

## **The complaint**

Mrs P complained to St. James's Place Wealth Management Plc (SJP) about the unreasonableness of the fees and charges on her pension, and the frequency and quality of the advice associated with them. She also complained about the mismanagement of her funds resulting in a disappointing return.

## **What happened**

Mrs P's complaint was considered by one of our investigators. He sent his assessment of it to both parties on 26 July 2022. The background and circumstances to the complaint were set out in that assessment, so I won't repeat them all again here. But to recap, Mrs P opened a Retirement Plan with SJP in 2016 to make a lump sum pension contribution.

Mrs P was given a 'Key Facts about our services and costs' document which set out the charges SJP made for its advice. For lump sum investments the cost of initial advice and SJP services was 4.5% of the amount invested. For ongoing advice to review investments and to ensure they remained appropriate, the cost each year was 0.5% of the total investment (or 0.25% for pre-retirement pension advice). The costs of the initial and ongoing advice were paid out of the investment, and Mrs P could cancel the ongoing advice and the charges if she no longer wished to receive that service.

SJP also provided Mrs P with a personal illustration. This showed Mrs P was making an employer contribution of £10,000. It showed the ongoing advice fee was £25 (0.25%). The product charges were 1.5%.

The illustration showed the effect of charges on the investment over its proposed term to age 65. The figures showed the effect of just product charges, and also the effect including advice charges. It showed based on the FCA mid-rate growth assumption of 2.5%, the product charges could reduce growth from 2.5% to 1.2%, a reduction in growth of 1.3%. And including advice charges would reduce growth from 2.5% to 0.7%, a reduction in growth of 1.8%.

The personal illustration also set out that the total of these charges was equivalent to an Annual Management Charge (AMC) of 1.25%, and there was an early withdrawal charge of 6% of each contribution if made in the first year, reducing to nil after six years. The personal illustration also set out the fund charges for the funds recommended.

Mrs P made further lump sum contributions to her Retirement Plan of £2,000 on 8 March 2017 and £80,000 on 28 March 2019. In January 2024 Mrs P switched her pension from SJP to another pension provider.

Ms P complained to SJP and referred her complaint to us.

Our investigator said he thought Mrs P had been informed about the charges as set out in the 'Keyfacts about our services and costs document' and personalised illustration. He thought SJP had been transparent about its fees.

The investigator noted that the earlier Retirement Account investment tranches had an

ongoing advice charge of 0.25%, however this had increased to 0.50% in 2019. He said this was noted in the illustrations and in the terms and conditions of the Retirement Account in place at the time of each recommendation.

The investigator didn't think that SJP had mismanaged Mrs P's funds. He said they had been invested in an appropriate fund and in line with her medium attitude to investment risk. He said he appreciated Mrs P may have had high expectations regarding performance through the SJP approach to investment management, however he said this didn't guarantee that SJP would always outperform its peers.

However the investigator went on to say that he'd considered what had been agreed at outset regarding the ongoing service that SJP would provide. He said from reading the client registration form, suitability letters, illustrations and terms of business document, he could see that in return for the ongoing advice charge SJP would provide ongoing reviews and advice about Mrs P's investments to ensure they remained appropriate. He noted SJP had said:

*"A key element of financial planning is conducting regular reviews of your financial arrangements to ensure the course of action taken today remains appropriate to your personal circumstances in the future as it is likely your objectives and circumstances will change over time. As part of my ongoing service I will provide ongoing regular reviews and face to face meetings."*

The investigator said SJP had agreed to provide at least one annual review of Mrs P's existing products, access to an adviser, and statements each year (with commentary on the market movements from 2018). He said as the ongoing advice charge was paid from the start of Mrs P's investment, and the first review was around a year after the initial advice, he concluded that the ongoing advice charge paid for each review in advance of it happening. The investigator said reviews would have been at around 12-month intervals – so close to the anniversary of the plan. And as the ongoing advice charge was taken monthly from the investment, he thought it fair that the 12 fees paid prior to a review were attributed to payment for that review.

Ultimately, the investigator didn't think there was sufficient evidence to conclude that Mrs P had benefitted from an ongoing advice review in 2021 or thereafter, and he thought SJP should refund its fees from November 2020 (its last review for Mrs P) up until February 2023.

The investigator also noted that there was a period of 21 months between the review meetings on 31 January 2019 and 17 November 2020. He said using the principle that that the 12 monthly fees paid prior to a review were attributed to payment for that review, he thought an additional nine fees had been paid in the intervening period and that these should be refunded to Mrs P.

The investigator went on to set out what he thought SJP should do to calculate and pay fair compensation to Mrs P.

SJP didn't agree with all of the investigator's assessment of the complaint. It agreed that it should refund fees for the reviews in 2022 and 2023. However it thought it had provided a review in 2021, referring to a review meeting note dated 29 November 2021 which had Mrs P's name on it. It also said that as reviews had taken place in calendar years 2019 and 2020, it didn't think it was appropriate to refund fees for the nine-month period suggested by the investigator.

The investigator said the handwritten review meeting note dated 29 November 2021

provided by SJP didn't include reference to Mrs P in the body of the form, and the corresponding annual review note on SJP's diary system recorded Mr P as the only participant. So he didn't agree the evidence suggested Mrs P received a review in 2021. And although he accepted reviews had taken place in each of the calendar years 2019 and 2020, he said there was a period of 21 months between the review meetings. And so given the principle that that the 12 fees paid prior to a review were attributed to payment for that review, he thought nine fees paid during this period were surplus and should be refunded

Mrs P accepted the investigator's findings.

### **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've come to the same conclusions as the investigator, and largely for the same reasons.

SJP agreed that it would be appropriate to refund the fees relating to the 2022 and 2023 reviews – or lack of them. But didn't agree with the investigator that it should refund the fees relating to the 2021 review, as it thought the evidence showed it had likely been provided.

The meeting note for November 2021 did have Mrs P's name on the head of it – along with Mr P's. However the form had boxes to complete showing the names of Client 1 and Client 2. Only the box for Client 1 was completed – with Mr P's name, not Mrs P - unlike other meeting notes for other years that recorded both names. The information in the body of the form didn't refer to Mrs P or suggest that her circumstances had been reviewed. And SJP's diary entry recorded Mr P as the only participant at the meeting – again unlike other diary entries that had both.

I accept that Mrs P's circumstances were linked with Mr P's, and so some of what was discussed with Mr P *may* have related to Mrs P. However Mr P was also paying a significant fee himself for ongoing advice. Like the investigator, I can't see the evidence suggests that there was any meaningful discussion/review of Mrs P's financial position. And the evidence suggests she wasn't present at the meeting. So on balance, like the investigator I think it's unlikely there was any meaningful review of Mrs P's circumstances, and I think it's reasonable for SJP to refund the fees relating to the November 2021 review in the particular circumstances of the case.

I accept that regular annual reviews might not fall at exactly the same time each year, and so year on year may be out of sync. However as the investigator said, the 2020 review was 21 months after the 2019 review. Given that I think it's reasonable to find that the previous 12 months' fees broadly pay for each annual review, I think it's reasonable to conclude that, with such a significant delay in the provision of the 2020 review, Mrs P was effectively overpaying for it. So like the investigator, in these particular circumstances I do think it's reasonable for SJP to refund those additional fees paid for the 2020 review.

### **Putting things right**

#### **fair compensation**

St. James's Place Wealth Management Plc should calculate the loss in value of Mrs P's Retirement Plan due to the deduction of the 12 months' worth of fees taken for each of the reviews in 2021, 2022; the fees then paid up until Mrs P transferred away from SJP given there appears to have been no further review(s) provided, plus the nine months' worth of

fees as described above.

This will mean calculating the fees and lost investment returns on those fees from the date the fees were deducted from the pension to the date of transfer. The total loss at the date of transfer should then be increased by a rate of return based on the benchmark FTSE UK Private Investors Income Total Return Index to the date of this decision. Interest at the rate of 8% simple per annum should then be added to the compensation payable from the date of this final decision to the date of settlement if settlement isn't arranged within 28 days of us notifying SJP of Mrs P's acceptance of this final decision.

SJP should pay such an amount into Mrs P's pension plan, to increase its value by the amount of the compensation and any interest. The payment should allow for the effect of charges and any available tax relief.

However SJP shouldn't pay the compensation into the pension plan if it would conflict with any existing protection or allowance. If SJP is unable to pay the compensation into Mrs P's pension plan, it should pay that amount direct to her. But had it been possible to pay into the plan, it would have provided a taxable income. Therefore the compensation should be reduced to notionally allow for any 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 Mrs P won't be able to reclaim any of the reduction after compensation is paid.

The notional allowance should be calculated using Mrs P's actual or expected marginal rate of tax at her selected retirement age. It's reasonable to assume that Mrs P is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. However, if Mrs P would have been able to take a tax-free lump sum, the reduction should be applied to 75% of the compensation, resulting in an overall reduction of 15%.

SJP should provide the details of the calculation to Mrs P in a clear, simple format.

### **My final decision**

My final decision is that I uphold Mrs P's complaint.

I order St. James's Place Wealth Management Plc to calculate and pay compensation to Mrs P as set out above under 'Putting things right'.

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

David Ashley  
**Ombudsman**