

The complaint

Mr K received advice from a representative of St. James's Place Wealth Management Plc ('SJP') in 2020, which resulted in him opening a pension with SJP and making regular contributions. In addition, he was advised to open a new Individual Savings Account ('ISA') with SJP and also make regular contributions. Mr K has complained about the advice, saying that it wasn't suitable for his circumstances and that the contributions were unaffordable.

What happened

In 2019 Mr K says he was approached by an adviser via LinkedIn who worked for a business that was a representative of SJP. Mr K met with the adviser in January 2020, and Mr K says he was persuaded to take financial advice in relation to his pension, investments and insurance.

Although Mr K dealt with the representative of SJP, I'll mostly refer to SJP throughout for ease of reference.

Over the course of several meetings in 2020, SJP's advice ultimately resulted in Mr K taking out a Retirement Account (a type of personal pension) where he made contributions of £500 per month from May 2020 and a stocks and shares ISA where he made contributions of £200 per month from November 2020 (increased to £300 per month from February 2021). Mr K also took out a life and critical illness policy starting in June 2021.

Mr K was charged for the initial advice in accordance with SJP's terms of business and he agreed for SJP to provide him with ongoing advice about his pension and ISA, for which he paid ongoing advice charges ('OACs'). The OACs for the pension and ISA were 0.5% of the funds invested per year.

Mr K had review meetings with SJP in March 2022, April 2023 and January 2024 but no changes were made to his pension and ISA arrangements.

In March 2024 Mr K complained to SJP about the advice he received. He said the products recommended to him were inappropriate for his circumstances given that he was already paying into an occupational pension and he had adequate life and critical illness cover through his employment. Mr K said that whilst he had limited disposable income at the time, he was saving towards a deposit for a home and as such, SJP ought to have recommended that he build up further funds in an ISA instead.

Mr K said SJP's recommendations left him with minimal cash each month with no capacity to save or withstand financial shock. He also said he had to borrow money from his parents to buy his first home. Mr K was also unhappy with the fees charged, the structure of which he considered to be opaque and incoherent. He added that the adviser's communications over the duration of his relationship left him distressed, particularly when he had to take time off work due to anxiety, which the adviser's treatment of him had exacerbated. Mr K wanted to leave SJP without penalty and with the charges refunded.

SJP wasn't able to provide a final response within eight weeks of the complaint having been made so Mr K referred his complaint to the Financial Ombudsman Service.

This complaint deals with the concerns Mr K has raised about his pension and ISA and the charges incurred. Mr K's complaint about the sale of the life and critical illness policy has been considered separately.

When SJP provided its file, it included a statement from the adviser who'd provided the recommendations to Mr K. The adviser asserted that the recommendations were made following a thorough assessment of Mr K's income and expenses and his long-term financial objectives. He added that the ISA was recommended to provide a balanced investment approach, ensuring that Mr K had access to the funds whilst also saving for his future. Mr K increased his ISA contribution after an increase to his cashflow. The adviser said the charges were clearly explained and accepted by Mr K at the time, and he had provided advice and support when required. In terms of Mr K's cashflow issues, the adviser actioned payment holidays and reminded him that he could withdraw funds from the ISA but Mr K didn't want to do this.

After considering all of the evidence provided, the Investigator ultimately didn't uphold the complaint. He thought the recommendations were reasonable given Mr K's objectives and attitude to risk and he thought the adviser had made sure the recommended contributions were affordable based on Mr K's income and expenses. Furthermore, if Mr K considered the contributions were no longer affordable, he could've stopped them at any time. The Investigator added that he was satisfied the reviews had taken place and that on balance Mr K had most likely benefited from the arrangement, given his other savings were held in cash. He also said that the ISA did not have an early withdrawal fee but the pension did, as per the terms he agreed to.

Mr K accepted the Investigator's view in respect of the ISA but still didn't think he should've been advised to set up a pension with SJP as his priority was to build up a deposit to buy a house. The recommendation to make large pension contributions meant he wasn't able to build additional savings. Mr K felt the relationship with his adviser had broken down and he'd be prepared to settle the complaint if the early withdrawal fees on the pension were waived.

The Investigator passed on Mr K's request to SJP but it didn't agree to waive the early exit charges as they were clearly detailed when Mr K agreed to take out the pension.

Mr K said he'd never seen the fact-find completed by SJP and maintained that the advice was flawed and based on incorrect details about his income and savings, which he provided evidence of to the Investigator. He said he did receive some notifications of secure messages from SJP, which may have contained letters but these were no longer viewable as they expired after 30 days and the messages didn't emphasise the importance of reading them.

Mr K added that at the time of the advice, which was during the first covid lockdown, he was living in rented accommodation and going through a relationship breakdown – his family all lived abroad and he was suffering from debilitating anxiety. This later led to him requiring time off work. Ultimately, he considered the advice placed him under additional financial stress at a difficult time for him. While Mr K acknowledges that he hasn't lost money because he has funds in a pension and an ISA, he still had to borrow money from his parents because he couldn't access the funds in his pension.

As the Investigator wasn't persuaded to change their view the complaint was referred to me to make a decision.

I issued a provisional decision on 17 July 2025, explaining I wasn't minded to uphold Mr K's complaint, for largely the same reasons given by the Investigator. Mr K responded and made the following points:

- The financial products sold to him by SJP were based on inaccuracies in the fact-finding process; the fact-find wasn't shared with him so he had no opportunity to correct this. This resulted in three products being mis-sold to him.
- Mr K's complaint about the sale of the life and critical illness policy was upheld by our Service and this hasn't been taken into account. In that complaint the Ombudsman noted the discrepancies recorded within the fact-find.
- Mr K repeated his wish to be able to leave SJP without paying exit fees.

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.

This includes the representations Mr K has made following my provisional decision. Having done so, I'm still not upholding this complaint. I appreciate this will be disappointing for Mr K.

While Mr K maintains that SJP mis-sold him three products, I still believe his main concern lies with the pension he was recommended by SJP. In response to the Investigator's view he accepted that the ISA wasn't an unreasonable recommendation given he wished to save at the time. And as per the bank statements provided to us by Mr K, he was making contributions towards his cash ISA of between £200 and £500 per month depending on the balance of his current account. So, if Mr K wanted to save further, it seems to me that redirecting those contributions to a stocks and shares ISA wasn't an unsuitable recommendation and was likely affordable based on the rate of his current contributions.

In light of this, this decision focuses on SJP's recommendation to open a pension and make contributions of £500 per month to it. Mr K doesn't believe he should have been advised to open the pension, given his circumstances. He said this put him under financial stress and added that he didn't have access to these funds when he needed them for a house deposit. Mr K explains that he has continued to make the pension contributions whilst the complaint has been ongoing because of the opaque nature of the fees and the lack of alternative advice. He ultimately wants to be able to transfer out of the SJP arrangement without paying the exit charges.

Having reviewed all of the information provided, there are clearly inconsistencies in the fact-find documents completed and updated by SJP, as evidenced by the documents Mr K has provided to us in support of his complaint. For example, Mr K was employed but the fact-finds sometimes gives his employment status as self-employed. The fact-find also recorded that Mr K had savings of £12,000 but Mr K has provided evidence showing that his savings amounted to around £5,000 at the time of the advice. Mr K also disputes that his income was ever £80,000.

The adviser has said that the reason he recommended the original monthly contribution of £500 into the pension and £200 into the ISA is because he discussed Mr K's savings capacity with him in detail. The adviser said Mr K's ongoing expenses were £3,000 per month and he used a tax website to work out Mr K's monthly net pay and this was noted to be around £3,700 per month. The adviser said Mr K agreed he had an additional £700 per month to invest and he purposely did not count his bonus as part of the ongoing savings as he allocated that amount for holidays. The adviser said this was all evidenced in the fact-find.

However, the fact-finds I've seen all show Mr K's net income as around £4,600, whereas Mr K has provided payslips showing that he actually earned around £3,700 after tax and other deductions. So, the disposable income of over £700 detailed in the April 2020 fact-find isn't correct as it's based on net income of around £4,600 less total monthly expenditure of around £3,800. Mr K's bank statements also show that after contributing to his ISA, he basically spent what he earned. It's unclear why such a large discrepancy was noted between Mr K's actual income and the income recorded in the fact-find given the tax website print-out provided by the adviser actually shows that Mr K's net income was only £3,700. This meant that Mr K's disposable income was recorded incorrectly, and I think this ultimately led to SJP recommending he make contributions of £500 per month towards the pension. So, I do accept that there were mistakes made in the fact-finding process.

Based on the documentary evidence I've seen from the time, I still think Mr K was interested in making further provisions for his retirement. However, I don't think Mr K actually had the capacity to contribute to another pension at that stage, based on his actual income and expenditure. If that was the only consideration, I'd be inclined to agree with him that the recommendation to open a pension was unsuitable. However, that isn't my only consideration – I also have to consider what should have happened here.

Whilst I appreciate that the adviser ought to have known there was a miscalculation in his figures, advising on financial products is a collaborative process with the customer. The details relied upon to make a recommendation are described in the suitability report and it's evident that mistakes do sometimes happen when information is collated. While I'm not expecting Mr K to take on the role of an expert here, if Mr K had the opportunity to correct any misunderstandings upon which the advice had been based then I think he ought to have done so.

I accept what Mr K has said about not seeing the fact-find until much more recently. And I also think he trusted the adviser to act in his best interests and make suitable recommendations. But Mr K says he could never have afforded to make the pension contributions as well as save towards a house deposit. So, despite the adviser's errors in the fact-finding process, I would've expected Mr K to know the position of his bank account each month and I think he was ultimately best placed to know whether his disposable income could support these payments. If Mr K didn't think he would be able to afford to pay £500 per month into a pension and save towards a house deposit, or he didn't wish to lock up such a substantial amount of money until his retirement then I think he needed to say so.

I also think that Mr K had the opportunity to think about what was being recommended to him before committing to opening the pension and making the contributions. Mr K says that he didn't see the suitability letter for the pension, but I'm satisfied it was sent to him, as evidenced by the copy of the email he's sent us dated 1 May 2020 entitled 'suitability letter'. I appreciate that Mr K appears not to have read this, but I think it was reasonable for SJP to assume that it had been received and understood. Sending such documents by secure message with links that expire after a certain amount of time is not unusual practice.

The suitability letter replicates some of the information captured in the fact-find. Whilst it does not include the net income figure, it does refer to Mr K's income being £80,000 and that he had savings of £12,000. Mr K asserts that this was incorrect, so, had he read this letter he would've had an opportunity to correct this. The letter said that the level of contributions Mr K wished to make were considered to be affordable. It also said:

"...you are funding these contributions from your disposable employment income and you are comfortable with the level of withdrawals."

Again, if Mr K didn't consider these to be affordable, he had the opportunity to either reduce the level of contributions or cancel the contract altogether in the cooling off period. On 23 May 2020 Mr K was sent confirmation that the direct debit for collection of his pension contributions of £500 per month had been set up. He was told that he had the right to cancel his direct debit at any time. So, even if Mr K initially believed he could afford to make these payments, if he later found that his disposable income didn't support them I think he would've understood he could simply cancel the direct debit. And as I understand it, the adviser also made Mr K aware he could take payment holidays.

Notwithstanding what I've said above, I also have to consider the impact of what happened on Mr K and how it affected his finances overall. Mr K rightly acknowledges that his money isn't lost, he has an extra pension with funds in it for his retirement and his financial circumstances may now support such a commitment. I appreciate that Mr K's pension is also subject to management charges, and early exit charges, but I'm satisfied that the charges were clearly set out in the illustration provided to him by email on 13 March 2020. I'm also mindful that his contributions plus tax relief have been invested and grown since he opened the pension in 2020. So, even if I thought the pension shouldn't have been opened, I haven't seen sufficient evidence to persuade me that he has ultimately lost out as result of the advice.

I understand what Mr K has said about not being able to access these funds when he needed them for a house deposit. But again, I think Mr K was best placed to know how much he should contribute to his savings, versus the pension, if he thought he needed access to the cash before his retirement. And although Mr K says that his main objective at the time of taking advice from SJP was to save towards a house deposit, this objective isn't mentioned in any of the paperwork I've seen. So, it's difficult to fault the adviser for failing to make a recommendation that didn't properly take account of this objective when this objective wasn't recorded. And if this was of high importance to Mr K I would've expected him to highlight the omission to SJP at the time.

I'm also mindful that the letter Mr K has provided to demonstrate that he needed to borrow money from his parents for his house deposit describes the payment he received as a gift that did not need to be repaid. And bearing in mind the timing of Mr K's house purchase, and the amount his parents gifted him, it seems to me that he would have needed to borrow (or be gifted) some money from his parents regardless. That's because even if the money he contributed to his pension was instead contributed to his ISA, it would not have amounted to the sum he was gifted.

I note that Mr K has paid OACs for the pension and ISA since they were opened, but I haven't seen any evidence to persuade me that he didn't receive the service he paid for during that time. I understand that reviews were held at least annually, and contact was more frequent than this during the start of the relationship.

I am sympathetic to Mr K's current health problems and note that he feels the relationship with his SJP adviser has broken down, meaning he wishes to leave SJP. Mr K can ask for the future OACs to be removed (if they haven't already) so that he no longer has an advisory relationship with SJP. He could also explore a relationship with an alternative SJP adviser. Lastly, Mr K has the option of transferring his products away from SJP entirely, though this will result in exit charges in accordance with the terms of the contract.

I appreciate that Mr K feels it is unfair that he is charged fees to exit a product that he should not have been advised to open. But for the reasons I've explained, Mr K had the opportunity to correct any incorrect information on which the recommendation had been based, but didn't do so. And I don't think he will ultimately have lost out overall, so I'm not asking SJP to waive the exit fees on this occasion.

I note that Mr K's complaint about the mis-sold life and critical illness insurance was upheld and that the Ombudsman referenced the inaccuracies in the fact-find as part of her reasoning. I've also noted the inaccuracies in my findings, but for the reasons I've given above, I still believe Mr K was best placed to know whether he could afford to make contributions to a pension at this time and that Mr K has ultimately not lost out here.

My final decision

For the reasons set out above, I'm not upholding Mr K's complaint against St. James's Place Wealth Management Plc.

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

Hannah Wise
Ombudsman