

The complaint

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

What happened

I sent my provisional decision on this complaint to Mr P and St. James's Place Wealth Management Plc on 26 June 2025. The background and circumstances to the complaint and the reasons for my provisional findings were set out in that decision. I've copied the relevant parts of it below, and it forms part of my final decision.

Copy of Provisional Decision

Mr 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, Mr P opened a Retirement Plan with SJP in 2016 to make a lump sum pension contribution.

Mr 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 Mr P could cancel the ongoing advice and the charges if he no longer wished to receive that service.

SJP also provided Mr P with a personal illustration. This showed Mr P was making an employer contribution of £80,000. It showed the ongoing advice fee was £200 (0.25%). The ongoing advice fee would increase as the investment grew. 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 1.4%, a reduction in growth of 1.1%. 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 there was an early withdrawal charge (EWC) of 6% of each contribution if made in the first year, reducing to nil after six years.

Mr P made further lump sum contributions to his Retirement Plan of £38,000 in March 2017, just over £43,000 was switched into the pension around March 2017, and further lump sum contributions made of £80,000 in March 2018 and £40,000 in March 2019.

In January 2024 Mr P switched his pension from SJP to another pension provider.

Mr P complained to SJP and referred his complaint to us.

Our investigator said he thought Mr 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 agreed with Mr P that SJP hadn't set out the charges in monetary terms for each year on its annual statements, however he said Mr P could have requested this information from SJP if he required it.

The investigator didn't think that SJP had mismanaged Mr P's funds. He said they had been invested in an appropriate manner, and in line with Mr P's medium attitude to investment risk. He said he appreciated Mr P may have had high expectations regarding performance through the SJP approach to investment management, but 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 Mr 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 Mr 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 Mr 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 thought the evidence suggested that SJP had carried out reviews as required for the majority of the years Mr P had been its client. However he didn't think there was sufficient evidence to conclude it was likely that the January 2022 review had taken place.

The investigator also noted that there was a period of 21 months between the review meetings in January 2019 and November 2020. He said using the principle 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 Mr P.

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

Mr P didn't agree with the investigator's assessment. He said, in summary, that SJP hadn't been properly transparent about its charges and should have disclosed them in its annual reports. He said an average investor shouldn't be expected to go back to original illustrations documents to calculate the impact of fees over time. He said if he had known about the true returns he would have moved his pension away from SJP earlier.

Mr P said SJP's T&Cs didn't specify that just having a call or meeting satisfied an 'investment advice' condition. He said the returns were hugely below average UK returns. And he said no strategy or advice about the investments was given - no changes to investments were ever made. Mr P said there was no proof of the adviser looking at other funds' performance or possible other investment options.

The investigator responded to Mr P to say he thought the service that had been provided was consistent with how it had been explained in SJP's brochure. The investigator said during some annual reviews, for example the one conducted in March 2018, no changes were made to Mr P's attitude to risk and fund selection from his initial meeting in 2016. In others, for example the one conducted in March 2019, a change in fund selection was agreed.

Mr P replied to say that the level of ongoing service that he wanted had never been discussed with him. And he said according to the T&Cs details of the charges should also have been discussed.

SJP also didn't agree with all of the investigator's assessment of the complaint. It said it thought the evidence suggested a review had been completed in January 2022. 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 responded to say that he wasn't satisfied that the review meeting SJP said took place on 20 January 2022 actually took place. He said SJP had provided a screenshot of an entry in its computerised diary system showing a meeting. However he said there were no meeting notes or records of what had been discussed. And he said the e-mail chain which showed discussions between Mr P and his SJP Partner between 10 January 2022 and 7 March 2022 made no reference to a meeting held on 20 January 2022. He also noted that a meeting had been held on 29 November 2021 - only two months earlier.

What I've provisionally 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.

Like the investigator, I think the evidence shows that reviews were completed for the years up to November 2021. 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, Mr P was effectively overpaying for it. So like the investigator, in these particular circumstances, I do think it's reasonable to take this into account and for SJP to refund the additional fees paid.

SJP considers there is evidence of a review in January 2022 – it's provided a screenshot of a diary entry for a review on 20 January 2022. However as the investigator said, there are no meeting notes or records for this meeting. I accept that isn't necessarily determinative.

However in this case there is e-mail correspondence between Mr P and the adviser starting from 12 January 2022. Mr P was asking the adviser a number of questions including about potentially accessing his pensions or investing in an ISA. And on 28 January 2022 the adviser e-mailed Mr P saying: "...It would be good to arrange a catch up and discuss how your plans are progressing, so we can utilise your ISA allowances and discuss pension access once more. Perhaps you could let me know when suits you both?"

I think if there had been a meeting on 20 January 2022 these issues would likely have been discussed then. And as the investigator said, there is no mention of such a meeting in the e-mail thread. So on balance, like the investigator, I don't think it likely took place.

However, given a review had been completed in November 2021, a review for 2022 wasn't due - in terms of Mr P paying 12 monthly fees for a review – until November 2022. And a review was provided in February 2023. Mr P subsequently transferred his funds to another provider in January 2024. We asked SJP what fees Mr P had paid from February 2023 until he transferred away, and what services it had provided. However it didn't provide clarification. I think in deciding on fair compensation it's reasonable to assume the February 2023 review was, effectively, the review due in November 2022. So I think if no further services were provided after February 2023 until Mr P transferred his funds away, SJP should refund the fees from December 2022 (assuming the February 2023 replaced the review due on November 2022) until he transferred to another provider.

Mr P has said his funds have performed poorly, and when compared to its peers. And he's concerned that there is no evidence that the adviser has actively analysed the performance of his pension or suggested other alternative strategies or alternative funds. Mr P has also said the charges he was paying weren't disclosed in the annual statements sent to him and if he'd been alerted to the effect of the charges he would have moved away from SJP earlier.

Like the investigator, I'm satisfied the charges were likely originally disclosed to Mr P during the advice process – including the EWC. However from what I have seen SJP didn't disclose the charges on an annual basis in the Wealth Account reports sent to Mr P. I don't know if other reports or statements were sent to Mr P setting out the annual charges as required by the FCA - SJP can confirm in responding to this provisional decision. However I don't think the position with Mr P saying he would have transferred away from SJP earlier if he'd known about them is as clear as Mr P claims.

In making his complaint Mr P has said "SJP has charged 5-7 times higher administration fees than market rates (1.3% — 1.4% compared to 0.2%-0.3% by peers) plus have charged external fund management fees around 0.4% - 0.5% which were also above market."

I'm not sure of the source of Mr P's information about charges. The information provided on file suggests that charges – overall and including the ongoing advice – were 1.8%. And I note that in the FCA paper published in December 2020 headed Evaluation of the impact of the Retail Distribution Review and the Financial Advice Market Review the FCA said

Taking into account both advice and portfolio charges, customers pay, on average, 1.9% in charges each year.

I accept that there are some providers who charge significantly less. However the above findings show, and which is in line with my experience, that there are others who charge more.

The evidence on file shows that Mr P took an active interest in the value of his pension over time and asked the SJP partner for information about both performance and charges. SJP e-mailed Mr P on 14 August 2020 saying:

“Further to your request for historic values and charges, please find the information below.I have attached a summary of charges for you and [Mrs P] separately.”

The partner provided analytics data to Mr P in January 2021 showing SJP returns with those from other pensions he held.

So even if SJP hadn't provided the charges in annual statements I think, like the investigator, they were disclosed at outset, and Mr P had been thinking about them again in 2020 and had information about them. So I don't think it follows its reasonable to conclude Mr P would have switched away from SJP earlier if the charges information had been included in annual reporting information, as if that had been the case he'd likely have done so in 2020. I also note that there were significant early withdrawal charges that would have had an impact on the value transferred within the first six years. Overall, I'm not persuaded Mr P would likely have moved away from SJP had it provided details of charges on an annual basis.

It's not a straightforward matter comparing the performance of different investment managers. The composition of a portfolio can vary depending on a number of factors – the most obvious being the attitude to risk it is aligned to. But different professionals can have different reasonable opinions about the future direction of asset prices, so even where a portfolio is aligned to a certain risk mandate, there can be a degree of variance in exposure to different asset classes between fund managers and over time. This leads to variances in performance between managers.

I think it's likely one of the reasons for performance being lower than Mr P had expected in the particular circumstances here is the asset content of the fund. Mr P had significant exposure to fixed interest assets which performed particularly poorly during some of the later years that Mr P was invested. These types of assets have traditionally been regarded as safer than other asset classes such as equities and were appropriate for the degree of risk that Mr P was willing to accept. Unfortunately the values of fixed interest funds fell significantly as interest rates rose from the end of 2021. However as I've said, it wasn't inappropriate to have such exposure in Mr P's circumstances. And I haven't seen any persuasive evidence that SJP mismanaged Mr P's funds.

I recognise that Mr P is unhappy with the ongoing service and has said that the level of service that he wanted had never been discussed with him. I realise Mr P may be frustrated by the matter. However, clearly, I can't determine with any reasonable degree of certainty exactly what was and wasn't discussed in meetings with the adviser. The formal meeting notes provide a framework for discussions as is usual in my experience, but aren't exhaustive. As I've said, the evidence does suggest that Mr P took an active interest in the performance of his pension. And as the investigator said, some notes recorded that no changes were to be made to Mr P's attitude to risk and fund selection, whilst in another a change in fund selection was agreed. So I think it is likely that performance was discussed.

I understand Mr P's frustration with the matter when he can see that other pension managers/providers have provided higher returns. However that is only seen with the benefit of hindsight. At any particular point in time nobody can know for certain which way asset prices will move. It is only after the event it can be seen which manager performed better. Switching at any particular point in time doesn't necessarily mean performance will be improved. And as I've said, there can be costs involved in switching which also need to be taken into account in deciding whether such a move is worthwhile – and where there are no guarantees of better performance with a new manager/provider.

So taking all the above into account and for the reasons given, I don't think SJP provided all the annual reviews that Mr P had paid for and so should refund some of the fees taken.

However I'm not persuaded that SJP mismanaged Mr P's funds or that Mr P would likely have switched away from SJP earlier.

I went on to set out how I was minded to order SJP calculate and pay compensation to Mr P. And said my provisional decision was to uphold Mr P's complaint in part.

Responses to Provisional Decision

I asked Mr P and SJP to let me have any further evidence and arguments that they wanted me to consider before I made my final decision.

Mr P said, in summary:

- He thought further fees should be refunded. I'd said no review had been provided in 2022, and the 2023 review came 15 months after the November 2021 review. So he thought this suggested another significant delay and period without service.
- He didn't think I had adequately addressed SJP's failure to include details of its charges in its annual reports. He said although charges may have been disclosed at outset, this overlooked the FCA's post MIFID II requirements for clear annual disclosure of all fees and costs. He said if he had been clearly made aware of the full fee structure he would have taken a different course of action earlier – as he did when the fee details were sent in November 2023. He said although I'd said he could have acted in 2020, if the charges were opaque or buried in the original terms and conditions at outset, this didn't meet the regulatory expectations. Mr P said the failure to comply with FCA requirements should weigh more heavily in the decision.
- He said reasonable expectations of a non-specialist consumer had been ignored. He said the decision's reasoning appeared to be through the lens of someone with expertise or hindsight. He said for example, he was being penalised for not acting sooner despite lack of clear information. He said this undermined the consumer protection objectives of the FCA.
- He said his funds had underperformed persistently from 2016 to 2023. He said leading UK pension funds had significantly outperformed his portfolio. He referred to figures for different sources showing average annual returns of 7.2% and 5.3% after fees. He said the level of underperformance couldn't be attributed solely to market trends, and the failure to adjust the portfolio's high exposure to fixed interest assets showed a lack of proactive management and monitoring.

SJP said, in summary:

- It didn't think my view about the 2019 review applied any pragmatism with the timings of arranging reviews with clients. It said it had provided reviews every calendar year, and Mr P had received the correct number of reviews due to him between 2018 and 2022.
- Mr P hadn't fully transferred all of his holdings away from SJP and the ongoing fees had been switched off.
- It asked that the redress should be updated accordingly in view of the above.

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 seen no reason to depart from the conclusions set out in my provisional decision.

I've considered what both parties have said about the proposed compensation for the missed review(s). I accept that there is a need to be pragmatic, and reviews won't necessarily stay in line with the same anniversary date over a several year period. However there was a prolonged period between the review in January 2020 and November 2021. I don't think that was reasonable And I said some fees should be refunded for the period. That meant reviews were due – approximately - around November time. There was a review in February 2023 which, as I explained, was effectively the review due in November 2022. And then no further reviews. So I think refunding fees from December 2022 is appropriate and provides fair compensation.

I explained why I didn't think Mr P would more likely than not have switched funds earlier in my provisional decision. My finding is based on the particular evidence and circumstances. I appreciate that one of the FCA's main objectives is to provide consumers with appropriate levels of protection. The FCA recognises that consumers have different levels of experience and expertise, and should be put into a position to make informed decisions. However as I explained, the evidence suggests that Mr P took an active interest in the value of his pension over time, and asked the SJP partner for information about both performance and charges. This was provided in August 2020, and I think ought to have alerted Mr P to the charges. And further information about performance was sent in January 2021.

In making my decision I not only have to decide if a firm has done something wrong. But then also decide if that error or omission caused the losses that are being claimed. For the reasons I set out in my provisional decision, I don't think Mr P would likely have switched earlier than he did given the particular circumstances here. So I'm not persuaded SJP's failure to disclose fees in its annual reports caused Mr P to make a different decision, or therefore caused losses in that respect in these particular circumstances.

In my provisional decision I explained that it's not a straightforward matter comparing the performance of different investment managers. I've considered the further information provided by Mr P, but I don't think the figures provided take him any further forward in as far as showing that the fund had been mismanaged. As I said, performance will depend on the asset content and mix of the underlying portfolio, which in turn will depend on the amount of risk that is being taken. Investment managers need to be compared on a like for like basis. As I said, different professionals can have different reasonable opinions. The fact that investment performance is below other managers doesn't necessarily mean that is due to mismanagement.

Mr P has said the failure to adjust the portfolio's high exposure to fixed interest assets showed a lack of proactive management and monitoring. However this goes back to one of the key issues here – these matters can't be considered with the benefit of hindsight. As I explained in my provisional decision, it was appropriate to have material exposure to fixed interest type assets given the level of risk Mr P he was prepared to accept. It wasn't until 2021 that fixed interest asset prices started to fall significantly. And nobody could know for sure how that asset would perform going forward.

As I say, there were significant falls in prices and relatively quickly, which is unusual for this type of asset. Different managers would have different reasonable opinions as to whether

prices would recover, to what extent, and in what timeframe. But decisions have to be made looking forward and there are no guarantees. I haven't seen any reasonable basis to argue it was unreasonable or inappropriate to maintain such exposure to fixed interest assets over the period. This wasn't just isolated to SJP – in my experience a number of fund managers/investors suffered lower performance and in some cases significant losses as a result of such exposure, but it wasn't a result of negligence or mismanagement.

As I've said, I do understand why Mr P is disappointed with the returns that he achieved when compared to what he might have otherwise obtained elsewhere. But in my experience the returns, when compared to other similar type funds, weren't so disproportionately lower that any reasonably competent adviser should have advised Mr P to switch funds. And as I've said above, taking all the circumstances into account, I'm not persuaded that Mr P would likely have switched earlier if SJP had provided information about its fees in its yearly statements/reports.

So taking all the above into account, I'm not persuaded to uphold these parts of Mr P's complaint.

Putting things right

Fair compensation

I order that St. James's Place Wealth Management Plc calculate the loss in value of Mr P's Retirement Plan due to the deduction of the fees (relating to ongoing reviews) taken from Mr P's pension from 1 December 2022 until the date he transferred his funds away from SJP (assuming no further service was provided). It should also refund the nine months' worth of fees as described above.

SJP has said that Mr P didn't transfer all his funds away from SJP. However the vast majority were transferred, and so the associated fees, had they not been deducted, would also likely have been transferred. I think it is reasonable to use the benchmark as I have outlined below for valuation purposes at decision date, rather than use a benchmark for the majority of the fees and the actual return on the SJP pension retained for a very small proportion.

So SJP should calculate 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 a final decision to the date of settlement if settlement isn't arranged within 28 days of us notifying SJP of Mr P's acceptance of the final decision.

SJP should pay such an amount into Mr 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 Mr P's pension plan, it should pay that amount direct to him. 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 Mr P won't be able to reclaim any of the reduction after compensation is paid.

The notional allowance should be calculated using Mr P's actual or expected marginal rate of tax at his selected retirement age. It's reasonable to assume that Mr P is likely to be a basic rate taxpayer at the selected retirement age, so the reduction would equal 20%. However, if Mr 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 Mr P in a clear, simple format.

My final decision

My final decision is that I uphold Mr P's complaint in part.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 8 August 2025.

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David Ashley
Ombudsman