

## **The complaint**

Mrs M complains St. James's Place Wealth Management Plc ('SJP') didn't provide her with the ongoing advice service she paid for. She also complains that these missed reviews have affected the performance of her investment.

## **What happened**

Mrs M engaged with SJP in May 2012 during which it advised her to invest through a stocks and shares ISA and an investment bond ('the initial investments'). Two further amounts were invested in June 2016 and March 2018 ('the later investment'). Mrs M's recollections are that SJP didn't always provide her with the regular advice reviews in relation to her investments which she was paying for. She says some the poor investment performance she has seen could've been avoided had she received the reviews she had paid for.

Given her concerns not all of those reviews had taken place and the impact that lack of advice in those years might have had on her investment performance, she complained to SJP.

SJP considered her complaint and upheld it in part. In summary it said:

- The initial investments were taken out prior to the Retail Distribution Review ('RDR') when SJP didn't charge a separate fee for ongoing advice.
- The later investment was made after RDR, and the ongoing advice service was taken up at that stage. Ongoing advice charges ('OACs') were applied to the later investment from then.
- It provided the ongoing advice paid for in most years. It says it missed one in 2017 as well as 2022 and 2023 which were offered to Mrs M which she declined. She cancelled the service in 2024.
- SJP considered the impact on performance but said that couldn't be quantified given it was unknown how she otherwise would've invested. Overall it thought it was unlikely another course would've been recommended given its long term approach to investing, as well as Mrs M having some responsibility due to cancelling the 2022 and 2023 reviews.

The total offer SJP put to Mrs M was £2,035.41 which included both interest on those refunded fees and £250 for the inconvenience caused.

Mrs M didn't accept SJP's offer as she didn't think it fairly reflected her loss. In particular that her investments would've performed better had she been given advice in the reviews that didn't take place.

As she didn't think SJP's offer was fair, she referred her complaint to our service. One of our Investigators considered her complaint but didn't find reason to recommend SJP do anything more to resolve Mrs M's complaint. In summary our Investigator said:

- The parts of the complaint relating to the suitability were out of scope as that wasn't part of the original complaint made.
- She was satisfied the reviews outside of 2017, 2022 and 2023 went ahead and that service was reasonably provided.
- The offer made by SJP to refund the OACs, including interest and the additional award for the inconvenience caused, for 2017, 2022 and 2023 was fair.
- She wasn't persuaded a different course of investment would've taken place.

SJP responded but didn't provide any further evidence or information.

Mrs M, through her representative for this complaint, didn't agree with the outcome our Investigator reached. She said the investment elements of her complaint hadn't been considered and weren't new points as they had been raised with SJP but unaddressed in its final response to her complaint. She also commented SJP's offer around the fees didn't fairly reflect the impact those charges would've had on her investment performance had they not been deducted from her investments.

Our Investigator considered Mrs M's response but didn't find it affected the outcome she had already reached.

As an agreement wasn't reached, the complaint has been passed to me to decide. In doing so, I issued a provisional decision as I thought certain aspects of the complaint required a more detailed discussion than had previously taken place, allowing an opportunity for both parties to respond further to that before issuing a final decision.

In my provisional decision, I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

For clarification, I'm satisfied the scope of this complaint as it was initially made to SJP is that Mrs M paid for ongoing advice which she didn't receive. And that had she received that advice her portfolio may have performed better than it did. I've not seen the initial advice was complained about nor is that what Mrs M referred to our service to consider. If she has concerns about the initial advice, that would be for her to raise separately with SJP.

#### Ongoing advice fees and provision of such advice

Mrs M first invested with SJP in 2012, just before changes to the rules regulating how financial advisors can charge for investment services. Prior to the implementation of RDR at the beginning of 2013, firms were typically paid through commission arrangements with product providers rather than fees coming directly through payments from consumers.

SJP brought in its ongoing advice service following the implementation of RDR. From this time the general workings of its charging model for advice are an initial advice fee, reflecting a percentage of the amount invested, and its optional ongoing advice service which tended to attract a fee of around 0.5% of the portfolio value.

Where the initial investments took place prior to RDR before SJP implemented its OAC charging model, and as I've not seen any evidence to suggest otherwise, on balance I'm satisfied Mrs M didn't incur any ongoing advice charges from 2012 until 2016. I say this because I haven't seen evidence Mrs M made any changes to her investments or received any further advice in that time which would lead to SJP's post-RDR charging model applying instead of the pre-RDR charges which were in effect.

When Mrs M met SJP in 2016 she was looking for advice to invest money she received following the maturity of an investment she inherited from her late husband. The fact-find from the time of the advice records that she was looking to invest £10,000 of it, which SJP advised she pay into her stocks and shares ISA, as she hadn't used her ISA allowance for that year. During this meeting Mrs M is recorded as expressing her frustration that investments, which seem to have been with another provider, weren't subject to any ongoing advice or being monitored. The advice given at this time was to make a further investment into her ISA of £10,000 and to take up its ongoing advice service.

Later in February 2018 following maturity of bonds held elsewhere, SJP recommended she invest a further £10,000 into her ISA utilising the last of her remaining ISA allowance for that tax year.

I've not seen the documentation showing that Mrs M agreed to the ongoing advice service. But given this took place in 2016 it isn't unreasonable due to the passage of time that SJP hasn't been able to provide this. It follows then it wouldn't be reasonable for me to make any adverse inferences from the absence of that evidence. On balance from the evidence that is available, I've seen it noted in the 2016 advice that Mrs M was unhappy her investments weren't being monitored and she wasn't receiving regular advice about them. It's clear to me on balance that there had been some discussion about ongoing advice and a need for it. The product illustration for her further investment explains SJP would be providing its ongoing advice service at a cost of 0.5% of her investment, referring to another brochure which hasn't been provided for the details of that offering. I'm satisfied then SJP sufficiently disclosed the charges and the nature of the services she was paying for and was a service she expressed some interest in.

Where the brochure SJP referred to about the details of its ongoing advice service offerings hasn't been provided, it's unclear what Mrs M was told she would receive as part of that service, including the frequency of the advice reviews. From January 2018, the rules required these reviews to take place at least annually. For the reviews prior to then, I think it would be fair and reasonable given SJP describe that service as 'ongoing' and charged an annual fee to have given at least an annual review of her investments.

SJP has already agreed it didn't offer or provide the ongoing advice services Mrs M paid for in 2017. For the reviews due between 2018 and 2021 inclusive, I've reviewed the evidence SJP has provided for those. And having done so I'm satisfied on balance SJP carried out reasonable reviews during that period. I'll explain why.

The 2018 review I've already mentioned, which led to Mrs M investing a further £10,000 into her ISA investment. The fact-find and letter sent afterwards evidences SJP considered her entire portfolio and its recommendation to her to invest a further £10,000, as she did. As the entire portfolio was assessed and a recommendation made I'm satisfied that demonstrates the review for 2018 being carried out in a fair and reasonable manner.

For 2019 and 2020, SJP's evidence isn't as detailed as it hasn't been able to provide a fact-find or its meeting notes. But in both those years it sent Mrs M a letter to summarise

its meeting with her. The content of those letters explained SJP had reviewed her risk levels, objectives, reviewed the detail in her wealth report (SJP's annual report for her portfolio) and her investment timescales. While I've not seen further detail such as meeting notes or a fact-find, on balance I'm satisfied that the letters I've seen are sufficient to show that SJP fairly provided the annual review service it charged Mrs M for.

For 2021, SJP has only been able to provide a screenshot which shows information that an appointment was made for an annual review meeting by phone on 26 January 2021. The outcome of that meeting is shown on the screenshot as 'completed' and the summary as 'No changes required happy with performance of funds'. SJP hasn't been able to provide evidence showing communications were sent afterwards to Mrs M about her review and I note the screenshot provided shows as much where the relevant checkboxes are blank.

It's finely balanced but overall, I'm more persuaded this meeting did involve a sufficient review of Mrs M's investments. The summary note suggests there had been a discussion about her portfolio and, apart from the 2017 review, until this point all other reviews had gone ahead and been carried out in a reasonable manner. I've also considered that reviews had been offered in 2022 and 2023 leading in my view to an overall picture that SJP in

Mrs M's circumstances were generally proactive in arranging and carrying out her reviews. Given those considerations and as Mrs M hasn't specifically mentioned the 2021 review not taking place, I think it's likely a reasonable review of Mrs M's portfolio and circumstances took place in 2021.

In my view then I intend to say given SJP provided reasonable reviews throughout 2018 to 2021, it isn't unreasonable that it charged Mrs M for those services. It follows that I do not require SJP to refund those fees or provide any other compensation for those reviews.

SJP's offer of redress includes the reviews in 2022 and 2023 that Mrs M was offered but declined, in addition to the review which didn't take place in 2017.

I understand from SJP's explanation of its offer that it has offered a refund based on as if the whole portfolio was charged at 0.5%, rather than just the further investments. In effect making a much more favourable offer to Mrs M than had it just refunded the fees actually charged. While I've not seen the detailed breakdown of how it reached its offer, nor have I been able to replicate its calculations using the wealth reports provided, I'm intending to say I'm satisfied its offer is fair and reasonable in the circumstances.

I say this because SJP's offer includes the reviews for 2022 and 2023, which Mrs M herself declined, when in my view it was fair to charge for those reviews, despite the fact they did not occur.

I say this because whether it is fair for SJP to charge for a review does not depend solely on whether the review occurred. I must take into account here that SJP offered the review to Mrs M and that it was ready, willing and able to provide that review. I've seen the evidence of the reviews clearly being offered to Mrs M in both January 2022 and June 2023, and I'm satisfied SJP would've been able to carry these out, given it had done so in the four years previous as explained above.

The internal notes provided by SJP show for 2022 it tried to contact Mrs M by phone on two occasions, speaking with her on one. The 'purpose of the call' was recorded as being to 'Book meeting' and the further details show this call was to arrange a review of Mrs M's investments. The conversation was summarised by SJP as:

“Called [Mrs M] to arrange a review with [adviser] but she declined as she does not feel it necessary at the moment, I informed her that I will schedule her next review for this time next year and we will be in contact then and in the mean time we will send out a Letter for her records detailing what we discussed on our phone call.”

SJP wrote to Mrs M afterwards on 19 January 2022 to say:

“You spoke with [E] a few days ago and confirmed that you are happy with your performance & investment strategy and confirmed that this still suits your goals and objectives. Therefore you did not feel it necessary to have a review meeting.

I will schedule to arrange your next review in a years’ time. If in the meantime you come across any issues and want a catch up with myself please do not hesitate to contact me.”

In 2023, a meeting had been scheduled for 7 June 2023 with the description of ‘Annual Review 2023’. A note was attached to this meeting around the cancellation which said:

“Client cancelled, had [made] complaint to SJP and wishes to move to another Practice/Adviser.”

I’m satisfied that in both instances SJP has demonstrated that it was willing and able to provide the reviews. In 2022 it proactively called Mrs M to try and make those arrangements and in 2023 a meeting was in place, albeit later than it ought to have been. The notes for both those years show that Mrs M had awareness those communications were about her review and that she consciously chose to cancel those reviews.

Given the above, I intend to say that I think it is fair and reasonable for SJP to charge the OAC for both those years, particularly as it was a service Mrs M appears to have valued and used, given she hadn’t previously declined a review and had made use of the ongoing advice service regularly in previous years.

At the point where Mrs M had cancelled two consecutive reviews and indicated her intention to transfer her business elsewhere, SJP ought to have considered whether the ongoing advice service was right for her. However, prior to the 2024 review being charged, the service was cancelled and so I don’t need to consider that aspect further.

In summary then I’ve only seen that SJP unfairly charged for the review in 2017. Whereas the offer SJP made relates to 2017, 2022 and 2023 and so exceeds what provisionally I intend to say I would have been minded to award.

Mrs M’s position is that deductions made for those charges aren’t put right only by refunding them. In her view had the charges remained invested then it’s possible she would’ve earned more than the refund of the charge with interest. I queried with SJP how the offered amount had it remained in the portfolio would’ve performed and it wasn’t able to provide that information without appointing actuaries to calculate that for it.

SJP has offered to reimburse the OACs in relation to three reviews as opposed to the OACs in relation to just the one I found did not occur in 2017. It has also seemingly based its offer on the entire portfolio rather than the further investment that the OACs would’ve been incurred on. I’m satisfied then the offer SJP has made is more favourable than the value of the fees actually charged plus the returns on those had they been left in Mrs M’s portfolio.

I've also not seen that Mrs M has been caused distress or inconvenience which requires me to increase the £250 SJP has already awarded. I intend then to say the amount it has offered fairly reflects the frustration and concern SJP has caused by missing the 2017 review.

It follows then provisionally I'm satisfied the offer it has already made is fair and reasonable in the circumstances.

#### Impact on the suitability of investments

I've also considered the points Mrs M has raised around the likely impact on investment performance had the advice been given in the reviews which didn't take place. Having done so I'm not persuaded it's likely that Mrs M would've been in a different position to the one she is in now.

The evidence available shows the only changes to Mrs M's investments since she started paying for ongoing advice was top-ups to her ISA in 2016 and 2018 – the years before and after the missed 2017 review. I've considered then whether such action would've likely happened, or a different investment course be recommended, in 2017 had that review taken place when it should've.

On balance I'm not persuaded she would've invested further or differently. I say this because the available fact-finds from 2016 and 2018 advice show Mrs M had a tendency to keep a large cash surplus rather than fully utilising her ISA allowance. When she did top-up her ISA it was because she had received proceeds from an inheritance and was looking to invest that specific portion of her wealth. I've also taken into account that Mrs M hadn't invested further, whether new or existing cash, or made any other changes to her investments in the reviews that did go ahead in later years.

It follows then I intend to say I'm not persuaded it's likely she would've invested further had SJP advised her in 2017 as it should've.

As far as the 2022 and 2023 reviews, given she cancelled those I can't reasonably say that SJP can be responsible for any advice that didn't take place."

Mrs M responded to say she accepted the outcome in my provisional decision and didn't provide any further comment. SJP didn't respond.

#### **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, and as Mrs M accepted them, I've seen no reason to depart from the conclusions I reached in my provisional decision.

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

#### **My final decision**

My final decision then is that the offer St. James's Place Wealth Management Plc has already made is fair and reasonable in the circumstances. And I direct St. James's Place Wealth Management Plc to pay Mrs M £2,035.41 as already offered, as well as any further interest that may be due within that amount by bringing the offer up to date to the date of my

final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 17 June 2025.

Ken Roberts  
**Ombudsman**