The complaint

Mrs G, Mrs S and Mr S, as trustees, have complained about investment advice provided by St. James's Place Wealth Management Plc ("SJP"). Specifically, the charges relating to the investment bond that was recommended to be held in the trust, its performance and a failure to provide the expected level of service paid for by the ongoing charges.

What happened

Mrs S and her husband met with SJP in August 2021 regarding additional inheritance tax (IHT) planning, having recently set up a whole of life policy to address their existing liability.

The focus of the August meeting was on gifting to their grandchildren and SJP recommended investing £100,000 split between two SJP 'Gift Plans' – investment bonds utilising a discretionary trust with the grandchildren as beneficiaries – to move the funds outside the estate after seven years. (Another complaint regarding the second of these trust arrangements has been dealt with under a separate reference).

SJP issued a suitability letter in October 2021 setting out its recommendation and rationale. The advice was based upon Mrs S's husband's attitude to risk (ATR), which was recorded as 'medium' and the funds were to be invested into a bespoke portfolio of ten funds broadly consistent with that ATR, but also with some higher risk funds at his request. The letter explained that an ongoing service to include regular reviews of the investment would be provided. SJP produced an illustration for the bond, which set out the initial and ongoing charges.

In February 2022 there was a further meeting with SJP to discuss the possibility of investing an additional £50,000 with the same objective and a similar suitability letter was issued. Shortly after, in March 2022, Mrs S's husband emailed SJP with some questions around the charges, the term and exit fees. However, the further recommendation doesn't appear to have gone ahead. The original investment was then reviewed in March 2023 with the adviser recording that Mrs S and her husband were happy with the existing investment.

Then in June 2024 a complaint was made to SJP about the advice, which as noted above primarily focussed on the investment bond's performance, the cost of exiting and the ongoing service provided.

SJP didn't initially issue a final response to the complaint, so it was referred to this service. But in November 2024 SJP wrote to Mrs S and her husband explaining why it wasn't upholding the complaint.

It said its records showed there'd been regular ongoing contact, including annual reviews that had taken place in February 2022 and March 2023. It explained there'd been no review in 2024 as the ongoing charges had been stopped in June 2024. It said it costs and charges had been explained in the documentation provided when the Gift Plans commenced. It also explained that the performance of the bond had not been guaranteed.

Our investigator then issued his view on the matter, agreeing that the complaint shouldn't be upheld. He said, in brief –

- He didn't feel SJP should be held responsible for the bond's performance not meeting expectations. He noted that Mrs S's husband's experience of investing at risk, so felt there would've been an understanding of the implications of investing at a medium level.
- In respect of SJP ignoring wishes as to where the funds should be invested, the suitability letter had confirmed that Mrs S's husband didn't want to invest in a standard portfolio. Rather, he'd wanted to invest in specific opportunities offered by some more specialist equity markets.
- The complaint to SJP had been made only two years into an intended term of at least seven years and following a period of global financial instability. The performance was therefore a result of market volatility rather than any error on the part of SJP, which had recommended an investment that in the investigator's view had been suitable and consistent with the documented ATR.
- All the related charges were fully disclosed at the outset, and SJP also provided further detailed responses to queries about them in March 2022.
- SJP had provided reviews of the investment and a reasonable level of ongoing engagement given what was agreed would be provided for the 0.5% ongoing charge. While a review hadn't been carried out in 2024, several attempts had been made by SJP to arrange one and, in any event, the ongoing charges had been stopped in June 2024.

Mrs S didn't accept the investigator's view. On her behalf, her husband said the complaint didn't just concern the fees but more importantly it was about SJP ignoring his wishes regarding where the money should've been invested. He felt that if SJP had it considered his wishes the bond would've performed better. He also raised some further concerns about the adviser that had not been considered previously.

The investigator responded to say that he wasn't persuaded to change his opinion and explained that any new issues would need to be referred to and considered by SJP before this service could consider them.

As no agreement could be reached, the matter was referred to me to review.

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 find I've come to the same conclusions as the investigator and for broadly the same reasons.

At the point the advice was provided it had already been identified that Mrs S and her husband had a significant IHT liability and measures had been put in place to address this. As noted, the advice being considered here concerns the further additional IHT-related advice focussed on gifting sums to their grandchildren.

I've considered that advice carefully and concluded that the recommendation was a suitable means by which to meet the documented objective. It was recorded that Mrs S's husband had a 'medium' ATR, which strikes me as reasonable given his previous experience and wider financial circumstances. I note his concerns that the investment bond wasn't invested in the way he wanted it to be. But the suitability letter explained that two of the recommended funds were inconsistent with a medium ATR and went on to explain –

“The portfolio contains a high level of exposure to global equities, as well as specific exposure to North America and the high risk Emerging Markets Equity fund for the potential for higher levels of growth, which you see as strong growth areas after the current market conditions settle.”

This was followed up with an explanation of why a ‘pre-built’ Managed Funds portfolio, which on the face of it appeared suitable given the intended term and ATR, was discounted, saying Managed Funds portfolio “...*only contains a spread of medium risk managed-style funds, with no specific access to global equities, or ethical investing, or opportunities within the North American markets. These are opportunities you want access to.”*

I think it’s therefore reasonable to conclude that a discussion of how Mrs S and her husband wished the investment to be focussed asset-wise took place and was acted upon by the adviser in making his recommendation.

While I note that Mrs S and her husband see the costs of the advice as a less important issue, for completeness I confirm that I think the costs, both in respect of the initial charges and ongoing charges, were clearly explained at the outset. Further, when queried, the adviser provided comprehensive answers a few months after the investment started, in March 2022 – all which confirmed the charging situation as being as explained in the suitability letter and illustration.

Further, in respect of the ongoing advice charges, I’m satisfied that reviews of the investment were provided as part of an ongoing level of engagement with the adviser until 2024 when the charges were stopped following a series of attempts to arrange a further review.

Regarding the bond’s performance, a complaint relating to that issue isn’t one I’d generally uphold. The nature of investing means returns aren’t guaranteed. SJP was clear when making its recommendation that there may be significant falls in the value. And while I understand that Mrs S has been disappointed with the performance since the advice was given, I think it was made clear that this was an investment intended to be held for at least seven years. I’d also highlight that the complaint was made only around three years into that term, at a point prior to which global markets had seen significant falls in value, in particular during 2022 with the onset of the war in Ukraine.

In summary, while I recognise Mrs S will be disappointed, I’m satisfied SJP provided suitable advice, clearly explained the costs involved and went on to provide a satisfactory ongoing service.

I note Mrs S’s husband has raised further issues regarding the adviser and other advice, but as the investigator pointed out those issues would need to be referred to SJP to provide for an opportunity to for it to respond before this service would be able look into them. In respect of concerns about a failure by SJP to provide information, I think concerns of that nature would be best referred to the Information Commissioner’s Office.

My final decision

For the reasons given, my final decision is that I don’t uphold the complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs G, Mrs S and Mr S to accept or reject my decision before 29 August 2025.

James Harris

Ombudsman