

## **The complaint**

Mr C, represented by a claims management company (CMC), complains about investment advice provided to him by St. James's Place Wealth Management Plc ("SJP")

## **What happened**

In May 2022 Mr C met with an SJP adviser and they completed a fact find to record his personal and financial detail. He was aged 66, married with no dependents and retired, receiving income from his state pension and an annuity. He owned his residential property, valued at £500,000 unencumbered, and held £100,000 on deposit and £50,000 in premium bonds.

It was recorded that Mr C wanted to invest £90,000 of this for capital growth over the medium to long term at a 'lower-medium' level of risk. So, it was recommended he invest in SJP's Conservative Portfolio. He funded an ISA with that year's allowance with the remainder of the money invested in a Unit Trust Feeder to continue the ongoing funding of the ISA in subsequent years. He paid an initial charge of 2.5% for the advice and an ongoing charge of 0.5%.

There were adjustments made to the overall investment after the first few months, prompted by market volatility, which moved the investment into a cash fund to then feed back monthly into asset backed funds. Mr C made an £8,000 withdrawal in April 2023 then surrendered the Unit Trust Feeder in September 2023 and transferred the ISA away from SJP a month later in October 2023.

The CMC complained to SJP on Mr C's behalf in October 2024. It said, in brief, that the advice had been unsuitable and Mr C also hadn't received the ongoing service he'd been charged for. Having received no final response, the CMC referred the complaint on to this service.

SJP then issued a final response saying it was satisfied the advice had been suitable for Mr C's circumstances and objectives at the time, and fully explained in the documentation, including the costs and their likely impact on performance. SJP did, however, acknowledge that the investment hadn't been reviewed as it should've been, so it offered a refund of the charges for the relevant period, plus interest. It also offered £150 for the distress and inconvenience caused to Mr C.

Our investigator considered the complaint, and she too concluded the advice had been suitable. She said, in brief –

- The adviser had gathered full details of Mr C's circumstances.
- Although he'd no previous investment experience, that didn't preclude him from investing.
- He was reasonably assessed as having a 'low-medium' attitude to risk and the conservative portfolio featuring a variety of funds and asset types was consistent with this.
- The recommendation left him with sufficient cash available for emergencies, and he

- was in good health, with no planned expenditure recorded.
- Different types of investment were discussed, along with the planned medium to long-term timeline.
- All relevant charges for the advice were set out clearly.

In respect of the ongoing service, the investigator noted SJP's offer of a refund and compensation and was satisfied it was fair and reasonable in the circumstances.

Mr C's CMC accepted the position regarding the ongoing service but not regarding the investment's suitability. It said equity-based investment was only beneficial when growth exceeded that of lower or risk-free products. Affordability and capacity for loss didn't change that.

It went on to say that given Mr C's age at the time he would've been better advised to retain the monies invested in the Unit Trust on deposit to feed into the ISA, avoiding the costs and risk associated with setting up the Unit Trust. He should've been offered best advice for his circumstances, not simply what was available from SJP's limited offering. Further, his actions in withdrawing, then surrendering, so soon after investing suggested Mr C hadn't appreciated the risks and charges and SJP had failed to sufficiently understand his needs.

Having considered the CMC's further submission, the investigator wasn't persuaded to change her opinion, so the matter was referred to me to review.

### **What I've decided – and why**

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

Having done so, I've come to the same conclusions as the investigator and for broadly the same reasons. In all the circumstances I'm satisfied the recommendation made by SJP was generally suitable and consistent with Mr C's identified needs, so a reasonable, tax-efficient means by which to meet his objectives.

There appears to have been a reasonably comprehensive discussion of risk and the nature of investing, as part of which the intended medium to long term commitment was highlighted. The suitability report noted that Mr C had little prior investment experience but had 'watched the markets' so had a good understanding of how they move.

It was also noted that Mr C had no plans for the invested money other than to try to achieve some capital growth over the medium to long term. In respect of his retirement planning, it was recorded that investment into a pension was discounted because Mr C was happy with his existing pension arrangements and wanted to focus solely on building a separate tax-efficient pot to access when necessary.

SJP recommended its conservative portfolio, which featured a high proportion of fixed interest funds alongside its equity-based funds. I think that was in line with what seems to have been a reasonably assessed 'low/medium' attitude to risk, consistent with Mr C's circumstances.

That being so, while the investment did represent quite a large proportion of his available monies, I think the investment was a reasonable step to take at a time when Mr C would've been experiencing low returns on his deposit holdings. I note what the CMC has said about an alternative of starting just the ISA as the initial investment and feeding that from the cash on deposit, rather than also starting the unit trust and incurring the costs associated with it. But I think there's potentially an element of hindsight there – if subsequent investment

performance had turned out differently, that alternative might've been viewed as a missed opportunity.

In respect of the performance, it seems clear that soon after starting the investment Mr C became concerned, hence the frequent communication between him and the adviser and adoption of the new approach – moving to the money market fund to then feed gradually back into asset-backed investment. 2022/23 was a challenging period for the markets and it's not surprising that, despite the discussion at the outset, Mr C as a novice investor was particularly sensitive to this.

But I don't think his subsequent actions mean the advice provided at the outset was unsuitable. As noted, there was no indication at the time that any particular spending was planned. I'm satisfied the advice was based on reasonable understanding of Mr C's circumstances and an agreed medium to long term commitment.

In respect of the other part of the complaint and the offer made by SJP to address the failure to provide a full ongoing service, I agree it's a fair and reasonable means by which to compensate Mr C.

### **My final decision**

St. James's Place Wealth Management Plc has already made an offer to settle the complaint:

- A refund of the fees associated with the missed 2023 review, plus interest at 8% simple.
- Compensation of £150 for the distress and inconvenience caused.

I think this offer is fair in all the circumstances. So, my decision is that St. James's Place Wealth Management Plc should pay Mr C as set out above, with the interest calculated to the date of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 12 September 2025.

James Harris  
**Ombudsman**