

The complaint

Mr S has complained about the actions of St. James's Place Wealth Management Plc ("SJPWM"). He says the services provided by SJPWM have not been commensurate with the charges he has paid. He says the performance of his pension has stagnated because of those charges and because SJPWM hasn't been proactive enough in managing his investments.

What happened

Mr S became a client of SJPWM in 2010. On the recommendation of SJPWM, he set up two St James's Place pension plans and transferred three personal pensions into them in September 2010. In 2011, SJPWM advised Mr S to set up an ISA. Even though Mr S did this, he didn't subsequently contribute into his ISA in the way recommended by SJPWM. In 2018, Mr S set up a flexi-access drawdown plan with St James's Place and took 25% tax-free cash, keeping the remainder of his funds invested.

On 31 January 2025, Mr S complained to SJPWM. He had become concerned about the performance of his pension, SJPWM's charges and the lack of advice he felt SJPWM had provided since he had become a client.

In response, SJPWM said it had originally been remunerated through commission because it had advised Mr S before the Retail Distribution Review ("RDR") came into force from 31 December 2012. Briefly, before the RDR advisers could be remunerated through commission payments from retail investment product providers rather than through explicit advice fees agreed with, and paid by, their clients. The RDR put an end to that (although existing trail commission arrangements could, typically, continue unaltered post-RDR). SJPWM said the commission payments it received in relation to Mr S's policies, and the actions it took thereafter in relation to those policies, were in line with what had been agreed with Mr S and what was permitted for arrangements entered into pre-RDR.

However, SJPWM accepted that it hadn't acted as it should have done after Mr S set up his flexi-access drawdown plan in early 2018. This was set up post-RDR. As such, Mr S agreed to pay 0.5% p.a. of his funds under management to SJPWM in return for it providing ongoing advice. That advice proved sporadic. SJPWM offered to refund Mr S's ongoing advice charge ("OAC"), plus 8% interest, for the four years that it failed to provide an annual review of Mr S's pension. It also offered to pay Mr S £150 for the distress and inconvenience it had caused.

By this point, Mr S had already referred his complaint to us. When SJPWM's offer came in, he told us it wasn't sufficient. He said the offer excluded the charges he paid prior to 2018. And he maintained his position that his pension had produced poor returns because of SJPWM's charges and its lack of ongoing, and proactive, advice which he thinks allowed investment performance to stagnate.

Our investigator partially upheld Mr S's complaint. He thought SJPWM's distress and inconvenience award was fair. But he thought SJPWM had to refund a further eight months of its OACs to Mr S to account for one year in which the annual review took place in October

rather than February and the OACs paid during that 8-month delay. But, beyond that, he didn't think SJPWM had anything further to do.

Both parties disagreed. SJPWM didn't think it should refund the additional eight months of OACs recommended by our investigator because the review in the year in question still happened and should, in effect, be paid for by an entire year's worth of fees as would normally have been the case. It did, however, identify a further two months of OACs that it thought it should refund.

Mr S's disagreements with the investigator's assessment were more wide-ranging. Briefly, Mr S said he *didn't* receive advice from SJPWM in 2018 in relation to his flexi-access drawdown plan, the additional fees charged for that transaction were unfair, the investigator hadn't taken into account the commission payments made between the introduction of the RDR and 2018, the quality and timeliness of SJPWM's advice wasn't commensurate with what it had been paid and the performance of his pension was below that of any reasonable benchmark to the extent that he now believes he was mis-advised back in 2010.

Our investigator agreed with SJPWM's point that it should refund just a further two months of OACs. He put this to Mr S and addressed his comments, none of which he thought changed the outcome of the complaint. As Mr S didn't respond, it falls to me to make a final decision.

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.

1. Pre-RDR commission payments

I agree with the conclusions of our investigator on this point. Specifically, Mr S's advice to transfer his three personal pensions to St James's Place was given pre-RDR, as was the advice to contribute to an ISA (although Mr S never fully followed that advice). As such, SJPWM was allowed to be remunerated by an upfront commission payment and ongoing trail commission thereafter.

It's the latter that is the primary focus of Mr S's concern because his argument is that he didn't receive any advice from SJPWM between 2011 and 2018, despite the trail commission it earned on his policies in that period. However, I haven't seen anything in the documentation from the time that indicated SJPWM had agreed to provide ongoing advice to Mr S. Its agreement with Mr S didn't extend beyond providing Mr S with "ongoing servicing" throughout the life of his pension plans. Whilst one could argue that's quite a broad term, I'm satisfied any reasonable interpretation wouldn't take it as meaning SJPWM had committed to provide Mr S with ongoing advice. With that in mind, and considering the pre-RDR environment allowed for arrangements such as the one Mr S had with SJPWM, I'm satisfied SJPWM hasn't done anything wrong here.

I also note Mr S's comment that the RDR came into effect from 2012 meaning it's a relevant consideration for his relationship with SJPWM for the entire period thereafter – not just from 2018 as our investigator found. But I can only repeat what our investigator said, which is that commission arrangements agreed pre-RDR were allowed to run beyond 2012. It was only Mr S moving his funds into a flexi-drawdown arrangement in February 2018 that acted as a catalyst for a new charging arrangement.

2. Ongoing advice charges from February 2018

In October 2017, Mr S met with SJPWM to discuss him turning 55, which was imminent, and

his wishes to take 25% of his pension as tax-free cash. In January 2018, he met with SJPWM again to develop those plans. This culminated in SJPWM advising Mr S to immediately crystallise his benefits via flexi-access drawdown, using the St James's Place Retirement Account to do so. It advised Mr S to take his 25% tax-free lump sum. SJPWM's recommendation was formalised in an advice report dated 25 January 2018, which said:

"We believe that the importance of regular reviews cannot be underestimated where your pension planning is concerned. As such, we will conduct a review of your plan at least annually and in particular whenever the income limits are reset. We will write to you each year on the anniversary of your plan to provide you with an annual statement in respect of your plan and invite you to contact me so that we can arrange for a review."

SJPWM also produced a personal illustration to sit alongside its advice report. It said:

"We will also provide you with ongoing advice to review your investment and ensure it remains appropriate, as set out in the brochure "Welcome to St. James's Place" provided by your Partner. The cost of this each year is 0.50% of your total investment (and so this annual cost will increase if your investment grows)."

The Retirement Account started the following month.

So, in contrast to previously, from this point on SJPWM was being paid by Mr S for ongoing advice. As such, SJPWM ought to have reviewed Mr S's pension regularly, and at least annually, starting from when he agreed to start paying OACs. It means there should have been a review around February 2019 and every February thereafter.

A review meeting took place on 24 February 2021. A follow-up letter, dated 9 March, summarised that meeting, including the main recommendation that came from it which was for Mr S to invest income from his company into the Retirement Account. A review meeting also took place the following year, on 17 October 2022, with a follow-up letter sent to Mr S on 31 October. But that's it for the entire period from the January 2018 advice to when Mr S stopped paying OACs in April 2024. In other words, there were just two reviews in a period of just over six years. Intuitively, that indicates SJPWM should refund just over four years of OACs, which is what our investigator and SJPWM ultimately concluded – a conclusion I agree with.

More specifically, SJPWM should have reviewed Mr S's pension in February 2019 (one year after the advice to move into a flexi-drawdown plan). As it didn't do so, it should refund the OACs it took for the 12 months up to, and including, February 2019. For the same reason, it should refund the OACs it took for the 12 months to February 2020. There was a review the following year (in February 2021). The review that should have happened in early 2022 did take place, albeit in October 2022. But there were no reviews thereafter, meaning SJPWM should also refund the OACs it took for the 12 months to February 2023 and February 2024.

That takes us up to February 2024. SJPWM has noted Mr S's OACs were switched off on 27 April 2024. So the OACs paid in March and April 2024 should also be refunded.

I note here that Mr S says SJPWM didn't even advise him in January 2018; his view being that he contacted SJPWM and told it what to do. However, Mr S met with SJPWM on 20 October 2017 and 15 January 2018, with SJPWM sending him its advice report and illustrations on 25 January 2018. So it did advise Mr S. I also note the same paperwork disclosed the additional advice fee Mr S had agreed to pay (which, it should be noted, worked out as 2% of funds under management rather than the 8% quoted by Mr S which appears to be based on just his tax-free cash).

3. Fund performance and suitability

Mr S also has concerns about the performance of his pension, which he considers to have performed below any reasonable benchmark. Mr S sees this as being partly down to SJPWM letting investment performance drift because it wasn't providing ongoing, or proactive, advice and partly down to its fees eroding what little fund growth there was.

In relation to events before 2018, I've nothing further to add to what I've said above about the parties agreeing to the services to be provided and the remuneration for those services. But I recognise there is an argument to say SJPWM's failure to advise Mr S thereafter, despite having agreed to review his pension at least annually, *could* have been detrimental to him.

However, I don't consider it a persuasive argument given the circumstances of the case. Specifically, Mr S was advised in January 2018 with a review then taking place in February 2021. Whilst investment performance may have stagnated in the way Mr S suggests in that hiatus, it would be difficult to argue SJPWM would have recommended he take significantly different action given his circumstances hadn't appreciably changed in that time and he was already invested in line with his attitude to risk.

Mr S rearranged his investments in February 2021, without SJPWM's advice. So I can see the argument that it shouldn't have been for Mr S to take that action and that SJPWM should have recommended something similar, and sooner. But, as I said above, there wasn't a compelling case for such change in the period leading up to February 2021.

The next review was then in October 2022 so, again, it's difficult to see why SJPWM would have advised Mr S to take different action so soon after his investments had been rearranged. So that just leaves the period between October 2022 and April 2024, when Mr S's OACs were switched off. And, yes, it's *possible* SJPWM should have advised Mr S to take different action in that time, and would have done so if it conducted the reviews it was being paid for. But, again, I haven't seen anything compelling to suggest significantly different action ought to have been taken in that relatively short period of time.

Taking a step back, Mr S was advised at the beginning of the six year period under review. He had meetings with SJPWM at least twice thereafter. And he rearranged his investments halfway through this period too – in February 2021. It's difficult to conclude the performance of Mr S's pension was clearly compromised by a lack of interaction with SJPWM.

Mr S also considers the performance of his pension has been poor enough for him to question the suitability of the advice SJPWM gave when he became its client back in 2010. He now considers himself to be worse off than he would have been had he stayed with his previous three pension providers. On this point, I note our investigator has said this is essentially a new, and substantively different, complaint point to what has been raised to date. It hasn't been addressed by SJPWM. Our investigator therefore directed Mr S to complain to SJPWM if he has any concerns about the advice it gave in 2010. As such, it isn't something I will comment on further here.

Putting things right

SJPWM has offered to refund the OACs in relation to Mr S's missed annual reviews in 2019, 2020, 2023 and 2024 along with the OACs paid in March and April 2024. For the reasons given above, I am satisfied this is fair and reasonable in the circumstances.

SJPWM also offered to add 8% simple interest per annum to those OACs. When it made its offer, it deducted tax on the interest but made no deduction to Mr S's compensation to

account for the income tax that he would have paid on his pension when, eventually, taking income from it. In different circumstances, I may have taken a different approach to all of this. But I note the 8% interest is in keeping with what Mr S wanted in relation to the refund of his OACs and is, in any case, a reasonable and pragmatic way of doing things. And its approach isn't likely to be detrimental to Mr S. So I won't be significantly changing SJPWM's approach.

Therefore, if it hasn't already done so, SJPWM must refund the OACs listed above, adding 8% simple interest from the date each OAC was paid to the date of settlement.

SJP additionally offered £150 to compensate for the distress or inconvenience it caused Mr S. I haven't seen anything from Mr S that addresses this point in any particular detail, or anything else to indicate why this wouldn't be an appropriate amount. Therefore, if it hasn't already done so, SJPWM must pay Mr S £150 for the distress and inconvenience it caused.

My final decision

For the reasons explained above, I uphold Mr S's complaint and require St. James's Place Wealth Management Plc to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 March 2026.

Christian Wood
Ombudsman