

## The complaint

Mr R complains that St. James's Place Wealth Management Plc (SJP) gave him unsuitable advice to switch two personal pensions into an SJP retirement account.

## What happened

Our investigator set out the background to the complaint in his recommendation letter, for ease of reference I have included an amended copy of this below:

The advice Mr R complains about was provided by the firm Cooper Associates Wealth Management Ltd which is an Appointed Representative ('AR') of SJP. As the principal firm, SJP is responsible for any acts and omissions of its AR. For simplicity, I will refer to SJP going forward.

In 2017, Mr R met the representative of SJP to discuss his pension arrangements. Following this, on 10 May 2017, SJP issued a suitability letter to Mr R. I understand that at the time, Mr R's relevant details were as follows:

- Mr R was age 56, married with five adult children.
- Mr R was a Director of a small business and his total income was £44,000 a year.
- Mr R held £13,000 in an emergency fund and two personal pensions with a value of £104,851.40.

The pensions were made up of the following:

1. Scottish Widows policy with a transfer value of £60,968.75.
  - This was invested in ten funds.
  - The policy didn't have any safeguarded benefits.
  - The charges for the plan were a 0.25% a year charge applied for the monies transferred into this plan and fund management charges of 1.77% a year.
  - An illustration by Scottish Widows also set out that when all the charges were taken into account, the projected value of this pension using the Middle Rate of assumed growth would be £60,800 at age 75.
2. Old Mutual Wealth policy with a transfer value of £43,822.65.
  - This was invested in 24 funds.
  - The policy didn't have any safeguarded benefits.
  - The charges for the plan were a 0.44% Annual Management Charge and a 1.39% Total External Management Charge a year. Having reviewed the information SJP received from Old Mutual Wealth at the time, the evidence is that the 1.39% Total External Management Charge was made up of up of 0.89% a year fund management charges and a 0.5% ongoing adviser charge.
  - An illustration by Old Mutual Wealth also set out that when all the charges were taken into account, the projected value of this pension using the Middle Rate of assumed growth would be £44,300 at age 75.

- Mr R had made lump sum contributions to the Old Mutual Wealth policy and the last one before SJP's advice was on 23 March 2017. SJP's suitability letter recorded that Mr R had been disappointed with the service he'd received from his current advisers and his pensions had not been regularly reviewed.
- Mr R's company intended to arrange a money purchase scheme with the National Employment Savings Trust ('NEST') in July 2017 and this would have annual charges of 0.30%.
- Mr R wanted to retire at age 75.
- Mr R had a medium attitude to risk ('ATR').

The suitability letter said transferring would meet Mr R's objectives which were set out as follows:

- Invest for his retirement at age 75.
- Consolidate his pension arrangements.
- Access ongoing service and advice.
- Utilise the St. James's Place Investment Management Approach.

SJP's suitability letter said the transfers to the Retirement Account and the new arrangement would lead to the following impact on the charges on his pension benefits:

- For the Scottish Widows policy, the SJP arrangement could underperform by 0.01% a year until age 75 and still match the previous pension.
- For the Old Mutual Wealth policy, the SJP arrangement would need to grow by an additional 0.06% a year to match the existing pension.

Mr R was advised to transfer his two personal pensions to a Retirement Account with SJP and invest into a portfolio that matched his medium ATR. He was also advised to make any future contributions to the SJP Retirement Account rather than the NEST scheme that his company intended to arrange. This was because the NEST scheme wouldn't satisfy his *'requirement for regular reviews and ongoing fund management'*.

The 'potential disadvantages of replacing your existing plan' set out in the suitability letter included that there were fewer funds to invest in; fewer fund management teams; and the ability to invest in fewer funds at any one time.

A Retirement Account Illustration that accompanied the suitability letter also set out that Mr R would incur an Initial Advice Charge of £4,718 which was 4.5% of the amount transferred. He would also incur an ongoing advice fee of 0.5% a year. The Illustration set out that the reduction in growth to Mr R's anticipated retirement age when all of SJP's charges were accounted for, and allowing for inflation, was 2% a year. The Illustration set out that the overall annual charges (including the annual management charge, ongoing advice charge as well as a range of external management charges) came to 1.92%. The Illustration also set out that when all the charges were taken into account the projected value of the SJP pension using the Middle Rate of assumed growth would be £106,000 at age 75.

Mr R agreed to the advice he received.

On 18 April 2024, Mr R made a complaint to SJP about the advice and service he'd received from it. The complaint was made through his representative AMK Legal Ltd ('AMK').

SJP responded to the complaint in November 2024. In summary, SJP didn't uphold the complaint about the advice it'd given Mr R. But it did make him an offer in respect of the fees it'd charged for the ongoing advice service. The total offer came to £1,837.06 which included

£150 in respect of any distress and inconvenience caused. I understand Mr R hasn't received any compensation from SJP to date.

AMK then referred the matter to our service. When doing so, it said the following:

*'We disagree with the decision issued by SJP as we believe the Pension Transfer was unsuitable. This referral refers to this part of the decision letter only and we do not require you to investigate other parts of the decision....'*

*We disagree that the contribution to a SJP pension can be justified on cost grounds even though the figures may have been provided to the client. The employer scheme which was available to him just two months after the transfer, had lower costs but despite this the client was recommended to pay into an SJP scheme.'*

Our investigator looked into matters but he didn't think the complaint should be upheld.

He said whilst AMK said Mr R had been subjected to higher fees post advice, he didn't agree. He set out the fees applicable to both plans and concluded on a like for like basis compared to the Scottish Widows plan fees of 2.02% a year, the SJP plan came in cheaper at 1.42% (with the adviser charge included 1.92%). And for the Old Mutual plan on a like for like basis, it was 1.83% versus the 1.92% of the SJP plan. With the Old Mutual plan only accounting for about 40% of the total transfer value. When the illustrations of the two plans separately are added together, at midrate growth and to age 75, and compared with the SJP plan at 75 – the SJP plan projected a slightly higher value. And this is with advice being paid across all his funds rather than just with Old Mutual as before. The investigator also commented on the initial adviser charge but explained that this would essentially only come into play if Mr R was to transfer away or take benefits within six years. Before then it is paid off using the annual management charge which was factored into the illustrations.

The investigator also said in response to AMK's complaint point that investing with SJP meant fewer funds and less risk diversification that Mr R was made aware of this at the time. And this didn't make the advice unsuitable, and the investments recommended met his attitude to risk and requirements in any event.

Lastly in relation to the opportunity to invest in NEST with lower charges, the investigator said the SJP adviser was tied to SJP products so couldn't advise that Mr R switch his pensions to NEST. And in any event investing with NEST wouldn't have met Mr R's objectives of ongoing advice. But the adviser did set out the option of NEST to make Mr R aware and the lower costs that it provided. He said also at the time the NEST scheme wasn't in place, so Mr R couldn't have transferred his funds or contributed to it at that time.

In response to the view Mr R's representative's only point of dispute was that SJP shouldn't have recommended its product when a more suitable option, the NEST plan was available. And they should have made Mr R aware of this.

### **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.

And having done so I agree with the investigator's findings and broadly for the same reasons.

I note when the original complaint was made it was generic in nature and included a lot of complaint points that were not relevant to Mr R's pension provision. The investigator covered

off these points where appropriate and so I won't be discussing these points again.

For completeness, in relation to the key issues, I agree with the investigator's findings on the cost comparison between Mr R's initial plans and the SJP plan. The advice reduced Mr R's costs slightly whilst meeting his objectives of receiving ongoing advice across all his funds. And I think the funds available with SJP were sufficient to provide him with enough diversity of asset classes and risk.

The key point of dispute is the availability of NEST and the advice still to switch Mr R's funds to SJP. Firstly, as pointed out by the investigator, the SJP adviser could only recommend SJP products, he couldn't recommend NEST. The advice given to switch funds to SJP compared to his previous arrangements, was beneficial from a cost viewpoint and for Mr R's objectives. And the option of NEST was set out to Mr R, so he was aware of this and its lower cost nature. But if Mr R was to take up this option he couldn't have received the ongoing advice that he wished to receive from SJP. Also at the time of the advice, the NEST scheme hadn't yet been setup by the employer and I note the employer said it was happy to arrange for his contributions to be paid to SJP instead, so Mr R wouldn't be losing out on his employer's contributions. So I think Mr R agreed with the recommendation to switch to SJP and for new contributions to be applied to SJP at a higher cost in the knowledge a lower cost option was available to him. And I don't think the advice in relation to what SJP could advise on, the switch to one of its products, was unsuitable for Mr R.

Whilst the ongoing costs of NEST are much cheaper at 0.3%, new contributions have an initial charge of 1.8% to pay for the costs of providing NEST. Whilst this doesn't apply to funds transferred in, it does apply to all other new contributions. So in that light, the cost comparison for the future contributions, is not as kind to NEST as it may have appeared. If Mr R had only wanted the lowest cost solution, the SJP adviser did make him aware of NEST's low ongoing charges and Mr R could've therefore chosen to go down that route if he preferred it. I also note that Mr R's retirement account with SJP remained open at the time his complaint reached us in February this year (despite the complaint being raised 10 months before). If Mr R felt strongly that his funds were better placed elsewhere, I would have expected him to have done something about this in that time but it appears he did not. And there has been no mention in his complaint submissions, of any changes or planned changes to his current funds or future contributions.

In conclusion, the advice to switch Mr R's funds from his previous plans to an SJP Retirement Account, wasn't unsuitable. The adviser couldn't recommend NEST but did make Mr R aware of this option and Mr R chose to invest with SJP whilst being aware of the alternative lower cost option.

### **My final decision**

For the reasons explained above, I do not uphold this complaint and make no award.

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

Simon Hollingshead  
**Ombudsman**