

## **The complaint**

Ms G's complaint against St. James's Place Wealth Management Plc ("SJP") is about the investment advice she received in 2020.

Ms G is represented by Mr B. For ease of reference, I will refer throughout this decision to Ms G as the one bringing the complaint and providing information.

## **What happened**

SJP provided advice to Ms G in November 2020 on the investment of £300,000 that she had available following the sale of a property. Ms G was advised to invest £100,000 in an International Investment Bond (IIB), £180,000 in a Unit Trust Feeder (UTF) and £20,000 in her stocks and shares ISA account.

Ms G's complaint is that the advice she was given by SJP was unsuitable. She says the advice didn't take account of her substantial liabilities in the form of mortgages, tax and living expenses, all of which SJP were aware of. She thinks the funds she invested should have been used to cover her living expenses and reduce her debt, not for speculative investments that incurred substantial fees.

Ms G would like SJP to compensate her for the fees and unnecessary mortgage charges she has incurred, which have offset any gains from her investments. She would also like to be able to encash the investments without penalty.

SJP didn't respond to Ms G's complaint and so she brought it to our service. One of our investigators looked into what had happened and based on the evidence provided by both parties he decided not to uphold Ms G's complaint. He said, in summary:

- Ms G's objectives were to invest in a tax efficient manner and diversify away from property as she already owned rental properties.
- SJP recommended the IIB due to its tax benefits, the provision for annual withdrawals and the opportunity for growth. The UTF would feed into Ms G's ISA allowance each year and also help reduce her tax liability. All recommendations were in line with Ms G's attitude to risk and she was left with sufficient cash to meet her living expenses and any emergencies.
- Although details of Ms G's liabilities were not included in SJP's Report and Recommendation Summary (RRS), SJP had provided a Confidential Financial Review (CFR) document from 2020 which showed they were aware of her mortgages, income and expenditure. He was not persuaded that SJP's recommendations were unsuitable based solely on the fact that information was omitted from the RRS.
- Ms G was experienced in property matters and had sufficient investment experience to have a basic understanding of the advice she was given. She would have been

aware of whether it would be better to reduce her mortgage liability or invest the funds she had available.

- Although Ms G had withdrawn funds regularly since November 2022, he had not seen sufficient evidence that was due to SJP offering unsuitable advice in 2020. He had seen evidence that in 2021 Ms G was still keen on buying more property and that persuaded him that living expenses were not an issue for her.
- He was not persuaded that the advice provided to Ms G was unsuitable. While an investment recommendation may not have worked as expected, or other alternatives may now seem more suitable, it does not automatically mean the advice provided at the time was unsuitable.

Ms G disagreed with our investigator and asked for an ombudsman to make a final decision. She said, in summary:

- She was advised to invest most of the cash she had available, net of future known liabilities, in various SJP products without a detailed and holistic assessment of her situation and options.
- SJP didn't consider whether she would have sufficient cash to cover her living expenses, tax liabilities, proposed refurbishment costs and any emergency requirements. Neither did they consider her mortgage liabilities and give her the option of paying off some of her borrowings.
- The death of her mother soon after the advice was given should have prompted further discussion as it was before her IIB investment had been made. She had already mooted the possibility of buying her mother's property which would have meant taking on more debt.

### **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.

In the background above I've summarised Ms G's complaint. The purpose of my decision isn't to address every single point raised by the parties involved. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied that I don't need to comment on every individual argument to be able to reach what I think is the right outcome. This simply reflects the informal nature of our service as a free alternative to the courts.

The key issue I need to determine is whether SJP's advice was suitable for Ms G's needs. I won't be looking at the advice with the benefit of hindsight – the fact that an investment has performed poorly doesn't necessarily mean that the advice given was unsuitable.

The rules say that a business needs to get enough information from a customer to make sure a recommendation meets their objectives. Before giving advice, SJP should have considered Ms G's financial situation, her knowledge and experience of investing, and her investment objectives. That would include taking account of her attitude to risk, her purpose in investing and how long she wanted to invest for. SJP should also have made sure they communicated information to Ms G in a way which was clear, fair and not misleading.

In considering Ms G's circumstances and SJP's advice, I've taken account of the following documents that are available from the time:

- A CFR document, which includes notes of Ms G's review meeting with SJP on 18 November 2020. It also includes a record of previous review meetings, and I note that some of the information recorded about Ms G's circumstances was recorded at those meetings and so was not necessarily up to date in 2020.
- An RRS document dated November 2020 which summarised the meeting on 18 November and outlined some action points. It also summarised SJP's recommendations.
- A longer RRS document dated 20 November 2020, which set out in more detail SJP's recommendations to Ms G following the meeting on 18 November. It provided information on Ms G's objectives, circumstances and attitude to risk, and on the investments SJP was recommending.

Ms G is concerned that not all of her liabilities were recorded in the RRS documents. Taking account of the information in the above documents however and noting that Ms G was a long standing customer, I'm satisfied that SJP were most likely aware of Ms G's liabilities and had a good picture of her financial situation and wider circumstances. The key issue I will now turn to is whether, taking account of that information, SJP's advice was suitable.

The crux of Ms G's complaint is that SJP advised her to invest most of the cash she had available and that it should have been used to cover other liabilities. I'll look first therefore at whether I think it was affordable for Ms G to invest the sum she did given her circumstances.

As I've noted above, the CFR document included information about Ms G's circumstances from both the November 2020 meeting and earlier reviews with SJP. Based on all the evidence provided, it appears that in November 2020 Ms G owned three properties which were valued at a total of about £3 million. The outstanding mortgage debt was about £1.3 million, and it seems that the mortgage repayments were being comfortably met from the rental income from the properties. I also think it's most likely that Ms G's total income, including commission and her rental income, was sufficient to cover her expenses.

Ms G had existing investments totalling just over £150,000 - £20,000 in an Enterprise Investment Scheme (EIS), about £25,000 in a share portfolio, over £56,000 in her SJP stocks and shares ISA and premium bonds valued at £50,000.

Including the sum she was planning to invest, Ms G had a total of about £400,000 available in cash. I note that SJP recorded in the CFR that Ms G held £450,000 in accessible cash and I think that most likely included the value of her premium bonds as those funds would be easy to access if needed. SJP's note of the meeting with Ms G also recorded that she had earmarked £60,000 for renovations on one of her properties and £30,000 for an upcoming tax bill.

By investing £300,000 and taking account of the funds she had earmarked for other purposes, Ms G was left with about £60,000 in accessible funds, including the premium bonds, which were being held at no risk. Taking account of Ms G's circumstances, I think that was sufficient to cover any unexpected costs she might face and I'm satisfied that it was affordable for her to invest the £300,000 in cash that she had available.

Ms G has said SJP should have recommended that she use the available cash to pay off some of her mortgage debt. That would of course have been an option open to Ms G and, given her experience of working and investing in property, I think it is something she may well have considered. But many people prefer to invest instead of repaying a debt in the hope of getting a higher return on the investment than they would save by paying off the

debt. And when Ms G met SJP she made clear that her priority was to invest for growth and tax efficiency.

I note that Ms G has referred to interest rates being very low at the time of SJP's advice and that when rates increased so would her repayments. However, I think Ms G would likely also have considered that it would be good to invest her money for growth at a time when the cost of her mortgage debt was so low. In any event, taking account of Ms G's circumstances, I don't think it was unreasonable for SJP to recommend that she invest her funds rather than use them to pay off some of her mortgage debt.

I will next look at whether the investments that SJP recommended were in line with Ms G's objectives and her attitude to risk.

According to the RRS Ms G's ultimate objective was to achieve capital growth and help provide an income in retirement. Her priority was to invest the proceeds from her property sale in tax efficient savings vehicles and to diversify away from property investments. Her investment timeframe was identified as five to fifteen years.

In their advice, SJP commented on how each of their recommendations met Ms G's objectives. They said:

- ISA – the recommendation would enable Ms G to fully utilise her annual allowance with investment gains being tax free.
- UTF – This offered the potential for Ms G to achieve growth in a tax efficient wrapper which could be used to feed her ISA up to the annual allowance each year.
- IIB – This provided the opportunity for growth and the ability to switch funds at any time, and Ms G could take withdrawals up to 5% each year free of tax liability.

Overall, I think the investments recommended by SJP were in line with Ms G's objective of achieving capital growth in a tax efficient way.

According to the RRS, SJP discussed Ms G's attitude to risk with her. That included discussion of Ms G's objectives, previous investment experience and time horizon, as well as her attitude to, and ability to withstand, loss. Ms G told SJP that a fall in the value of her investments in the short term would not have a significant impact on her standard of living because she did not see herself needing access to the money until retirement.

SJP agreed with Ms G that she was a medium risk investor and the RRS said she was comfortable with her capital being invested in equities, some of it overseas, bonds and in some cases property. She realised that meant there may be significant falls in the value of her investments.

The three investments recommended to Ms G all involved investing in portfolios that were described as medium risk. That doesn't mean that all of the individual assets were assessed as medium risk but that the overall risk level of the portfolio was medium.

I've looked at the information available about each of the investments recommended to Ms G. I note that the UTF investment would be diversified across different geographic areas with exposure to both equities and bonds, but a targeted investment of 80% in equities. The IIB investment would also be diversified across a range of assets with a target of 65% in equities. Ms G's ISA was invested in a growth portfolio that was also diversified globally and exposed to both equities and bonds. Based on the information I've seen I'm satisfied that overall, the investments recommended were broadly in line with Ms G's attitude to risk.

Ms G already held other investments and so I've also considered how SJP's recommendations would have affected the overall risk profile of her assets. As I've already noted, Ms G had a substantial investment in property. Once SJP's recommendations had been implemented, she would also hold the following investments:

- An EIS investment valued at £20,000 – this would generally be considered a high risk investment.
- A share portfolio of about £25,000 and her SJP ISA which would be valued at approximately £76,715 once she had added the £20,000 recommended by SJP. These were invested at a medium level of risk.
- The new IIB and UTF investments which would total £280,000 and would be invested at a medium level of risk.
- Premium bonds and cash balance totalling £60,000 – held at no risk.

So, overall Ms G would have approximately 4% of her funds invested at high risk, 83% at medium risk and 13% at no risk. Taking account of that, and Ms G's investment in property, I think SJP's recommendations were broadly in line with her attitude to risk.

I'm satisfied too that Ms G had the capacity to take that level of risk. As I've already identified, her income was sufficient to cover her expenses, she would be retaining a cash reserve for unexpected expenditure, and she would be able to withdraw up to 5% each year from the IIB if needed. It also seems that Ms G was prepared to take some risk to meet her objective of investing in a tax efficient way.

Taking account of all the above, I think that the investments SJP recommended were suitable for Ms G. Having considered the documents from the time, I also think Ms G was provided with sufficiently clear and fair information about the investments - including the level of risk she was taking, the charges associated with her new investments and their tax implications - in order to make an informed decision.

Ms G has also said that her mother sadly passed away in January 2021 and that a few days later, despite being aware of her circumstances, SJP asked her to transfer the £100,000 to invest in the IIB. She says SJP should have reassessed her situation and not gone ahead with the investment given the change in her circumstances.

I've considered this point, but I've not seen enough evidence to say that SJP should have acted differently. I've already found that the IIB was a suitable recommendation for Ms G in November 2020, and I don't think I can fairly say the sad news about Ms G's mother should have caused them to review their advice. I think the onus would have been on Ms G to delay the transfer if she thought her priorities would now change.

I appreciate that Ms G feels strongly about this issue and that this will be a disappointing decision for her. However, I think the advice she was given was suitable for her needs and I won't be upholding her complaint.

### **My final decision**

For the reasons given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 18 May 2026.

Matthew Young  
**Ombudsman**