DRN-5921275

The complaint

Mr B complains that the advice he received from St. James's Place Wealth Management Plc ('SJP') to transfer his retirement annuity contract pension ('RAC') to an SJP personal pension and invest in its Managed Funds portfolio was unsuitable for him.

Mr B has a professional representative here, but for ease I'll refer only to Mr B.

What happened

It appears that in 2019, Mr B asked SJP for advice about his RAC pension. SJP considered Mr B's financial circumstances and objectives. Amongst other things, it recorded that:

- He was age 58, employed, and married with non-dependent children.
- He'd held the RAC since 1988 and contributed £20 a month to it. On reaching the selected retirement age of 60, it would pay him a 'guaranteed basic sum' of £12,628 plus a £5,270 bonus.
- He'd recently joined a workplace personal pension which he and his employer contributed to. Its current value was £500.
- He wasn't concerned about his retirement and was content to rely on his state pension plus his wife's pensions, as these would cover their fixed expenditure. He'd probably continue working until he was no longer physically able and didn't plan to retire any earlier than age 67. So he wanted to try and grow the monies held in his RAC to have some flexibility in retirement; he wasn't concerned about loss.
- His attitude to risk ('ATR') was 'medium' and his income meant he could replenish losses in the short term.
- He ideally wanted ongoing advice and to start a relationship with an adviser who would stay in contact through to his retirement.

In May 2019, SJP recommended that Mr B transfer his RAC (with a transfer value of £29,851) to SJP's Retirement Account, a type of personal pension, and invest these monies in its Managed Funds portfolio which matched his 'medium' ATR. SJP also recommended he increase his monthly contribution to £50 and receive SJP's ongoing advice.

The reasons SJP gave for these recommendations included:

- *"You are concerned about your existing provider because it has been confirmed that your funds will mature into a cash account facility once you reach 60.* [The RAC provider] *will not allow you to remain invested beyond this point, and will not allow you to amend your retirement date. Your options at this time will be limited to purchasing an annuity, withdrawing the capital in 1 lump sum, or holding the funds in the cash account until you make a decision. As you do not require access to the funds until at least 67, you do not feel that these options are suitable for you."*
- *"The St. James's Place Retirement Account will allow you to accumulate funds for future benefits. In line with your plans for retirement you are able to access these funds at age 67."*
- *"You will receive the service and ongoing advice that I am able to offer. I believe this*

will be of benefit to you in the future because you will receive the regular face to face reviews that you are seeking which will keep you in touch with how your funds are performing and whether you are affected by any changes in legislation."

- *"By utilising a St. James's Place Retirement Account, you will have access to the St. James's Place Approach to Investment Management. This forms a central part of my recommendation because you will access a proven investment strategy that is constantly being reviewed and monitored, which includes face to face advice concerning asset allocation, fund performance and portfolio design."*

SJP's May 2019 suitability report also included some analysis of the cost to Mr B of accepting its recommendations. It said that one of the disadvantages of transferring his RAC to a SJP Retirement Account was that he'd pay higher charges than if he left his RAC where it was or if he transferred his RAC monies to his existing workplace pension. But that after applying special terms to reduce SJP's initial advice charge, his SJP pension would need to achieve additional growth of 2.42% per year (equivalent to £744 for the first year) to cover this extra cost. It recorded that, *"Having discussed this in detail, you felt there was a reasonable opportunity for sufficient growth to be achieved and you are willing to accept the risk it might not be."* An illustration produced by SJP showed that the initial advice would cost Mr B £169, and that he would pay 0.50% of the fund value as an ongoing advice charge.

Mr B accepted the advice and his SJP pension was opened.

In April 2024 Mr B complained to SJP that its 2019 transfer advice had been unsuitable given he wasn't financially experienced or looking to take excessive investment risk, and hadn't fully understood the implications of transferring his RAC. That SJP investing his monies exclusively into its own managed pension funds meant his portfolio lacked risk spread and diversity, and had exposed him to a more expensive charging structure. Mr B added that he'd paid SJP for annual reviews but they'd not always been provided.

SJP's final response letter of December 2024 didn't uphold Mr B's complaint as SJP thought its transfer advice had been suitable. It said it had fully explained its recommendations and the extra cost of its pension to Mr B, and he'd not questioned this. That it correctly assessed his ATR, that he had investment experience given his existing pensions, and it had provided him with enough information to make an informed decision. He'd wanted to invest for retirement and have face-to-face advice, and his RAC had a very limited fund range so transferring gave him more choice. And since he'd transferred from a defined contribution plan, he'd not lost any guaranteed benefits. SJP also said it had provided Mr B with annual reviews.

Mr B came to the Financial Ombudsman Service in March 2025. He said he only wanted us to consider the suitability of SJP's 2019 transfer advice and didn't require us to investigate anything else. That SJP may have told him its pension would cost more but that didn't mean the transfer was justified, and he suggested SJP should instead have advised him to transfer his RAC to his existing workplace pension, as he pointed out that it had lower costs.

For its part SJP added, amongst other things, that it had waived its initial advice fee for Mr B in 2019 and his SJP pension had grown significantly, plus he'd made additional contributions. And that he'd previously been happy enough to leave SJP positive online reviews.

Ultimately, an Investigator at our Service thought SJP's advice hadn't been suitable for Mr B. They said the benefits of transferring to SJP's pension didn't outweigh the substantial increase in costs, given Mr B's existing workplace pension was a lower cost alternative. And at age 58, Mr B still had two years until his RAC matured so he didn't need to incur costs that early. His limited pension provision meant SJP's ongoing advice was an additional cost he'd wouldn't get meaningful benefit from. So SJP should've encouraged him to speak to an independent financial adviser or the provider of his existing workplace pension. If it had, Mr B would've likely transferred his RAC to his existing workplace pension. So the Investigator said SJP should carry out a redress calculation and compensate Mr B if this showed a loss.

SJP disagreed, highlighting that Mr B had been concerned about staying with his RAC provider as it wouldn't allow him to stay invested past age 60 and he didn't need to access the funds until at least age 67. And it said SJP's higher fees were based on comparing the RAC provider's projection to age 60, so the additional growth needed to cover them wasn't relevant as Mr B was age 58 at the time and wanted to stay invested to at least age 67. SJP also said Mr B benefitted from its ongoing advice; his RAC hadn't been looked at since 1988 and he was getting close to retirement, and now his SJP pension's value had increased to £58,340 and his monthly contributions had increased to £250.

As agreement couldn't be reached this complaint was passed to me and I issued a provisional decision in which I explained why I didn't intend to uphold Mr B's complaint.

Mr B was disappointed but had nothing further to add. Despite being provided with the opportunity, SJP didn't provide any further comments or evidence for consideration.

As both parties have been provided with the opportunity to respond to the provisional decision, I'm now in a position to make my 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.

As neither party have provided any further comments or evidence for me to consider, I see no reason to depart from the conclusions I reached in my provisional decision, and so I largely repeat them here.

Mr B now accepts SJP has carried out annual reviews for him, as I note he only wants our Service to investigate the transfer advice SJP gave him in 2019. So to be clear, my decision will only consider the suitability of SJP's advice to transfer from his RAC to the SJP Retirement Account in 2019.

In considering what is fair and reasonable in the circumstances of Mr B's complaint about SJP's 2019 transfer advice, I've taken into account relevant law and regulations, Regulator's rules, guidance and standards and codes of practice, and what I consider to have been good industry practice at the time. This includes the Principles for Businesses ('PRIN') and the Conduct of Business Sourcebook ('COBS'). And where the evidence is incomplete, inconclusive or contradictory, I reach my conclusions on the balance of probabilities – that is, what I think is more likely than not to have happened based on the available evidence and the wider surrounding circumstances.

And having done so, I'm still not upholding this complaint. I know Mr B is disappointed, but I'll explain my reasons.

I've reviewed the information gathered by SJP about Mr B's circumstances, objectives and ATR, to consider whether the advice he received to transfer his RAC monies to the SJP Retirement Account was suitable.

SJP noted that Mr B was aged 58, still working and described himself to be in good health albeit with *"minor arthritis"* he was being treated for, and that he expected to continue working as long as he was physically able to, and at least until age 67. SJP recorded that his wife would retire in 2022 and access her two defined benefit pensions, and that these together with Mr B's state pension would cover their fixed expenditure in retirement. It also recorded that they had £2,000 left on the mortgage for their home, for which they paid £372 a month with a remaining term of six months, plus an unsecured personal loan of £15,000 for which they paid £263 a month with a remaining term of five years. And together, they had £950 of disposable income each month plus *"emergency fund"* savings totalling £6,900, though Mr B would shortly use these savings to upgrade his van.

SJP noted that Mr B's first objective was to invest for his retirement and Mr B explained that he did not require access to his pension funds until at least age 67, so he wanted to try and grow the monies held in his RAC in order to have some flexibility in retirement, and he was concerned that his RAC provider wouldn't let him keep these monies invested past age 60.

In light of Mr B's desire to keep the monies from his RAC invested until at least age 67, SJP said he would have to transfer out of his RAC in order to achieve this. I've seen evidence that the provider of the RAC would not allow Mr B to keep his monies invested or to change his retirement date to later than age 60, meaning that if he remained in the RAC his choices would be to either use the monies to purchase an annuity, to keep the monies in the cash account until he'd decided what to do, or withdrawn the monies as a lump sum. SJP ultimately recommended that Mr B transfer his pension to an SJP Retirement Account.

I think it's important to note that I'm required to consider whether the advice SJP provided was suitable for Mr B in order to meet his objectives – I'm not here to consider whether SJP provided the best possible advice. And having considered this carefully, I haven't seen sufficient evidence to persuade me that this recommendation was unsuitable for Mr B. As I've said above, Mr B couldn't achieve his objective by remaining in his existing RAC arrangement, so he needed to transfer to an alternative product.

Mr B suggests he should've been advised to transfer his RAC monies to his new workplace pension instead of an SJP Retirement Account. But, as Mr B would've understood after agreeing to take advice from SJP, it could only advise on SJP products. As such, SJP couldn't recommend that he transfer to an alternative product with another provider. I also think Mr B would've likely understood he had the option of transferring his RAC to another provider and that this wasn't restricted to transferring it to SJP, because SJP's suitability report does refer to the alternatives of leaving his RAC where it was, or transferring it to his existing workplace pension or to a stakeholder pension instead. However, SJP's suitability report explained why it had discounted these alternatives – broadly, because they wouldn't allow him to meet all of his objectives.

Mr B says he didn't fully understand the implications of transferring his RAC. It's not clear what specific implications Mr B is referring to here, but I recognise that he was being advised to transfer his pension to a more expensive arrangement with SJP. However, for the increased cost Mr B would be receiving the extra service of ongoing advice that I think he wanted and could benefit from. I think that the potential for having an ongoing relationship with an adviser in relation to his pension provisions was something that appealed to Mr B particularly as he was approaching retirement and given his lack of investment experience. And, having sought out the advice, I think it's clear he was starting to think about his pension more and how this fitted in with his retirement needs, and I think he would've wanted to have the benefit of knowing that his pension was being 'looked after' on a regular basis as he approached his retirement. So, I think Mr B had a need for an ongoing advice service and he ultimately agreed to take it out.

I also think that Mr B was made aware of the increased costs at the time. In the suitability report, SJP set out the costs involved if Mr B accepted the advice, including the upfront costs, the ongoing costs and the early exit charges. SJP specifically stated that one of the disadvantages of proceeding with the advice was higher overall charges. And that he'd have to achieve additional growth of 2.42% per year to match the growth on his existing arrangements. Mr B was also provided with an illustration which set out the charges in percentage terms and showed the impact of all of the charges (including initial and ongoing advice charges) on his pension fund in monetary terms over the first five years and at age 67.

I also think the investment recommendation, which involved Mr B investing his pension monies in the Managed Funds portfolio, was suitable for his 'medium' ATR. Mr B says he was not looking to take excessive investment risk, and that this portfolio lacked risk spread and diversity, and exposed him to a more expensive charging structure. However, I note that SJP's suitability report recorded that they had discussed other SJP portfolios which Mr B had declined due to them being too high or too low risk, but that he was happy with the risk level and diversity provided by the managed funds. It also recorded that the portfolio invested primarily in global equities, but also fixed interest and cash assets, spread across a wide number of investment managers each with a different investment style. It's not disputed that SJP's arrangement was more expensive but, as I've said, given Mr B's lack of investment experience, I think he would've wanted the reassurance of knowing that his pension was being 'looked after' as he approached retirement. So I think SJP's recommendation to invest in its Managed Funds portfolio was suitable for Mr B, and he ultimately agreed with this having discussed alternatives with SJP.

I appreciate that Mr B was 58 at the time of the advice, but Mr B told the adviser that he intended to keep working as long as he was physically able to and didn't expect to touch his pension before age 67. So, I think he had a reasonable period for investing to allow for fluctuations in the market during this time. I also think Mr B had some capacity for loss, given that he had capacity to save from the disposable income of £950 per month which would shortly increase by £372 when their mortgage was fully repaid. So, overall, I don't think SJP's assessment of Mr B's ATR of medium was unreasonable in the circumstances.

In summary, I think SJP's recommendation that Mr B transfer out of his RAC into a Retirement Account and invest in its Managed Funds portfolio with SJP was not unsuitable for him.

My final decision

For the reasons set out above, I don't uphold this complaint.

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

Ailsa Wiltshire
Ombudsman