

The complaint

Mrs B's complaint about St. James's Place Wealth Management Plc ('SJP') concerns the poor performance of her pension she says she has experienced since investing and despite paying for advice and ongoing management of her funds. She says she was given inflated growth figures as to what her pension would achieve and believes she would have been better off investing in property instead. Mrs B also says she wasn't told about the early withdrawal charge (EWC) which she deems is unfair and says she would not have added funds, or continued to add funds to her pension if she'd known about it. Mrs B says she has lost out as a result and is seeking compensation.

What happened

I issued my provisional decision of 7 November 2025, in which I explained why I intended to not uphold the complaint. It also set out the background and circumstances leading up to the complaint. I've included the relevant sections of my provisional decision here as it forms part of my final decision.

Copy of provisional decision

What happened

The following is a summary of the background, circumstances and key events leading up to the complaint to provide context. While I have read and considered everything, I have not set out here a detailed timeline of events or a complete list of all the evidence presented. Where I deem it appropriate to do so, I will expand on what's here or refer to specific evidence in support of my findings in the section below.

Mrs B first met with SJP in December 2019 to discuss retirement planning, which resulted in a recommendation to take out and invest in a pension. Things didn't proceed at this time. But in March 2021, Mrs B met SJP again to progress matters.

SJP completed / updated a fact-find document to record Mrs B's personal details, circumstances and objectives. Amongst other things, this recorded the following:

- Mrs B was 48, married, had no dependants, and was in good health.
- Her and her husband ran their own business, they had joint disposable income in excess of £1,600 a month, and jointly had around £190,000 in cash.
- She jointly owned her own home, which was mortgaged. She had no other liabilities.
- Her target retirement age was 68 and she had no pension plans – she intended to build wealth via property.

SJP also carried out an assessment of Mrs B's attitude to risk, which it deemed was 'medium.'

On 16 March 2021, SJP issued a suitability letter in which it recommended Mrs B invest £25,000 into a SJP retirement account as a single contribution along with a regular contribution of £300 a month. The letter referred to various accompanying documents, including an illustration document. I'll refer to this again later on. It also said it would provide Mrs B with ongoing advice to review and maintain her financial objectives.

The letter said the recommendation was based on Mrs B's key objectives of wanting to invest for her retirement, reduce her income tax liability, and access ongoing service and advice. It reconfirmed her attitude to risk of 'Medium' which was described as follows:

'You want your capital to keep pace with inflation and are investing for at least five years. You want the potential to achieve better long-term returns and are comfortable with most of your capital being invested in equities and property, some of it overseas. You realise there may be significant falls in the value of your investments.'

SJP recommended that Mrs B's single contribution was invested in a 'Balanced' fund. And the regular contributions in the 'Managed Funds' portfolio. The letter also contained an appendix, which it said summarised further information. And this included information about the EWC. I will also refer to this in more detail later on.

Shortly after receipt of the suitability letter, Mrs B emailed the adviser to say that she wanted to go ahead with the single contribution investment, but would hold off making the regular contributions. She also said that she had told the adviser's colleague she had a particular investment preference and wanted to ensure she wasn't invested in anything that wasn't aligned to that. She also asked some questions about the charges and costs for advice.

The adviser replied telling Mrs B that the only charge she'd pay directly is 2.04% a year deducted from the fund on a daily basis, which covered all associated set up, ongoing and external fund costs. They said the monetary figure Mrs B had quoted of £2,114 wasn't an extra charge but was the monetary value of the advice met from the fund over the years from the 2.04% charge.

Mrs B's investment went ahead on 31 March 2021. And following the screening of the recommended portfolio for Mrs B's investment preference, the adviser presented an alternative fund selection. The adviser said:

"I have attached a portfolio breakdown of the current funds with 0% exposure to anything that could be considered... My investment team have screened all of the funds in this exercise.

Whilst we have a limited choice, the fund breakdown is positioned for medium term growth with a focus on UK and Global Emerging Equities and a few lower risk funds to keep the overall risk profile as balanced as possible."

Mrs B agreed and according to SJP, the necessary fund switches were carried out on 30 April 2021.

Mrs B made further lump sum contributions with advice supported by suitability letters around September 2021, February 2022, December 2023 and March 2024.

Annual reviews were also carried out annually with the review in 2024 resulting in a switch of portfolio. I'll discuss this in more detail below.

In July 2024, Mrs B raised concerns with her adviser about the poor performance of her pension. And following an email exchange and conversation about this, and the charging

structure, Mrs B said that the EWC had not been discussed with her and wasn't transparent, she wouldn't have put money into a pension that was performing poorly or added additional funds if she known the higher time limit on the exit fee would apply, she was paying for advice so the onus was on the adviser to see her right, she'd been given inflated projections of how her money would grow, and said she felt she'd been misled.

At this point, the adviser considered the matter was best dealt with by SJP's complaints team and the matter was referred to them in August 2024.

Because SJP didn't provide a final response to the complaint within the allotted time, Mrs B brought her complaint to the Financial Ombudsman Service raising the points I referred to above.

One of our investigators looked at things and they didn't uphold the complaint. In summary they said there was no guarantee of performance provided or anything to suggest Mrs B was led to believe this was the case – the illustrated investment returns were in line with what the regulator prescribed. They said it wasn't fair to refund the ongoing advice fees solely because Mrs B didn't see any value in them due to the performance she experienced. They said Mrs B could have cancelled the ongoing advice fee at any time. They said the advice Mrs B received was suitable – the recommended funds were in line with her attitude to risk and her personal investment preference. And they said the costs of the advice, including the EWC were clearly disclosed at each point of advice, so Mrs B was in an informed position.

Mrs B disagreed. She said she maintained she was misled and told untruths by the adviser and was promised a large return, and she referred to email evidence to support this where the adviser said: "On the projection. We are not allowed to use past performance to project future returns, but using a mid and high growth rate (2.4 and 4.5%pa) your £80,000 contributions would be valued at £115,000 or £132,000 respectively."

She said she wasn't aware she could cancel the ongoing advice fee and asked where in the documentation she received, this was clearly explained. And she asked the investigator why they were satisfied all charges were clearly disclosed.

The investigator repeated that the costs were set out in the illustrations provided to Mrs B at the time and that the growth percentages quoted here were in line with the regulator's prescribed percentages. They provided Mrs B with a copy of SJP's Service and Costs Disclosure Document, which amongst other things referred to the ongoing advice fee and that it could be cancelled if the service was no longer required.

Because the matter could not be resolved informally, it was passed to me for a decision.

Mrs B provided some further comments for my consideration. She broadly repeated the points she already made. She said the charges are still unclear, she asked where the exit fee was shown, she asked when she was supposed to receive the illustration document, she referred to an email from the adviser in response to her questions about the charges where they made no mention of the exit fee, she was given inflated growth expectations, and she said that SJP had still not provided a response to her complaint.

What I've provisionally 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. And where the evidence is incomplete or inconclusive 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.

The applicable rules, regulations and requirements

As a regulated firm, SJP had many rules and principles that they needed to adhere to when providing advice to Mrs B. And these can be found in the Financial Conduct Authority (FCA) handbook under the Conduct of Business Sourcebook (COBS) and Principles for Businesses (PRIN) as they were at the time of the advice.

In relation to the ongoing advice element of the complaint, the following are most relevant and provide useful context for my assessment of SJP's actions here.

COBS 6.1A.22: A firm must not use an adviser charge which is structured to be payable by the retail client over a period of time unless (1) or (2) applies:

- (1) the adviser charge is in respect of an ongoing service for the provision of personal recommendations or related services and:
 - (a) the firm has disclosed that service along with the adviser charge; and
 - (b) the retail client is provided with a right to cancel the ongoing service, which must be reasonable in all the circumstances, without penalty and without requiring the retail client to give any reason; or
- (2) the adviser charge relates to a retail investment product for which an instruction from the retail client for regular payments is in place and the firm has disclosed that no ongoing personal recommendations or service will be provided.

In 2014, the FCA produced guidance in the form of a factsheet (For investment advisers - Setting out what we require from advisers on how they charge their clients). The factsheet said:

'Ongoing adviser charges

Ongoing charges should only be levied where a consumer is paying for ongoing service, such as a performance review of their investments, or where the product is a regular payment one. If you are providing an ongoing service, you should clearly confirm the details of the ongoing service, any associated charges and how the client can cancel it.

This can be written or orally disclosed. You must ensure you have robust systems and controls in place to make sure your clients receive the ongoing service you have committed to.'

While the factsheet wasn't published until late 2014, it didn't mark a change to the rules firms like SJP were already expected to follow. In my view, it re-enforced or reminded firms of the standards already in place when providing on-going advice services.

Having considered all of this and the evidence in this case, I've provisionally decided to not uphold this complaint. I'll explain why.

I will address below what I consider are the key points of Mrs B's complaint.

Investment performance

Firstly, it is clear from what Mrs B has said that she is disappointed with the performance of her pension investments given the advice and ongoing management charges she has paid to SJP. But a complaint purely about investment performance, and that the returns received might not have lived up to expectations, is not one I would typically uphold. So, if Mrs B understood the risks she was taking but she thinks her investment should have produced a better return than it has, this alone is not grounds for me to uphold her complaint. But, if Mrs B did not understand the risks involved, or her investments were not in line with her objectives and/or the level of risk she was prepared to take, then this speaks to the overall suitability of her investment. I will consider this suitability of the advice Mrs B received below.

Before I do, I can see Mrs B feels that she was misled by the adviser and given overinflated growth figures and so expectations about the growth her pension would experience. And she's highlighted an email (I referred to this earlier on) she received from the adviser following receipt of the advice paperwork when she questioned things, which she says supports her assertion. But I'm not persuaded Mrs B was misled here.

Firstly, I've found no evidence to show or suggest that Mrs B was given any form of performance guarantee. The illustration documents she was provided with, which were referred to and accompanied each suitability report Mrs B was sent at each relevant advice point, did not say or suggest a guarantee of performance. These documents referred to the 'potential benefits' of Mrs B's retirement account and above the table where the potential percentage growth figures were set out it said: 'The illustrated benefits in the table are only examples and not guaranteed, they are not minimum or maximum amounts and you could get back less than you paid in.'

The growth percentages quoted in the table – the lower rate, middle rate and upper rate – varied according to asset type. But the lowest respective rates were -0.6%, 2.4% and 5.4%. And these were the figures used to provide the monetary amounts of what Mrs B's pension contribution might be worth based on these three rates of growth. The percentage projected growth rates used were within the maximum set by the industry regulator, the Financial Conduct Authority (FCA), so I'm satisfied there were not misleading or overinflated as Mrs B argues. And the growth rates the adviser referred to in their email of 2.4% and 5.4% were exactly the same rates used in the illustration. So, again I'm not persuaded the adviser misled Mrs B about what she could expect.

Furthermore, the suitability reports Mrs B was provided with contained a section which referred to the discussions had about her attitude to risk. And while I will talk more about this below, in describing the 'Medium' level of risk Mrs B had indicated she wanted to take, it said 'You realise there may be significant falls in the value of your investment.'

So, in summary I'm satisfied SJP did not provide any form of guarantee in terms of the performance of Mrs B's pension investment, and I've seen nothing to persuade me that she was misled about the performance potential or given any kind of promise of a larger return.

Suitability of advice

Turning to the suitability of the advice Mrs B received.

SJP's initial recommendation in 2021 was that Mrs B make a lump sum contribution together with regular monthly contributions to a new retirement account or pension plan. Mrs B's primary objectives were to invest for her retirement and to reduce her income tax liability. Given Mrs B was self-employed, so she didn't have access to a workplace pension – she also had no existing pension plans – I think the advice to contribute to a new SJP plan was suitable. Saving for retirement via a tax-efficient pension plan, in my view, reasonably met Mrs B's objectives.

At this time Mrs B made a lump sum contribution of £20,000 net, which given what was recorded on the fact-find document appears to have been affordable. I can see the contribution wasn't based on any assessment of Mrs B's likely target retirement income and it doesn't appear SJP discussed her likely income requirement in any detail or carried out a future income and expenditure analysis. But given Mrs B's age and term to retirement, it seems unlikely she would have had a realistic target amount in mind at this stage. So, basing the advice and recommendation at this time on what Mrs B was comfortable affording and because reference was made to reviewing future contributions as part of the ongoing advice service, was, in my view, fair and reasonable.

Mrs B's attitude to risk was assessed as being 'Medium.' And I think SJP's assessment that Mrs B could afford to take this level of risk with her investment was a fair one. I think Mrs B had the capacity for this level of risk – she had significant cash assets, and the investment time horizon was likely to be well in excess of five years. And given the way the suitability letter described the 'Medium' risk profile, I think Mrs B likely understood the risk she was taking and what it meant.

SJP recommended that Mrs B invest in its 'Balanced' fund, which is where Mrs B's investment was initially invested. But following screening for Mrs B's investment preference, appropriate fund switches took place. The resulting investment funds were described by the adviser as having a focus on the UK with global emerging equities and a few lower risk funds, to keep the overall risk profile as balanced as possible. I think it is clear from the emails Mrs B sent to the adviser at the time that her feelings around her investment preferences were strong. So, it was important and fair and reasonable that this was a primary consideration. Nevertheless, while it resulted in an investment in fewer funds (I understand five in total) I think the resulting portfolio was still broadly in line with the level of risk Mrs B was prepared to take. There was around a 35% weight to the UK, but also investments in property (20%), global equities/global emerging markets (18%), diversified income (10%) and alternative assets (15). At a more granular level, the illustration documents indicate the bond content was at least 20%, with around 10% in multi-asset and a further 10% in alternative assets. So, in my view the investment was reasonably diversified in terms of asset class, and geography, while importantly adhering to Mrs B's investment preference.

SJP provided further advice and recommendations to Mrs B that she make further lump sum contributions – around £15,000 in September 2021, £40,000 in 2022, £10,000 in 2023, and £30,000 in 2024 – all supported by suitability letters in the same format and accompanied by the same supporting documentation, including illustration documents. And because Mrs B's circumstances and objectives hadn't fundamentally changed, and I consider the contributions were all affordable, I think these subsequent recommendations were also suitable for the same reasons as the initial one.

So, taking all of the above into account, I think SJP's recommendations that Mrs B invest in a pension plan were suitable. I consider the advice met Mrs B objectives and, in my view, the investment recommendation was in line with the level of risk she was reasonably prepared and agreed to take each time. I will discuss the EWC in more detail below, but I'm satisfied in this case that the charging structure and the presence of an EWC did not make the advice unsuitable.

There was nothing to suggest that Mrs B would likely be impacted by the charge because of her age, the investment term and her anticipated retirement age.

Cost disclosure including EWC

Mrs B's primary complaint in relation to the fees and charges concerns the EWC. Mrs B says she was not told about this fee, and it was not explained to her at the time. She says had

she been told, she would not have invested or add further funds. She considers the fee is unfair.

Like the investigator, I think SJP adequately disclosed the costs involved with the advice. As I have said above, at each point of advice Mrs B was provided with an illustration document setting out the relevant costs – the advice fees and the product costs including the EWC. Under the section 'What are the charges?' both the first and third tables refer to the EWC. In the third table, which set out the effect of advice and product charges, it says here the EWC was 6% in the first year, reducing each year until in the sixth year it was 1% and then zero thereafter.

The suitability letter Mrs B was provided with at the outset also referred to the EWC in the appendix referring to full details in the illustration. And said: 'The St. James's Place Retirement Account which I have recommended is subject to Early Withdrawal Charges. Full details of these are set out in the illustration I have provided.

If benefits are taken are taken from the plan, then drawings up to 7.5% of the value of the investment on the day after the investment can be taken without any charge being made. This is referred to as the Annual Withdrawal Allowance (AWA) and it is cumulative in each year that an Early Withdrawal Charge applied. If you choose to withdraw funds in excess of your available AWA and EWC will apply to the excess.'

I'm satisfied Mrs B received both documents from the adviser at the time. I say this because Mrs B referred to having received the paperwork in her email in which she asked questions about the fees. And I think she could only have been able to quote the amount of the fees in her email to the adviser if she had read the illustration. And to get to those fees, I think she would have come across the reference to the EWC. It also strikes as unlikely that the adviser would have failed to discuss the EWC with Mrs B (I note the adviser's testimony is that they discussed the fees at length with Mrs B) knowing that the paperwork they would subsequently send out, and which Mrs B would read, would contain several references to it.

Mrs B has said that the adviser failed to mention the EWC in the email response to her questions about the fees following receipt of the March 2021 recommendation. But the adviser answered the question posed, which was about the cost for the advice and service. The adviser said: "The only charge you pay directly is 2.04%pa deduced from the fund on a daily basis... This covers all associated set up, ongoing and external funds costs."

Nothing the adviser said here was incorrect or, in my view, misleading.

I can see Mrs B has complained about the length of time it took the adviser to provide her with a monetary breakdown of the fees she paid saying this is evidence again of a lack of transparency. I understand that a monetary breakdown of total annual fees paid is not something SJP provides as a matter of course.

So, the adviser was correct when they said it was something that had to be produced manually. This is not, in my view, evidence of a lack of transparency.

So, based on the evidence presented, I think SJP did enough here to adequately disclose the costs of the product and advice so that Mrs B was in a position to make an informed decision.

Ongoing advice and reviews

The investigator said that while Mrs B didn't think she'd received value from the annual

reviews, a refund of the ongoing advice fees she paid wasn't warranted purely based on her disappointment with the performance. Because Mrs B referred to paying for the ongoing management of her funds, I deemed it appropriate to go further here and consider whether SJP provided the ongoing advice and service Mrs B was paying 0.5% a year for.

SJP has provided evidence that it carried out an annual review with Mrs B each year around the anniversary of her initial pension investment. I have seen meeting notes and confirmation review meeting letters for March 2022, April 2023 and March 2024. And these support that Mrs B's circumstances, objectives, attitude to risk and the investment performance were discussed and reviewed, culminating in confirmation that the advice and recommendation remained suitable. This is the type of information I would expect to see here to demonstrate a review took place and that Mrs B got the service she was paying for.

I can see that in the March 2024 annual review, the adviser made a specific note that as a result of Mrs B's screened portfolio it was creating a drag on performance. And this prompted a recommendation and Mrs B's agreement to move to SJP's 'Polaris 3' fund – a portfolio with a broader and unscreened range of funds. The adviser said this was to reduce risk and capture long-term growth. Again, I consider this is an example of the type of conversation and action I would expect to see as part of an ongoing advice review. And I would add that I consider the recommendation to switch portfolios was fair and reasonable in the circumstances.

So, I'm satisfied from the evidence presented that SJP did provide the ongoing advice service as set out and agreed at the outset and which Mrs B was paying for.

Summary

I understand that Mrs B is disappointed with the performance of her investments over the period in question. The nature of investing means returns aren't guaranteed. And I think Mrs B ought reasonably to have understood that from what she was given at the time. But unlike Mrs B, I think the disappointing performance she has described was unfortunately brought about by a number of geopolitical events and the investment markets' response to them, and not because SJP did anything wrong or acted unfairly or unreasonably. I think SJP's advice and recommendation was suitable at each advice point. And I'm satisfied it adequately disclosed its fees and costs. I'm also satisfied SJP met its obligations to provide annual reviews as part of the ongoing service.

I can see Mrs B has raised the point that SJP has still not responded to her complaint. But I wouldn't expect it to at this stage. Mrs B referred her complaint to us to consider when SJP was unable to provide its response to the matter in hand. And this is what we have done.

I understand Mrs B will be disappointed with my decision. But because I don't think SJP has done anything fundamentally wrong here, it follows that I don't intend to uphold this complaint or make any award in Mrs B's favour. And that means I won't be telling SJP that it should waive the EWC in this case.

Responses to my provisional decision

SJP said it had nothing further to add.

Mrs B said she was unhappy her complaint had not been upheld, and she didn't agree with my findings. She asked for copies of all email correspondence and evidence I had taken into

account – she said it was surprising the complaint hadn't been upheld given the email evidence. She said she didn't agree that if it takes an adviser five months to work out the charges figures, that could be considered as being transparent. She said she hadn't received a reply from the adviser when she asked them in January 2025, to explain what was meant by the following on the charges summary document provided:

"Please note that the above figures make no allowance for fund transaction costs. Fund transaction costs are incurred when the fund's manager buys or sells assets within the fund. These are not charges but rather your share of the inevitable external costs, such as stamp duty and bid/offer spreads on individual shares, that are incurred whenever assets are traded. The level of these costs is variable since it depends on the number and nature of the transactions made. Information on the level of estimated transaction costs can be found on our website <https://www.sjp.co.uk/charges>."

Mrs B said the adviser claimed that a colleague of theirs was present at all the meetings she had, but said this wasn't true. She asked whether that colleague would be prepared to testify they were there when they were not. Mrs B then broadly repeated the points she had made before – she was misled, told untruths, figures given were grossly inflated, and she was encouraged to put money into a poor performing pension with high exit costs and non-transparent fees. She said she'd lost a lot of money and thought the ombudsman was here to protect against wrongdoings.

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, because I've not been given anything new to consider, I see no reason to change my mind. So, I've reached the same overall conclusion as I set out in my provisional decision and for the same reasons.

There's not much more I feel I can usefully add to what I've already explained to Mrs B. I'm satisfied from the evidence provided that SJP adequately disclosed the costs involved in the advice and the product Mrs B took out. And as I explained in my provisional decision, the fact the monetary breakdown of the charges Mrs B paid had to be produced manually and took some time to provide, is not evidence of a lack of transparency. This was due to it not being something SJP provided as a matter of course.

I can't say why the adviser failed to reply to Mrs B's query about the charges summary document. It's possible it was because Mrs B's complaint was being dealt with by SJP's complaints department at this time and the adviser didn't feel it was appropriate to reply. But from my understanding, what this paragraph means is that the monetary breakdown of the charges Mrs B was provided with related to the specific charges payable to SJP. But that with most, if not all investment funds, there are costs associated with trading and dealing in the underlying shares or securities essentially borne by the funds. These are typically things such as brokerage fees, stamp duty and custodian fees, foreign exchange levies and bid/offer spreads. These are not unique to SJP. Mrs B can find out more following the link SJP referred to.

Whether one of the adviser's colleagues was present at some or all of the meetings Mrs B had over the relevant period is not important to the outcome of this complaint. I've explained the evidence I have relied on in reaching my findings and this has been shared with Mrs B.

Once again, I understand this is not the answer Mrs B was hoping for. But for the reasons I have given, I don't think SJP has done anything substantially wrong here, so I don't uphold this complaint.

My final decision

For the reasons above. I've decided to not uphold this complaint, so I make no award in Mrs B's favour.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 23 December 2025.

Paul Featherstone
Ombudsman