

## The complaint

Mr B, represented by a claims management company (CMC), complains that St. James's Place Wealth Management Plc ("SJP") unsuitably advised him to transfer his investments to it and then failed to provide the ongoing advice service for which he was charged.

## What happened

In 2013 Mr B met with an SJP adviser who completed a fact find to record his circumstances. At the time he was aged 70, in good health, divorced with no dependents and in receipt of income from state and private pensions. He had no debt and a disposable income of just under £400 per month with plans for some expenditure on a car and on home improvements.

He held in total just over £160,000 in investments and on deposit with two other financial businesses. SJP recommended £120,000 of this, including around £70,000 in ISAs, be transferred to it, with the ISAs retaining their status and the balance invested in a unit trust feeder. The new investment was in a portfolio of 10 funds with an objective of paying a natural income in a tax efficient manner over the medium to long term.

In 2024, Mr B's CMC complained to SJP about the suitability of the advice, questioning how his attitude to risk (ATR) and capacity for loss had been determined and noting that he'd made a large withdrawal from the investment after only three years, indicating that SJP hadn't properly considered his needs and circumstances. The CMC also felt there'd been a failure to carry out ongoing reviews of the investments.

In the absence of a final response from SJP, the complaint was referred to this service. Given the time that had passed since the advice was provided, our investigator first considered our jurisdiction and whether we could look into the merits of the complaint. This culminated in an agreement that the suitability of the advice and any issues concerning annual reviews from 2018 onwards could be investigated.

In respect of the ongoing service, the investigator concluded that there'd been several years in which Mr B hadn't received the service he'd been paying for, so she recommended SJP refund all related charges for the years in question – 2021, 2022 and 2024 – with the addition of a return based on that achieved by the investments held by Mr B.

Regarding the suitability of the advice the investigator said –

- The recommendation left Mr B with around £40,000 in cash as an emergency fund.
- The monies came from existing risk-based investments, so Mr B had experience of this type of product and the associated volatility.
- His income was sufficient to cover his outgoings, and he had the emergency cash available, so it appeared he had capacity to take some risk.
- It was recorded that the new investment would need to outperform the existing ones by between 0.56% and 0.96% annually to offset the increased costs.
- Given the intended minimum five-year investment term the adviser was entitled to conclude that level of additional growth could be achieved. The investigator felt the

adviser would likely have explained to Mr B that SJP used fund managers with a more active approach who'd switch out funds that weren't performing.

- However, SJP was clear there was no guarantee this out-performance would occur.
- There was no evidence to support that Mr B had said he would need access to the funds in the short term or that he had any planned expenditure at the time of the advice other than what was recorded.
- The reason for the substantial withdrawal after three years was to help his daughter purchase a property. At the time of the advice, it was only noted that, along with the income, Mr B may want to help his daughter out financially at some point. There was no evidence the investment was not sustainable. It seemed Mr B had a change of circumstances which wasn't predicted at the time of the recommendation.
- Mr B appeared to have approached the adviser for advice as one of his existing providers no longer offered it. And further, he'd had no contact from the other existing provider for at least four years.
- It was made clear in the documents provided to Mr B that an ongoing advice service would be provided, which he'd have to pay for. The investigator was satisfied, on balance, that the documents were provided and understood by Mr B. So, he most likely wanted that service and was willing to pay for it. Although some annual reviews hadn't been carried out (which would be addressed by the proposed compensation) the majority were provided, which suggested Mr B had wanted them.
- SJP provided a signed declaration to confirm the contents of the suitability letter had been explained to Mr B, so he'd considered all the relevant information and made an informed decision on the recommendation.
- After reviewing the fact find, Mr B's attitude to risk, and the risk warnings in both the letter and the post-sales documents, the investigator was satisfied the recommendation had been suitable.

Mr B's CMC didn't accept the investigator's view. It said, in brief –

- SJP's assessment of Mr B's ATR and capacity for loss had been inadequate. He was already retired and reliant on the invested money to support his retirement, so he couldn't afford to take the same level of risk with the decumulation stage of his investment journey as he did during the accumulation stage, which was a well-established Financial Conduct Authority (FCA) point of view.
- Further, once the initial advice charge, unnecessary ongoing advice charges and higher product and investment charges were considered, the illustrations showed that Mr B needed to take a higher level of risk than he was comfortable with to enjoy minimal (if any) gains.
- Regard should be given to the FCA's guidance on pension switching, as many aspects of Mr B's experience reflected this and concerns about 'churning'.
- Upon discovering the difference in charges and being unable to assess the suitability of Mr B's existing investments, referral to an Independent Financial Advisor should've been SJP's default position.
- The absence of notes regarding Mr B's intention to help out his daughter financially indicated SJP's poor record keeping. It was made clear at the outset that he wanted help her and SJP should've sought to fully understand the circumstances.

The CMC's further comments didn't prompt the investigator to change her opinion. So, as no agreement could be reached, 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 those reached by the investigator and for broadly the same reasons. I want to assure Mr B and his CMC that I've read and considered everything on the file. But that said, I'm satisfied I don't need to comment on every point raised to reach what I consider to be a fair and reasonable decision. Where I've chosen not to comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. That approach is in line with the rules we operate under.

It appears that the motivation for Mr B seeking advice from SJP was a general dissatisfaction with the service he was receiving from his existing providers. He was looking to put together an investment portfolio at a medium level of risk, suitable for providing him an income over the medium to long term.

Although it's not entirely clear how Mr B's attitude to risk was determined there does seem to have been a comprehensive discussion of risk, and ultimately, I'm satisfied that the medium level selected was consistent with his needs and circumstances. He'd been invested in a variety of mixed assets for nearly a decade so would likely have understood the potential for fluctuations in value of his investment.

He was left with a considerable cash emergency fund giving him general flexibility and in the event of needing to help his daughter financially. In that respect I can see there was no specific requirement highlighted at the time of the advice – the 'Wealth Management Proposal' simply noted that Mr B would like to be able to help his daughter 'whenever needed'. Some three years later when he had to withdraw from the investment it was for significant expenditure for his daughter of which there was no mention made at the outset

Another key issue raised by Mr B's CMC concerns the costs of transferring the existing investments to SJP. It was noted in the recommendation report that the new investments would all need to outperform the existing investments to offset these costs.

But it was also noted that the additional return was on the boundaries of what would be acceptable in respect of making this type of transfer. This would suggest that meaningful consideration was given to the issue by the adviser and it was discussed with Mr B. Ultimately, he was looking for a service that his existing providers weren't giving him, and I'm satisfied he was fully informed and willing to accept this additional cost in the hope of achieving a better service and better rate of return.

While I note The CMC's comments about 'churning' I don't think that moving to a new provider at a slightly increased cost constitutes bad or unsuitable by default. While I must rely upon the documentary evidence, it does seem, on balance, that Mr B was fully informed about what the recommendation involved, its costs and the alternatives that were available to him.

In respect of the ongoing advice service, as noted, the investigator considered there was no evidence to support the reviews for which Mr B was paying having been carried out in 2021, 2022 and 2024. I'm satisfied her proposal for how this issue should be compensated is fair and reasonable.

I note that a new SJP Partner took Mr B on as a client in 2021 and has indicated there was an attempt to provide him with a review in 2022, which he apparently declined – although I've seen no contemporaneous evidence to support him doing so.

I appreciate there's an argument therefore that it was reasonable for SJP to still have

charged for the ongoing service in that year. But Mr B was a new client to that Partner, and I think they would, or at least should, have been aware that his investments hadn't been reviewed since 2020. So, particularly given the global financial circumstances of 2022 and volatility in the markets, I think it's fair to conclude that it was incumbent upon the Partner to take greater steps to ensure Mr B's portfolio remained suitable. So, in the specific circumstances of this complaint, I think a refund of charges for 2022 is nevertheless fair.

In respect of distress and inconvenience, I've not been persuaded that the issues on which I've upheld the complaint or any other issue impacted Mr B to the extent that financial compensation is warranted.

### **Putting things right**

In assessing what would be fair compensation, my aim is to put Mr B as close as possible to the position he would now be in if he hadn't paid ongoing adviser charges to SJP for 2021, 2022 and part of 2024.

I direct SJP to refund the ongoing advice charges for the 2021, 2022 and pro rata for 2024, adjusted for growth had those charges remained in the existing investment funds, from the date the fees were paid to the date in which the money was transferred away from SJP.

Any losses calculated up to the date of withdrawal should be brought up to date with 8% simple interest to the date of settlement

Income tax may be payable on any interest paid. If you consider that you're required by HM Revenue & Customs to deduct income tax from that interest, you should tell Mr B how much you've taken off. You should also give Mr B a tax deduction certificate in respect of interest if Mr B asks for one, so he can reclaim the tax on interest from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons given, my final decision is that the complaint should be upheld, and I direct St. James's Place Wealth Management Plc to compensate Mr B as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 October 2025.

James Harris  
**Ombudsman**