

The complaint

Mr C, represented by a claims management company (CMC), has complained about investment advice he received from St. James's Place Wealth Management Plc ("SJP") and, further, its failure to provide the ongoing advice service for which he was charged.

What happened

Mr C met with an SJP adviser in September 2012. It was recorded that he was aged 65, married, a company director with annual income of £76,000 and had surplus monthly income of £2,750. He held £15,000 in an ISA, £50,000 in stocks and shares, and £60,000 on deposit. Part of his surplus income came from his state pension, which he wanted to direct to an investment for use in the future.

SJP issued a suitability letter to Mr C to explain its advice. It said he wanted an SJP investment and intended to feed £500 a month into a SJP ISA in the new tax year. It was recommended that he therefore invest into a Unit Trust Feeder (UTF) to facilitate this. The letter said Mr C had no particular term over which he wanted to invest, and he was categorised as having a medium attitude to risk (ATR). As such, he was advised to invest in the SJP's Managed Funds Portfolio.

Mr C then met with an adviser again in May 2014 to discuss setting up a new SJP ISA. By this time, he was retired with his annual income reduced to just under £47,000 and outgoings of just under £20,000. It was recorded that he had £20,000 cash on deposit, along with just over £1,100 in the UTF he'd started in 2012.

Again, a suitability letter was issued setting out the adviser's recommendation, which was that he invest £400 per month into an SJP ISA. As before, Mr C had no particular term for the investment. His ATR was still recorded as medium, and he was again advised to invest in the Managed Funds Portfolio.

Mr C's CMC complained to SJP in September 2024, as set out above. SJP accepted that no ongoing advice service had been provided to Mr C and offered a refund of the relevant charges with 8% simple interest, as well as £150 for the distress and inconvenience caused. But it felt the investment advice had been suitable.

Mr C's CMC accepted SJP's offer in respect of the ongoing advice charges but maintained the advice had been unsuitable.

An investigator considered the complaint and concluded otherwise. He was satisfied the advice was broadly suitable. He said, in brief –

The 2012 Advice

- Mr C had investment experience having invested in a stocks and shares ISA and directly held shares. He held cash as an emergency fund and was investing a relatively small amount of his spare income. His ATR was established after discussion with his adviser and a medium ATR appeared reasonable, given his

financial circumstances and objectives.

- He had disposable income which it was reasonable to consider investing given the low deposit rates at the time. As he had no immediate need for his savings, it seemed reasonable for him to have explored alternative ways of increasing his returns.
- Ideally Mr C would've been recommended an ISA, but he had already funded one for that year so he couldn't open a new ISA with SJP. And, as tied advisers, SJP couldn't advise him on contributing to an ISA held elsewhere. So, the choice of a Unit Trust Feeder was appropriate.
- The Managed Funds Portfolio was well diversified across different funds and asset classes for investors with a medium ATR. So, it was a suitable recommendation for Mr C's circumstances and objectives.
- He noted that Mr C made only two payments to the UTF before stopping. But the information provided by him at the time of the advice indicated he'd the capacity and intention to invest over the medium to long term, and he'd been informed that he should consider a minimum term of five years. Any decisions he subsequently made in respect of stopping payments didn't mean SJP's advice had been unsuitable.

The 2014 Advice

- The investigator's thoughts on the 2014 advice were broadly as above.
- Mr C still had surplus income, cash-based savings in case of emergency, and the base rate was still 0.5%. So as before, it was reasonable for alternative investment options to have been considered for part of his surplus income.
- He was still a medium risk investor, and there was nothing to suggest his ATR should have changed. So, the Managed Funds Portfolio remained a reasonable recommendation.
- Mr C's CMC had highlighted that the funds accumulated in the Unit Trust had not been fed through to an ISA when the new tax year started as initially intended. But Mr C didn't open the SJP ISA until May 2014, and so at the start of the 2013/2014 tax year, there'd been no ISA to which funds could be fed from the UTF. So, he didn't think SJP had done anything wrong in this regard.

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

- SJP failed to consider how long the UTF would be funded for and the sustainability of the product, given their charges.
- It should've directed Mr C to an IFA.
- Mr C had outstanding allowance with his existing ISA provider in 2012, which should've been used first.
- The UTF was specifically intended to feed an ISA, yet it couldn't feed Mr C's existing ISA due to SJP's tied nature.
- So, by giving the UTF advice, it gave Mr C no choice but to take out an ISA with SJP when he already held one with another provider, which led to him incurring unnecessary initial and ongoing advice charges.

The investigator responded to the CMC's further points saying, in brief –

- Mr C had already part-funded his existing ISA in the 2012/2013 tax year. He had £60,000 in cash-based savings, and surplus income of £2,750. So, he had the means to fully fund it in addition to contributing to the new UTF, which wasn't intended as a replacement for his ISA, but an extension to his investing.
- Mr C did make limited contributions to the UTF, but SJP wasn't responsible for his actions after the advice was given. The information on which the 2012 advice was

based showed he considered this to be a medium to long term savings plan, and he had the affordability to maintain payments.

- The SJP UTF could only feed into an SJP ISA, but the suitability letter at the time specifically said that it was Mr C's intention to fund an SJP ISA in the following tax year.
- ISA rules allow consumers to hold ISAs with several different providers, so there was nothing unusual with Mr C's intention to start an SJP ISA.
- The costs and charges of both the UTF and ISA were clearly set out. Mr C could've been referred to an IFA, but this would've incurred him advice costs, even if that advice was simply to top up his existing ISA.

Mr C's CMC maintained that SJP's advice had been unsuitable and unnecessary, stressing again that he hadn't fully funded his existing ISA for the current tax year. It said he could've retained money on deposit until the next tax year to fund the existing ISA again, avoiding the costs of the new SJP products.

The investigator wasn't persuaded to change his 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 the investigator and for broadly the same reasons.

It was documented that Mr C approached SJP as he wanted to start a regular savings vehicle. He appears to have had an existing relationship with SJP, and it was noted that he had been impressed with the performance of investments belonging to his late sister held with SJP.

He held investments elsewhere, notably the existing ISA that had been part funded for that tax year, but there was nothing preventing him from extending his overall investment strategy further with SJP and the arrangement recommended appears to have been affordable and consistent with his circumstances and attitude to risk. He had funds available to him to that he could have used to fully fund the existing ISA had he wanted to. I appreciate he stopped funding the UTF very soon after starting it, but it was clearly set out that it was intended to be a medium to long term product that would feed an SJP ISA.

Clearly this didn't happen as planned. Mr C's circumstances changed following the 2012 advice and the recommendation to start the ISA wasn't provided until just over 18 months later, in May 2014. I acknowledge that the suitability letter was silent on the issue of the previously recommended UTF, but the advice to open an ISA with SJP at that point to receive surplus income wasn't to my mind unsuitable. I accept Mr C held the existing ISA, but as had been noted previously he indicated a desire to invest with SJP and, while there may not have been a direct comparison provided with the existing ISA, the costs associated with SJP's product were provided to him.

I note what's been said about the failure by SJP to ensure the money that had accumulated in the UTF was moved over to the new ISA when it was opened in 2014. It's not clear why this didn't happen, but given the sums involved it doesn't seem likely to have incurred a loss for Mr C.

Mr C, for whatever reason, as with the UTF, didn't continue with the contributions to the ISA,

stopping them after just over a year. Again, it had been made clear that the investment was intended to be for the medium to long term and if Mr C's circumstances or objectives changed again, that's not something for which SJP can be held accountable. While he stopped the contributions, he didn't access the funds until 2023, when he closed both the UTF and the ISA.

Overall, while it's clear the recommendations made to Mr C didn't proceed as intended, I'm nevertheless satisfied that they were suitable for Mr C's circumstances and objectives at the time of the advice.

Putting things right

In respect of the ongoing advice service, SJP has accepted that this was not provided as it should've been, from 2015 through to 2023 inclusive. As such, I'm satisfied that it's fair and reasonable that SJP refund to Mr C the relevant ongoing advice charges, plus interest at 8% simple to the date of this decision. In addition, it should also pay £150 for the distress and inconvenience this has caused to Mr C.

My final decision

For the reasons given, my final decision is that St. James's Place Wealth Management Plc must compensate Mr C as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 14 January 2026.

James Harris
Ombudsman