those queries in September 2023, without providing referral rights to our service, to explain:

- It tried to contact Mrs B using the address it had on file but when SJP had no response it marked it as 'gone away', and that it had no other contact details.
- Around advice fees, SJP said the fees being paid included a fee for ongoing advice.
- The tax treatment of the bond and to say that it wasn't transferable to a pension.

Mrs B was unhappy with SJP's response and referred her complaint to our service.

Following communication between the parties, SJP sent Mrs B its final response to her complaint. The content of the final response letter was similar to its earlier response and offered Mrs B £300 to recognise:

- Incorrect information was given about her paying for ongoing advice.
- The lack of communication from SJP since 2021 when it took on Mrs B as a client from the previous firm.
- The time taken to respond to her letters and complaint.

Mrs B through subsequent communications with SJP raised another complaint about the information she was given around withdrawing from the bond, the taxation of it and further matters around communication.

Our Investigator considered the matters before him, given the timing of the issues and complaints being made, related only to the parts around ongoing advice charges and lack of contact over the years. He didn't feel he could sufficiently address the customer service elements with the limited information available and requested further information from SJP within his view intending to later address that. No opinion was given on the offer SJP had made.

In responding to our Investigator, Mrs B said:

- The issues around the service provided hadn't been addressed.

- Points around the withdrawal and tax elements also hadn't been considered.
- SJP had told her she was paying fees for advice she hadn't agreed to and hadn't received any such advice in return. It wasn't fair we took SJP's later position that no fees were paid over what it earlier said without further evidence.
- We hadn't considered aspects around data protection.
- No opinion had been made on the fairness of the compensation offered.

Our Investigator in response explained:

- Matters around Mrs B's initial queries and complaint would be considered broadly across points around customer service.
- He hadn't seen any evidence of ongoing advice charges being paid and so was satisfied no such fees had been paid.
- Money could be taken from the bond without the need of an advisor.
- If he was right there was no ongoing advice being provided, SJP wouldn't be expected to advise on aspects like withdrawals without charging a fee.
- He considered the issues around the addresses but didn't think that required an award above what SJP had already offered.
- Overall, he wouldn't be making an award above SJP's offer on the evidence available.

Mrs B remained dissatisfied with the outcome our Investigator reached and asked for an Ombudsman to decide her complaint. As no further information was provided by either party at that time, our Investigator hadn't returned to consider more around the overall customer service provided.

As an agreement wasn't reached, the complaint has been passed to me to decide. Since our Investigator issued their findings, SJP provided additional evidence. That didn't lead me to reach a different outcome to our Investigator, but it did give me different reasons to not uphold it. Given that, I issued a provisional decision to allow the parties to provide any further submissions before I issued my final decision.

In my provisional decision I said:

"The scope of my decision

Firstly, I'd like to recognise the frustrating experience Mrs B has had since she referred her complaint to our service. There has been very limited information available throughout this complaint until very recently. Our Investigator was largely confined to the limited information and evidence available to him. Following further queries with SJP since the complaint was passed to me to decide, information and evidence has become available. Which despite attempts to do so SJP hadn't provided to our Investigator when he considered the complaint.

Additionally, Mrs B has another complaint with our service which does straddle some of the issues before me, mostly from new points raised since this original complaint

was referred to us. That other complaint is at a different stage so wasn't considered together with this complaint. I've carefully reviewed the content of these complaints and I'm satisfied we have clearly divided the issues between them and that the arguments and evidence relating to some of those issues are more developed than those considered under this complaint. Which is due to more detailed responses provided by SJP to those points in Mrs B's other complaint.

As there is a clear separation of issues across those two complaints, my decision here intends to relate only to whether Mrs B was paying for advice services, whether she received the service if she was paying for advice, the lack of communication around the provision of that service and limited parts relating to SJP not responding to her July 2023 letter until September 2023.

Mrs B's relationship with St. James's Place Wealth Management Plc

SJP has said in the course of my queries that it doesn't have a formal agreement with Mrs B, nor have I seen evidence of one from either party. It has said in other communications that one of its appointed representatives 'bought' clients, which included Mrs B, from the firm which advised and set up her bond.

I think it's likely Mrs B's relationship with SJP came around by her being 'novated' to SJP under the original agreement with the prior firm, who Mrs B was a client with. This in summary means the original contract continues with the new firm, here SJP, unless superseded by a new agreement. Novation terms like these are typical in the industry and are a commonly used mechanism to onboard clients in the course of such takeovers.

Given Mrs B's bond was advised and arranged by that previous firm and as SJP has been receiving 'trail commission' relating to it since Mrs B was novated to it, I'm satisfied Mrs B's relationship came around in this manner. Which would lead to Mrs B becoming a customer of SJP.

The bond itself is administered and provided by St James Place UK plc, which I've not seen any aspects of this complaint relates to that firm.

Ongoing advice fees and provision of such advice

Mrs B's bond was originally advised in 1999 prior to changes in rules around how financial advisors can charge for its services. Prior to the implementation of the 'Retail Distribution Review' ('RDR') at the end of 2012, firms were typically paid through commission arrangements with product providers rather than fees coming directly through payments from consumers.

This means when Mrs B's bond was implemented the adviser would've likely been paid by the product provider for setting up the bond, and as I've seen on an ongoing basis by the means of the 'trail commission' mentioned above. This model was common at the time and any existing arrangements were allowed to continue when RDR was implemented unless they were replaced by new agreement.

Following RDR, the model SJP have generally used is charging for initial advice and offering an optional ongoing advice service for a separate fee based on the value of investments under that arrangement, which I've typically seen to be around 0.5%. In return the arrangement is expected to be that the client would be entitled to receive a regular review of their investments in the form of advice, among some other benefits.

Given Mrs B's bond was advised pre-RDR and no new agreement has been put in place with SJP, the pre-RDR charging structure remained in place. It follows then Mrs B wouldn't be paying SJP under its newer charging structure, which includes the fees for the provision of ongoing advice. If she was in fact paying these fees I'd expect that to be easily evidenced from a number of sources, even if the advice hadn't been given as has been alleged. From other cases both myself and our service has seen on this issue, the presence of ongoing advice fees would be seen on documents such as the service statements, the initial advice letter as well as the client agreement.

SJP has been able to provide me with a table showing fees Mrs B is paying for her bond. This shows a 'Core OAF Rate' and a 'Fund Based OAF'. The rates on this table for each of these are 0% and 0.5% respectively. Having queried this table further with SJP, I'm satisfied the Core OAF Rate relates to the charge for ongoing advice with the fund based version being the pre-RDR trail commission SJP continues to receive. The only other documentation available around this I've seen is a performance report for the bond which only shows fund management and dealing fees. Those fees would be charged by the underlying investment funds for the management of them. I'm satisfied the evidence available only shows fees relating to fund management rather than for the provision of ongoing advice. The absence of any other documentation also persuades me given the above there was no ongoing advice arrangement in place, or associated fee for it.

It follows then I'm satisfied Mrs B wasn't paying for ongoing advice. As she wasn't, SJP would be under no obligation to provide advice to Mrs B as there is no such an agreement for it to do so.

I appreciate when SJP responded to Mrs B's queries about whether she paid such fees SJP's answer can be read to say that such fees were being charged. But given the above, I've not seen Mrs B was paying for that service and so, I think it's more likely SJP inadvertently provided incorrect information about that.

Other matters

Mrs B has also complained about the lack of communication since SJP's partner took over the original adviser. In my view the evidence available shows an initial letter was sent when she became a client of SJP. Given SJP said it only had an address and no other contact details, I think it could've done more to contact Mrs B. It could've tried again or made use of a tracing service to do so but as it has said, no further steps were taken to contact Mrs B.

I can see in Mrs B's other complaint comment has been made on Mrs B's letters of July and August but not regarding the customer service aspects of responding to them. So, I'll consider them here as it is within the scope of this complaint to do so. Given the content of Mrs B's letter, I'm satisfied it ought to have reasonably been considered to be a complaint where it in my view would amount to an expression of dissatisfaction. SJP then would be obligated to provide its final response. I note that SJP didn't respond in the eight-week timescales the rules require, nor did it provide referral rights to our service as the rules require.

But the rules do account for that in such a situation Mrs B would be able to refer her complaint to our service from eight weeks of making her complaint without such a response or referral rights to our service. Given those rules, I've not seen Mrs B has been disadvantaged where she did refer her complaint to us. I do consider however from an overall customer service perspective, SJP hasn't responded to the questions

in her July 2023 for several months. Given the delay in responding, I'm not satisfied SJP treated her fairly in how it responded to her questions.

All other matters – data protection, withdrawals and tax – aren't within scope of this complaint. As mentioned above, many of these points were raised later than this complaint or have since been answered, for no reason other than improved submissions from SJP since, on Mrs B's other complaint. All aspects relating to that are being dealt with under that complaint. I won't then make a finding on them in this decision as that other complaint remains ongoing.

Summary

I'm satisfied that Mrs B wasn't paying for ongoing advice fees and so SJP had no obligation to provide her with ongoing advice. However, SJP hasn't clearly and fairly communicated with Mrs B when it came to it explaining the changes in adviser firm, telling her she had been paying for ongoing advice and the delays in answering her queries in July 2023. While I've not seen those had financially disadvantaged Mrs B, it caused her frustration and inconvenience by receiving incorrect information and having to wait and chase SJP for responses to communications.

My intention is to say the £300 offer SJP has already made to Mrs B fairly reflects the inconvenience caused by the incorrect information SJP gave about the provision of ongoing advice and the lack of communication and follow up attempts following the transition to SJP. I'm satisfied that has caused Mrs B a degree of frustration and inconvenience and that £300 already offered fairly reflects that."

SJP didn't respond and Mrs B replied to say she had nothing further to add.

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 given neither party has provided any further submissions to my provisional decision, I see no reason to depart from the conclusions I reached in that.

It follows then my final decision is the same as my provisional decision.

My final decision

My final decision is that St. James's Place Wealth Management Plc are to pay Mrs B £300, as already offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 15 April 2025.

Ken Roberts
Ombudsman