

The complaint

Mr S has complained about the lack of service provided by St. James's Place Wealth Management Plc ("SJP") whilst it was managing his investments – an investment bond and an Individual Savings Account ("ISA"). He's also complained that no advice was provided to him at the time of taking out the investment bond and that the charges that applied, including an early withdrawal charge, were not disclosed to him.

What happened

Mr S met SJP in 2005 to discuss investing an amount of money that he held on deposit. The information provided seems to indicate that Mr S was an existing client of SJP at the time. His circumstances were recorded in a Confidential Financial Review document dated October 2005 (for the investment information) and were as follows:

- He was 49 years of age at the time.
- He had no dependants.
- He was employed earning an annual salary of over £50,000.
- He had a monthly disposable income of £850.
- He held £25,000 in equity-based ISAs, £8,500 in stocks and shares, £15,000 in savings accounts and £22,000 in deposit accounts.
- He wanted to invest £10,000 of £37,000 that he currently held on deposit.

A suitability report completed after the meeting was dated November 2005. This detailed Mr S' circumstances at the time, personal and financial, and also set out his needs and objectives for seeking advice. The documents also set out the adviser's recommendation along with the rationale behind it.

It was also noted in both the documents that Mr S had invested in equity-based investments for many years and that he felt he had sufficient investments in ISAs and stocks and shares but would possibly consider another ISA later in the year.

His objectives were to diversify the assets his monies were invested in and outperform returns available from deposit accounts. For those reasons an ISA was discounted and an investment bond recommended for investing the £10,000 into SJP's property fund. His attitude to risk was discussed and agreed to be a three out of five or medium. The property fund was categorised as medium risk and less volatile than equities, at the time.

The documents also confirmed that Mr S was advised not to cash in the bond for at least six years because an early withdrawal charge would apply.

Mr S was also provided with a copy of SJP's "Key facts about our service" document, key features, illustrations and terms of business. The illustration document provided details that the bond was to be invested in the property fund. It stated this investment was designed to produce investment growth over the medium to long term. It also showed projections of values that could be attained by the bond if certain growth rates were used over five and ten years. It also set out clearly that the figures were only examples and were not guaranteed.

There was also a warning which said that if the bond was encashed in early years “you could get back less than you’ve paid in”. The illustration also showed the possible cash value that could be attained by the bond and the effect of deductions - qualifying deductions as being commission, expenses, charges, surrender penalties and other adjustments. It also detailed that the following charges were applicable to the bond:

- Annual management charge for the units
- Plan charge
- Early surrender charge
- Partial withdrawal charges and when they would apply.
- Charges for the cost of managing and maintaining the investments
- What the cost would be if the investor wanted to exceed the standard two fund switches a year.
- What the advice cost would be and that this was for arranging the plan and providing ongoing servicing throughout its term and detailed that SJP would pay the advisor’s practice this amount.

Follow up letters were also sent to Mr S recording that an ISA was recommended but declined reiterating that Mr S has confirmed he felt he had enough invested in equities via ISAs and PEPs. As he was interested in the property fund and it was only available via an investment bond, that option was selected.

On 5 August 2006, a letter to confirm Mr S had requested to make an additional investment of £40,000 into the investment bond was sent to Mr S and it specifically noted that no advice was sought from or given by SJP.

In 2008 an ISA was arranged with SJP, £600 was invested each month for ten months.

On 28 May 2009, Mr S was sent a letter to confirm that his assets in the property fund had been sold for around £31,000 and switched into four different SJP managed funds which were predominately equity based.

On 17 September 2019, Mr S surrendered the investment bond for around £76,000. On 25 November 2021, Mr S transferred the ISA, the value of which was around £17,000 at the time.

Mr S raised a complaint with SJP in April 2024 but as he didn’t receive a meaningful response or a final response letter he referred his complaint to this service on 24 April 2025. In addition to the complaint points noted above, he stated that the recommendation to invest in the property fund led to a loss of £10,000 and as a resolution he wanted the 5% charge refunded for the duration he was a client of SJP.

SJP issued its response to the complaint on 10 July 2025. It stated that no separate ongoing advice charge had been deducted from the ISA which commenced in 2008 or the investment bond from 2005, at any point, so there was no commitment to provide an ongoing advice service. SJP was also satisfied that all charges had been disclosed, the early withdrawal charge had never been implemented as the investment was held for more than six years, the advice was suitable, and performance was not guaranteed. However, it offered £50 to apologise for the time it took to respond to Mr S’ complaint.

Mr S responded to SJP but the complaint continued to be investigated by this service. When the investigator completed his assessment, he was of the view that no guarantees of performance had been given to Mr S in 2005 when he took out the investment bond. He was also satisfied that the advice provided was suitable as well as being satisfied that all

applicable charges had been made clear to Mr S at the time of taking out the bond. He also found that, as SJP had stated, the bond and the ISA Mr S had with SJP didn't attract any separate advice charges and SJP didn't have an obligation to provide any service of ongoing suitability advice. Overall, therefore he didn't uphold the complaint.

Mr S didn't agree with the assessment and remained of the view that SJP had not provided him with the correct services and was responsible for the poor performance of his investments. Specifically, he stated that:

- SJP took over a year to respond to his initial complaint and the £50 offered is not reflective of this and is only a token gesture.
- The SJP model promoted ongoing service and annual trail commission has been collected from the start of his investments, yet he has never received any ongoing advice or regular communications from SJP. As a result, he hasn't been treated fairly and SJP hasn't fulfilled its obligations under the Treating Customers Fairly regulation.
- The advice was unsuitable, and the charges were not disclosed to him. At the point of sale no illustration or proper documentation was provided to him and the adviser just told him to place the funds into the bond without adequate explanation of risks charges or alternatives. So because of this Mr S says he couldn't make an informed decision.

At this time Mr S also added a new complaint point – that the transfer of his ISA had been mishandled by SJP and there were many delays with SJP shifting the blame on to the receiving ISA provider. He felt this additional point fell under the service failings he had already raised - namely that SJP continued to levy charges but did not provide the level of service reasonably expected.

The investigator responded to Mr S' comments but explained why he wasn't persuaded to alter his initial outcome. He also explained why the additional point of the delays in the ISA transfer couldn't be included in his complaint.

Mr S strongly disagreed with the investigator's stand regarding the transfer delays. So as no agreement could be reached the complaint has been passed to me to decide.

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.

I've taken into account relevant: law and regulations; regulatory rules; guidance and standards; codes of practice; and (where appropriate) what I consider to have been good industry practice at the relevant time.

Where the evidence is incomplete or inconclusive, (as it is here), I've reached my decision based on the balance of probabilities – in other words, on what I think is more likely than not to have happened given the available evidence and wider circumstances.

Mr S has made many detailed comments in bringing his complaint to this Service and has expressed his strength of feeling on this matter. I've considered everything he has said. However, our rules don't require me to address or respond to each and every point raised. We're an alternative to the court not a substitute for it. As such my role is to decide how a complaint should be resolved with minimal formality. And I aim to present my conclusions in as clear and as concise a manner as I can. In doing so I focus on the key issues and the reasons that are crucial to my decision making. So, if there's something I haven't mentioned,

it isn't because I've ignored it. It's because I'm satisfied I don't need to comment on it to be able to reach what I think is a fair and reasonable outcome in the circumstances of this complaint.

In regard to the additional complaint point raised after Mr S received the investigator's assessment, I can see from the complaint form and the correspondence Mr S provided when he referred this complaint to us that this point was not included in anything Mr S said. I have also seen that Mr S had the opportunity to confirm his complaint points to SJP and the investigator earlier on in the complaint process, but he didn't make any mention of the concerns that he has now raised about the delays when transferring the ISA.

It is only fair and reasonable that any business has the opportunity to respond to any complaint points raised by a consumer and in this situation SJP has not.

Furthermore, a consumer simply can't just continue to add more points to a complaint as it's investigation progresses. That's why we have complaint forms, so the exact complaint is documented and all parties involved know what they are working to. And as I have already said the issues surrounding the ISA transfer are not mentioned in the initial complaint letters to SJP or to this Service nor are they mentioned in the complaint form. Therefore, while Mr S disagrees that the problems with his transfer are separate to the complaint he initially raised with us against SJP I am satisfied they are. Therefore, if he wants the delays in transferring the ISA investigated, he must raise another complaint against SJP.

It's also worth noting that in making his complaint Mr S has made reference to many pieces of regulation that he feels are relevant. However, Mr S must understand that certain regulations were not in force at the time he started his investments with SJP and while they may now be relevant, they cannot be applied retrospectively. So I can only take into account the rules and regulations and any good practice or guidance that were in force when Mr S started his relationship with SJP as it would be unfair to judge SJP against these new standards if they weren't relevant at the time. However, the Regulator's Principles for Businesses (PRIN) are relevant to this complaint and Mr S can rest assured that I have kept these in mind when making my decision.

Now turning the other points Mr S has raised.

Complaint handling failings

SJP has offered to pay Mr S £50 in recognition of the time it took to respond to Mr S' complaint. In my view whilst it is regrettable that SJP delayed in providing Mr S with an answer I think the amount offered is sufficient. I therefore do not propose to direct SJP to offer anything further in relation to this specific issue.

Charges not disclosed and point of sale documentation not provided

Mr S has said that he wasn't provided with any advice or documentation at the time of the sale and the charges that applied to him were not disclosed.

As mentioned earlier in this decision I have seen the documents that were completed the time of the sale and the documents which SJP say were provided to Mr S at the time. These documents are what I would expect to be provided to an investor by any firm. It's clear they were produced and on the balance of probabilities I think they would have been provided to Mr S at the time. It's also likely that the information in those documents would have been discussed verbally with Mr S.

Furthermore, given Mr S' experience of investments (mentioned earlier in this decision) had nothing been provided to him at the time I think it's likely that he would have thought this unusual and would have questioned the adviser about it.

Having looked at these documents, and as I have already detailed above, I am satisfied that the early withdrawal charges and other applicable charges were disclosed in several documents which I have already said I think were likely were provided to Mr S – the suitability report, illustration and terms of business - along with the details of the investments being advised and rationale behind the advice.

Suitability of the advice provided to Mr S

Mr S has said that he wasn't given advice and that the adviser just told him to place the funds into the bond without adequate explanation of risks charges or alternatives.

However again as I have already described I have seen the suitability letter and fact find documents that were completed at the time of the sale with Mr S as well as a follow up letter sent to him not long after he met with the adviser. All these documents set out the reasons why Mr S was given the advice to invest in the bond and why he wasn't advised to take out an ISA at the time. They also clearly set out that advice was being provided so I can't see why Mr S has said he wasn't given advice or wasn't provided with all relevant information that he should have been.

In terms of whether the advice was suitable for Mr S, in 2005 when Mr S was advised to take out the investment bond the rules on providing advice were less stringent than they were later and are now. However, COB 5.3.5(3) did explicitly refer to the need to base advice on the facts disclosed by the client and other relevant facts of which the business reasonably should be aware. And COB 5.3.14 & 16 said that the suitability letter should take into account the consumer's personal and financial circumstances.

I obviously wasn't present at the time of the sale so I can't know what was discussed between Mr S and the adviser. So, all I can base my findings on is the evidence that has been provided to me in documented form along with any testimony from the adviser involved and Mr S and make my decision based on that and what I think is more likely to have happened.

The documentation completed at the time of the sale recorded that Mr S had £37,000 of easily accessible funds and wanted to invest for greater returns. He held £25,000 in ISAs and £8,500 in stocks and shares. He had a good income as well as disposable income and other investment assets and the funds to be invested were coming from accumulated savings. So in my view this indicates that Mr S had sufficient capacity for loss to invest at a medium level of risk. Looking at his overall investment assets, the £10,000 investment into the bond made up roughly 14% of the total amount he had available to invest.

The documentation also confirms that he had experience of investing in equity-based ISAs and direct shares, so I am satisfied that Mr S being assessed as a medium risk investor was not incorrect.

It was also recorded that Mr S was specifically looking to invest in a property fund because he felt he had enough investment in stocks and shares at the time and indeed the follow up letter sent to Mr S not long after the meeting confirms that an ISA was considered but was declined by Mr S on the basis of diversification as he felt investing into property would bring an element of diversification to his overall investment portfolio.

Within SJP at the time an investment into property funds was only available via and investment bond therefore Mr S being given this advice doesn't seem unsuitable against this information.

From this information it seems to me that Mr S was the one who drove the investment into the bond due to his objectives and needs. He was investing only 14% of the total available to invest and by investing in the property fund via the bond the diversification of his investment portfolio was being increased. I therefore think the advice Mr S given was suitable for him at the time taking account of the circumstances of how the investment came about and his needs and objectives as explained to the adviser. And the fact that he invested a further £40,000 into the bond without the benefit of advice supports this view and indicates that Mr S was content with the advice at the time of making the additional investment (2006).

Ongoing advice charges and trail commission.

Given the date of Mr S' investments they were not subject to ongoing advice charges nor was there a separate charge for ongoing advice and so there was no obligation for SJP at that time to provide ongoing advice. And having looked at the documentation provided to Mr S at the time of taking out the investment bond I am satisfied that no promise of regular/ongoing advice was made to him by SJP.

The rules governing how advisers are paid did change on 31 December 2012 under what is known as the Retail Distribution review (RDR). These changes meant that when a review service was to be provided, a separate charge known as an Ongoing Advice Charge should be agreed and deducted from the plan as a separate charge which could be turned off should the ongoing advice no longer be required. But this wasn't something that could be retrospectively applied and while Mr S' investments remained in place until after the implementation of RDR the ongoing adviser charge would only have been triggered and therefore applied to Mr S' investments if he had made any qualifying change to his investments after the RDR inception date – which he didn't.

Therefore, because of this SJP has not been obligated to review Mr S' investments annually, provide him with regular advice or be in contact with Mr S constantly if there are down turns in the markets etc. And Mr S was certainly not paying for this type of service.

And while SJP may well have received ongoing trail commission from the time Mr S started his investment bonds this was paid for from the product provider to the adviser and was not provided in exchange for a service - other than the initial advice and ongoing administrative services – not suitability or advisory services as per RDR.

Therefore, Mr S is correct that he didn't receive an ongoing advisory service, but I am satisfied that was because he wasn't entitled to it, and the payment of trail commission doesn't change that as it isn't related to it. So, in my view SJP has not done anything wrong.

My final decision

My final decision is that for the reasons set out above I don't uphold this complaint and I make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 November 2025.

Ayshea Khan
Ombudsman

