

The complaint

Mr B has raised a number of complaints about his dealings with St. James's Place Wealth Management Plc ('SJP'). He says it has not treated fairly as a vulnerable consumer and believes he was targeted at a vulnerable time. He says the performance of his investments has not been what he was led to expect. He also says he believes the advice he received to invest in an investment bond and make contributions to a personal pension instead of his employer scheme was unsuitable. Mr B has further complained about the poor service he has received, including not having any annual reviews since 2018, SJP's failure to follow due process, and pressured selling. Mr B has asked for compensation of £200,000.

What happened

The following is a summary of the key events and background leading up to this complaint.

In January 2016, Mr B first met with SJP having responded to a mailing towards the end of 2015 offering its services. SJP completed a fact-find document to record Mr B's personal details, circumstances and objectives, and attitude to risk. The following key details recorded here are as follows:

- Mr B was 49, recently widowed, in good health and had two dependent children.
- He was working full-time and his income exceeded his expenditure providing a surplus income each month.
- He owned his own home, which was mortgaged on a part repayment, part interest-only basis.
- He had around £400,000 in cash (the proceeds of his late wife's life assurance pay out) including an emergency fund of £15,000.
- He had a deferred defined benefit pension with his employer and a current defined contribution scheme, which both he and his employer were contributing to – a total of 18% of his salary. It was noted Mr B would also receive a full state pension and he was on track to meet his target income. Mr B's expected retirement age was 60.
- His attitude to risk for investing was medium and it was agreed that a 50% medium and 50% upper medium risk approach was appropriate.
- Mr B's objectives included considering buying a property to do up, starting a business, building funds to pay off his mortgage, using his ISA allowance, and funding his children's higher education.

The fact-find also recorded that its 'Special Care' process applied because of Mr B's wife's recent death. But 'No' was recorded against whether Mr B wanted a third-party present at the meeting noting:

'He felt ok – his wife's passing was not sudden and he said "life goes on".'

On 15 February 2016, SJP recommended Mr B invest just over £15,000 into a stocks and shares ISA in a managed funds portfolio, which it deemed was suitable for a medium risk investor. The letter said that Key Investor Information Documents and illustrations had been provided during the meeting a few days prior. The letter also confirmed that an ongoing advice service would be provided – the illustration showed the fee for this was 0.5% a year.

Following a further discussion in March 2016, in a letter of 15 March 2016, SJP recommended Mr B contribute just over £28,000 to a personal pension and invest in the same managed fund as per his ISA. The letter said Mr B's objective was to generate tax-efficient growth before his retirement at age 60 to supplement his workplace scheme and widow's pensions. It said the contribution would likely enable Mr B to secure funding for his children's further education by reducing his income below the necessary threshold. It went on to explain that SJP had considered Mr B contributing to his employer's scheme, but it was discounted because he wanted a more closely managed approach and additional diversity. Also, any additional voluntary contributions would not be matched by his employer. As per the ISA recommendation letter, it said the necessary product documentation had been provided at their recent meeting.

Mr B met with SJP again in August 2016, and in a letter of 26 August 2016, SJP recommended Mr B invest £200,000 in an investment bond invested (100%) in the same managed fund, and £50,000 in a unit trust feeder account invested in the managed fund and its adventurous portfolio with a 75/25% split, respectively. SJP said this met a medium and upper medium approach to investing. The letter noted the following objectives for the money:

- Maximise potential for capital growth over the medium to long term and to take advantage of SJP's approach to investment management.
- Benefit from face-to-face advice and regular reviews.
- An investment bond provided the ability to be written in trust in the future and so be out of Mr B's estate for inheritance tax purposes.
- Maximise the value of his assets for the benefit of his chosen beneficiaries.
- Make provision for future ISA funding.

The letter explained that consideration had been given to repayment of Mr B's mortgage instead of investing, but this was discounted because the mortgage was benefitting from a low fixed rate with early redemption penalties. And Mr B was likely to downsize in the near future facilitating repayment of the mortgage in full or a considerable reduction. Similarly, the letter said consideration had been given to investing in Mr B's pension. But this was discounted because recent contributions had been made and other provision was in place. Also, it said Mr B might want – describing it as a slight possibility – to access the monies to help his children, so he wanted to retain control.

Mr B met with SJP again in January and March 2019. The notes recorded in the fact-find show that the most notable update was that Mr B was 'in redundancy mix...' and that he wanted to go, but it wasn't guaranteed it would be offered.

Later that month in a letter dated 30 March 2019, SJP recommended Mr B make a lump sum contribution of just over £30,000 to his personal pension. It said the recommendation reasons remained the same as per its original recommendation in 2016 (enclosed). It said Mr B had sufficient emergency funds available and neither his attitude to risk nor fund choice had changed. It said the necessary product information had again been provided.

Meetings were conducted in August and October 2020 in which consideration was given to transfer Mr B's defined benefits pension scheme to his SJP personal pension. But in December 2020, SJP recommended he retain his benefits due to the uncertainty around Covid and Mr B's resulting employment position.

In March 2022, SJP recommended Mr B make a further pension contribution of just over £3,700 into his personal pension. In a letter of 24 March 2022, it said the recommendation met Mr B's objectives to invest for his retirement, have access to ongoing advice and to

utilise the SJP investment approach. It said while Mr B did not want to fund for a specific target income, his preference was to fund contributions he considered were affordable. It said together with his other arrangements his level of contributions was likely to be enough to meet his retirement needs.

In April 2023, SJP carried out a review of Mr B's existing arrangements and in a letter of 28 April 2023, it concluded they remained suitable based on his goals and objectives as well as his attitude to risk, and that no fund switches were necessary following an analysis of the overall portfolio.

In May 2023, following receipt of SJP's review letter, Mr B emailed his SJP adviser saying he was disappointed with the note summarising the review because he said it didn't accurately reflect the discussion. In summary he said he was not satisfied with the performance of his investments, which had led him to examine things more closely. And he said he was expecting follow up action and an explanation about fund performance including performance against benchmarks, access to fund performance data and an explanation about fund costs.

Following an exchange of emails, SJP replied in July 2023 with what it said were answers to Mr B's questions. But in February 2024, Mr B formally complained to SJP. He said his dissatisfaction with the level of service and inaction had led him to move his investments elsewhere (he retained part of his pension due to early redemption charges.) He said his complaint was wide ranging covering the following:

- Vulnerable consumer – he believed he was targeted by SJP at a vulnerable time and that it didn't follow appropriate procedures when dealing with him.
- Suitable advice – he questioned the suitability of the advice to invest in an investment bond and unit trust over maximising future contributions to his ISA and pension. And he questioned the advice to contribute to his pension in 2019 given his pending redundancy and believes it should have been directed to his workplace scheme instead.
- Failure of due process – he didn't receive the illustrations and other product documentation and asked why the fees weren't disclosed in the adviser letters.
- Mis-selling – he questioned the performance of his investment and believes they were mis-sold because they haven't performed as he was led to expect.
- Poor service – he explained why he didn't think he'd received an appropriate level of service when he raised his questions and queries following the annual review in April 2023. And asked why he hadn't received any reviews between 2018 and 2022.
- Pressure selling – he said he felt pressured to sign the paperwork for the pension transfer in October 2020 despite not having all his outstanding questions answered.

Mr B asked for all of his questions to be answered and £200,000 to cover his other complaint points, and missed investment growth because of the poor advice.

Because SJP didn't provide Mr B with an answer to his complaint in the allotted time, he referred the matter to us.

One of our investigators looked at things and they upheld the complaint, in part. Ultimately, they concluded the following:

- There was no evidence to show that SJP has acted unfairly to Mr B as a vulnerable consumer or that it had placed undue pressure on him at any time during their interactions.
- Poor performance was not a reason of itself to uphold a complaint.
- The advice Mr B received to invest in an investment bond and unit trust feeder

account was suitable – it met Mr B's objectives and the recommended funds were in line with his attitude to risk. The products complimented his existing ISA providing the potential for growth over the medium term using a different product.

- SJP had considered repayment of Mr B's mortgage and contributing to his pension instead, but the reasons they were discounted were reasonable in the circumstances.
- There was not enough evidence to show that annual reviews were conducted in 2018 and 2021, so they recommended these should be refunded accounting for lost growth.

SJP ultimately agreed with the investigator's assessment and agreed to refund the 2018 and 2021 ongoing advice fees.

It also provided answer to some questions Mr B raised in response to the investigator's assessment. It said ongoing advice fees were charged on Mr B's investments until their respective dates of closure. For Mr B's pension plan, this was still in force. Mr B requested the ongoing advice fee cease for this on 2 February 2024, which was actioned on 28 February 2024. In relation to Mr B's query about the discrepancy in the number of units held in his investment bond, it said that Mr B made a partial withdrawal in July 2023. And on the anniversary of the plan in August 2023, a small number of units were cancelled to the value of £47.56 to pay the 'Bond Charge' which was a result of the partial withdrawal. And it referred to the relevant section in the terms and conditions, a copy of which it provided.

While Mr B agreed with the conclusion reached about the refund of the 2018 and 2021 ongoing advice charges, he disagreed with the investigator's findings on each of the other points he raised under the six key headings I referred to above.

Because the investigator wasn't persuaded to change their opinion, the matter was passed to me to decide.

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.

I've taken into account relevant law and regulations, regulatory rules, guidance and standards, codes of practice, and (where appropriate) what I consider to have been good industry practice at the relevant time. And where the evidence is incomplete or inconclusive I've reached my decision based on the balance of probabilities – in other words, on what I think is more likely than not to have happened, given the available evidence and wider circumstances.

The applicable rules, regulations and requirements

As a regulated firm, SJP had many rules and principles that they needed to adhere to when providing advice to Mr B.

And these can be found in the Financial Conduct Authority (FCA) handbook under the Conduct of Business Sourcebook (COBS) and Principles for Businesses (PRIN) as they were at the time of the advice.

In relation to the Ongoing Advice Charge (OAC) aspect of Mr B's complaint, the following is most relevant here:

COBS 6.1A.22: A firm must not use an adviser charge which is structured to be payable by the retail client over a period of time unless (1) or (2) applies:

- (1) the adviser charge is in respect of an ongoing service for the provision of personal recommendations or related services and:
 - (a) the firm has disclosed that service along with the adviser charge; and
 - (b) the retail client is provided with a right to cancel the ongoing service, which must be reasonable in all the circumstances, without penalty and without requiring the retail client to give any reason; or
- (2) the adviser charge relates to a retail investment product for which an instruction from the retail client for regular payments is in place and the firm has disclosed that no ongoing personal recommendations or service will be provided.

In 2014, the FCA produced guidance in the form of a factsheet (For investment advisers - Setting out what we require from advisers on how they charge their clients). The factsheet said:

'Ongoing adviser charges

Ongoing charges should only be levied where a consumer is paying for ongoing service, such as a performance review of their investments, or where the product is a regular payment one. If you are providing an ongoing service, you should clearly confirm the details of the ongoing service, any associated charges and how the client can cancel it. This can be written or orally disclosed. You must ensure you have robust systems and controls in place to make sure your clients receive the ongoing service you have committed to.'

While the factsheet wasn't published until late 2014, it didn't mark a change to the rules firms like SJP were already expected to follow. In my view, it re-enforced or reminded firms of the standards already in place when providing on-going advice services.

COBS 9A.3.9 (from 3 January 2018 arising from MiFID II): For some products, investment firms providing a periodic suitability assessment shall review, in order to enhance the service, the suitability of the recommendations given at least annually.

Having considered all of this and the evidence in this case, I've decided to uphold the complaint, in part, for largely the same reasons given by the investigator. My reasons are set out below.

Mr B has raised a number of complaint points. I've addressed below what I consider are the key points of Mr B's complaint and for ease I have used appropriate headings to address those points.

Vulnerability – failure to treat fairly

Mr B says that he believes SJP targeted him at a vulnerable time and exploited his vulnerability.

He's also suggested SJP's mailing to him at his home address might have been the result of a data breach and believes he was targeted by SJP following his late wife's life assurance payout.

I understand that Mr B's interaction with SJP came about when he received and accepted an

invitation from SJP sent to his home address offering its financial services. I've seen no evidence to indicate or suggest SJP obtained Mr B's details unfairly or unreasonably. If Mr B has evidence or concerns that another organisation has not handled his personal data and/or shared it without his consent, then in the first instance he should complain to that organisation direct. Mr B might want to look at the Information Commissioner's Office <https://ico.org.uk/> for more information.

Mr B has also expressed concerns about how SJP dealt with him as a vulnerable consumer. But looking at the fact-find document it completed in January 2016, I can see that SJP identified Mr B was potentially vulnerable because of the recent death of his wife and it noted this recording that its 'Special Care' process applied. The fact-find records that Mr B was asked if he wanted a third-party present at the meeting, but he declined recording his response.

Recognising Mr B's potential vulnerability and offering the opportunity to have someone join him at the meeting is typically what I would expect to see in these circumstances. SJP could not force Mr B to have someone present and it appears Mr B was happy to deal with matters on his own. So, I think SJP acted fairly and reasonably here.

Mis-selling due to poor performance and the suitability of the advice

Mr B has complained about the performance of his investments and says they were mis-sold for this reason. He says SJP referred to selecting the best fund managers from around the world and created an expectation that the returns would be market leading when they were not.

A complaint purely about investment performance is not one I would typically uphold. So, if Mr B understood the risk he was taking but he thinks his investments should have produced a better return than they have, this alone is not grounds for me to uphold his complaint. But, if Mr B did not understand the risks involved, or his investments weren't in line with his objectives and/or the level of risk he was prepared to take, then this speaks to the overall suitability of his investments, which is what I have considered.

SJP recorded Mr B's personal details, circumstances and objectives as well as his attitude to risk in a fact-find document of January 2016 (updated following the subsequent meetings) the key details of which I set out earlier on. This is the type of information and level of detail I would expect a firm like SJP to have captured so it could assess and demonstrate the advice given was appropriate for their client's needs.

Mr B's primary objective for investing was for capital growth, which appears reasonable in the circumstances. It was recorded that Mr B had sufficient income and I haven't seen anything to indicate that an upcoming significant life event would cause a change in his circumstances and objectives in the near future or that an investment term of at least five years was therefore unreasonable. I can see Mr B had an outstanding mortgage, but it was recorded that with a relatively low interest rate, Mr B preferred to invest the money rather than use it now towards repayment of his mortgage (I note the suitability report of February 2016 referred to building a pot of money which Mr B could use to repay this at a later date.) I think this was reasonable in the circumstances too.

Turning to Mr B's attitude to risk – it was recorded that he was a 'Medium' risk investor (Mr B positioned himself towards the upper end of 'Medium'.) I haven't been provided with the 'Understanding the balance between risk and reward' document referred to in the suitability report with the risk categories and descriptions, which it was recorded formed part of the

adviser's discussion with Mr B in assessing his risk appetite. But I don't think this matters. It was noted that Mr B had previously owned individual shares, so he had some prior investment experience. And given the source of the funds for the investments and that Mr B had a more than sufficient emergency cash fund, I think he had a reasonable capacity for loss and that even a substantial fall in the value of his investments would not affect his income – he wasn't reliant on this to meet his income needs – or his day-to-day living needs.

So, overall, I think SJP's assessment of Mr B as a 'Medium' risk investor was reasonable in the circumstances.

Looking at the recommended investment funds – SJP advised Mr B to invest his funds, in the main, in a Managed Funds Portfolio. Based on the underlying sector and asset make-up of this portfolio documented in the suitability report, it appears the pure equity content of the investment fund was between 70-80%. So, in light of this I think the investment recommendation was in line with the level of risk Mr B was prepared to take and so was suitable. I can see that 25% of the £50,000 invested in the unit trust feeder account was in an Adventurous Portfolio. And while itself was of greater risk given the increased equity content (greater than 80%), because Mr B had identified himself towards the upper end of 'Medium' risk, and because the majority of Mr B's monies were in the Managed Portfolio, overall, I don't think SJP's recommendation for Mr B to invest a portion of his funds in the Adventurous Portfolio was unsuitable in the circumstances.

Turning to the investment products themselves – Mr B hasn't complained about the ISA investment recommendation. Mr B's complaint centres on why SJP recommended that he invest in an investment bond and not recommend he direct the monies towards maximising both his future pension and ISA contributions instead. He believes the advice was not the best advice.

I think it's important to point out that my role is not to decide what the *best* or most perfect advice would have been for Mr B, or any consumer for that fact. My role is to look at the advice and the recommendations made and decide whether, based on the information provided, what was recommended was in line with the consumer's needs and objectives at the time taking account of their personal and financial circumstances.

And in Mr B's case, I think the recommendation to invest in the investment bond was suitable in the circumstances. I think the bond complimented Mr B's existing ISA and unit trust feeder account (this made provision for future ISA allowance contributions) and was a tax-efficient way through which Mr B could make a significant single premium contribution to a collective fund / unit trust-based investment. Mr B could make annual withdrawals of up to 5% of the amount invested, for a total of 20 years, without incurring any additional tax. And depending on the amount withdrawn and Mr B's future tax status, if he used the product to supplement his pension income, he might not have to pay any additional tax (tax at the basic rate is already deducted.) And crucially, the investment allowed Mr B to retain control over the money – it was recorded that a possibility existed that he might want to use the money to help his children in the future. Mr B would not have that control and flexibility investing via his pension.

Mr B has also questioned the advice he received from SJP to top up his personal pension in March 2019 and again in 2022 – he believes he should have been advised to contribute to his workplace scheme on both occasions because his circumstances had changed, and the advice given in 2016 to contribute to a personal pension was no longer suitable. I can see Mr B has specifically referred to his impending redundancy in 2019 and because of this, how his defined contribution provisioning would no longer cover his tax-free cash lump sum (his employer had said that Mr B could use his defined contribution scheme to take his

full tax-free cash lump sum at retirement meaning he could take his full pension from his defined benefit scheme.)

Firstly, the advice generally for Mr B to contribute to a pension in 2019 and 2022 was in my view suitable – it appears to have been affordable each time, it was a tax-efficient method of savings towards his retirement, Mr B had several years until he intended to retire to allow for the potential for investment growth, and his attitude to risk remained the same. So, as I've already said above, the Managed Fund Portfolio recommendation was suitable. I can also see it was recorded that Mr B was keen to reduce his income to secure student grant funding for his children's further education.

Looking at the March 2019 pension top-up recommendation, I can see the adviser said the reasons for the recommendation were the same as in 2016 – Mr B wanted additional diversity and a closer managed approach to his funds utilising the SJP investment management approach. It's also clear that the cost differential between investing via Mr B's workplace scheme and the personal pension had been taken into account and it was deemed there was a greater potential for growth via the personal pension, so outweighing the extra cost. The fact Mr B's employer would not match his additional voluntary contributions was also noted. I'm mindful too that, given Mr B's circumstances the fact-find recorded that his children were now his focus. And Mr B could and did nominate his children as beneficiaries ensuring they would benefit from his pension upon his death. This would typically not be guaranteed with an employer scheme because the decision about who benefits ultimately rests with the scheme trustees. All of these reasons are in my view, reasonable.

But I can also see the adviser made reference in their recommendation letter to Mr B's employment status and the alternative planning options available to him as a result. So, I think SJP had also likely considered Mr B's pending redundancy in its advice. I think by directing Mr B's contribution to his personal pension at this time, it provided him with greater flexibility – for example if Mr B was unable to find alternative employment or his earned income didn't fully meet his needs, he could, if he needed to, access his personal pension at 55 to help meet his needs. According to what SJP recorded in the fact-find, Mr B's employer scheme's normal retirement age was 60, and I think it's likely he'd have to take both elements of his pension benefits (his defined contribution and defined benefits schemes) at the same time. And early access to his DB scheme benefits would likely result in an actuarial reduction and so a reduced level of benefit.

So, taking all of this into account, I'm not persuaded the advice to contribute to Mr B's personal pension in 2019 and invest in the Managed Portfolio was unsuitable in his particular circumstances at the time.

Similarly, I think the top up advice for a contribution of £3,750 to Mr B's personal pension in 2022 was suitable. Again, the recommendation referred to considering contributing to Mr B's employer scheme, but for the same key reasons noted above (Mr B wanted access to both ongoing advice / monitoring and SJP's investment management approach, and the potential for greater growth to outweigh the additional cost – 1.63% outperformance was required each year) this was discounted in favour of the personal pension. Again, I think the reasons for the recommendation were reasonable and so it was suitable in the circumstances.

In conclusion, I understand that Mr B is disappointed with the performance of his investments. The nature of investing means returns aren't guaranteed. And I think Mr B understands that.

But unlike Mr B, I think the disappointing performance he has described was down to market conditions at the time, and in particular the influence certain geopolitical events had on

investment markets at this time, and not because SJP acted wrongly or unfairly and unreasonably. I'm satisfied Mr B's investments were suitable for him, so I don't think SJP has done anything wrong here.

Failure to follow due process

Mr B has said that he didn't receive relevant paperwork at the time, including illustrations and cost information. But looking at the recommendation letters for the various investments Mr B made over the relevant periods, they all make clear reference to Mr B being provided with illustrations during the meetings. And SJP has provided us with copies of these. These clearly set out the cost information. The recommendation letters also refer to the various other necessary product documentation Mr B was left with at the meetings, including Key Investor Information Documents.

So, I think Mr B did receive the necessary product information and documents at the times in question – I don't think SJP has done anything wrong here.

Pressured selling tactics

Mr B has referred to what he's described as pressured selling techniques – specifically in relation to his dealings with SJP during 2020 and the consideration to transfer his DB occupational pension scheme benefits to his personal pension. Mr B has said he was pressured into signing the paperwork for the transfer before his outstanding questions had been answered.

Not only have I seen no evidence to support SJP exerting undue pressure here, importantly, in December 2020, SJP advised Mr B not to transfer his DB scheme benefits because of a change in circumstances. So, the transfer did not go ahead. For this reason, I consider it's unnecessary to consider this point any further.

Ongoing Advice Charge – OAC

Mr B agreed to SJP's ongoing advice service and was charged an OAC of 0.5% a year. SJP has agreed with the investigator's conclusion that there is not enough evidence to show it provided Mr B with an annual review in 2018 and 2021. And it has agreed to refund the OACs for these periods. I agree with the conclusions reached here. And importantly Mr B accepts this part of his complaint. So, there's nothing further to consider here. I will set out what SJP needs to do to put things right below.

Poor service

Mr B has expressed his dissatisfaction with the level of service he's received from SJP, including what he said was a lack of answers to the questions he asked of his adviser following his review meeting in 2023, and SJP's failure to provide him with a final response to his formal complaint. He also says he hasn't received a satisfactory response to his query about the small discrepancy in the number of held/sold units relating to his investment bond.

I make the following brief comments.

Once Mr B referred his complaint to us, which he was entitled to do because SJP hadn't provided him with a final response in the allotted time, it was no longer necessary for SJP to

issue a response. It was for us to consider the matter and provide Mr B with an answer to his complaint, which we have done.

While Mr B is disappointed with the responses he received from his adviser in 2023 following his request for answers to some questions and for information about the performance of his investments, I think SJP made a reasonable attempt to give Mr B what he was asking for.

SJP has provided Mr B with what I consider is a fair and reasonable answer to his query about the number of units held and sold in his investment bond.

So, SJP doesn't need to do anything more here.

Putting things right

Mr B did not receive the ongoing advice service he paid for in 2018 and 2021, so I think it is fair that he receives a refund of the fees he paid plus a return on the fee amounts.

What must SJP do?

To compensate Mr B fairly, SJP must:

- Refund the OACs Mr B paid in 2018 and 2021, plus a return on the fee amounts from the date the fees were paid to the date of my final decision.
- The lost return on the fee amounts should be calculated using the exact investment strategy of Mr B's investments on the assumption the fee amounts would have remained invested.
- For Mr B's investment accounts, the lost return should be calculated until the end date of the investments. SJP should then add 8% simple interest per year on the calculated loss (the refund plus the lost return) to the date of my final decision.
- For Mr B's pension, the lost return should be calculated until the date of my final decision because I understand Mr B has retained part of his pension with SJP¹.
- SJP should also add any interest set out below to the compensation payable.
- SJP should pay the compensation payable for Mr B's investment accounts direct to him because he has since transferred his investments away.
- SJP should pay the compensation due for Mr B's pension into his pension plan to increase its value by the amount of the compensation and any interest if possible. The payment should allow for the effect of charges and any available tax relief. The compensation shouldn't be paid into the pension plan if it would conflict with any existing protection or allowance.
- If a payment into the pension isn't possible or has protection or allowance implications, it should be paid directly to Mr B as a lump sum after making a notional reduction to allow for future income tax that would otherwise have been paid.

This is an adjustment to ensure the compensation is a fair amount - it isn't a payment of tax to HMRC, so Mr B won't be able to reclaim any of the reduction after

¹ If Mr B has since transferred the remaining part of his pension, SJP could calculate the lost return in line with that of the investment accounts.

compensation is paid.

- If Mr B has remaining tax-free cash entitlement, 25% of the loss would be tax-free and 75% would have been taxed according to his likely income tax rate in retirement – presumed to be 20%. So, making a notional reduction of 15% overall from the loss adequately reflects this.
- SJP should pay additional interest of 8% simple per year from the date of my final decision to the date of settlement, *if* it does not settle the above within 28 days of it receiving Mr B's acceptance.

Income tax may be payable on any interest paid. If SJP deducts income tax from the interest, it should tell Mr B how much has been taken off. SJP should give Mr B a tax deduction certificate in respect of interest if he asks for one, so he can reclaim the tax on interest from HM Revenue & Customs if appropriate.

My final decision

For the reasons above, I've decided to uphold this complaint, in part, and I instruct St. James's Place Wealth Management Plc to put things right in line with the approach above

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 July 2025.

Paul Featherstone
Ombudsman