

## The complaint

Mr and Mrs R, via their representative, complain that St. James's Place Wealth Management Plc (SJP) gave them unsuitable investment advice on a regular basis between 2002 and 2012. In particular they say that, rather than derisk over time during retirement, they were advised to add more and more risk. Mr and Mrs R have also complained about the heavy charges associated with their investments.

## What happened

The following is not a complete chronology of the events and meetings that took place, but a summary of the background and key events relevant to this complaint to provide some context.

Mr and Mrs R became clients of SJP in 2002 following an introduction from their friends.

In October 2022, they met with SJP to discuss saving and investment advice. SJP completed a fact-find document to record Mr and Mrs R's personal details, circumstances, objectives and their attitude to risk. The key details recorded here are as follows:

- Mr R was aged 55 and Mrs R was 52, they were married, had no dependents and were both in good health.
- Mr R was working full-time, Mrs R was retired, their joint income was around £26,000 a year, and they had disposable monthly income of more than £800.
- Their primary assets other than their home comprised an existing Personal Equity Plan (PEP) in Mr R's name valued at around £8,800, they had joint savings of just under £10,000. Their liabilities comprised an outstanding interest-only mortgage of around £26,000, with a remaining term of seven years.
- Mr R was in his company pension scheme and he had a Freestanding Additional Voluntary Contribution (FSAVC) plan he was contributing £70 a month to. His target retirement age was 65.
- Mr R's attitude to risk was deemed to be 'Medium/High' (4 on a scale of 1 to 5) and Mrs R was 'Medium' risk (3 on a scale of 1 to 5.)
- Their objective was recorded as wanting to invest a lump sum – they'd recently inherited money and wanted to look at better ways to save over the medium / long term.  
It was noted that Mr R was unhappy with both the service and performance provided by his PEP provider.

In a suitability report of 28 October 2002, SJP recommended the following to meet their objectives:

- Transfer Mr R's PEP to SJP and invest 50% in its Recovery Trust and 50% in its

Greater European Progressive fund.

- Invest £1,500 in a MINI Individual Savings Account (ISA) in Mr R's name along with £100 a month as a regular contribution from surplus income. The lump sum was invested in the International Trust and the regular contributions were invested in the UK and General Progressive fund.
- Invest £5,000 into an Investment Bond in Mr R's name (joint lives assured) invested in five managed funds split equally.
- Open an ISA in Mrs R's name and contribute £100 a month as a regular contribution from surplus income to be invested in the UK General and Progressive fund.

The suitability report referred to Key Features and illustration documents having been discussed and provided to Mr and Mrs R.

Mr R met with and received further advice from SJP in March / April 2007. The updated fact-find recorded that Mr R was now working part-time, and he was in receipt of a pension. As a result, their joint income was now around £28,000 a year. It was also recorded that Mr and Mrs R held an endowment, which supported their mortgage. This was showing a shortfall, but Mr and Mrs R were looking at making mortgage overpayments and changing part of it to a capital and interest repayment basis.

In a suitability report of 2 April 2007, SJP recorded that Mr R's objective was to invest capital to seek growth over the medium term – capital that was on deposit and had increased because he'd received his cash lump sum of around £21,600 from his pension. Mr R's attitude to risk was deemed to be 'Medium' (3 on a scale of 1 to 5.)

SJP recommended the following to meet Mr R's objective:

- Invest £7,000 in an ISA for the current tax year, invested in its Global Trust and Worldwide Opportunities Trust on a 50/50 basis.
- Invest £4,600 in the ISA for the following tax year, invested in its Property Trust.
- Invest £200 a month in the ISA for the following tax year, invested in the UK High Income Trust and Property Trust on a 50/50 basis.
- Invest £10,000 into an Investment Bond invested in the Property Trust.

SJP recorded that it deemed the investments were affordable – Mr R's monthly disposable income was around £930 and their joint cash reserve of around £7,500 was sufficient to cover short-term and emergency needs.

Mr R met with and received further advice from SJP in June 2007.

The updated fact-find recorded that Mr R was now in receipt of a further pension, and he'd recently received his tax-free cash lump sum of around £4,300, which he was keen to discuss investing for growth over the medium to long-term. Mr R's disposable monthly income was recorded as now being around £980 and he was happy with a cash reserve of around £8,500 after investing. Mr R's attitude to risk for this investment was deemed to be 'Low/Medium' (2 on a scale of 1 to 5.)

In a suitability report of 27 June 2007, SJP recommended Mr R invest £5,000 as an addition to his existing Investment Bond to meet his objective. SJP recommended investment in its Cautious Fund for diversification.

Mr and Mrs R met with SJP again in May 2008 to discuss further investment planning. The updated fact-find noted that Mr and Mrs R had decided to clear their mortgage using their endowment policy and some savings, which had increased their disposable income by around £200 a month. Their disposable income was now around £1,140 a month. It was also recorded that their emergency fund was around £12,000, Mr R's investments were valued at around £38,000 and Mrs R's £8,700. Both Mr and Mrs R's attitude to risk were deemed to be 'Medium' for this investment.

In a suitability report of 20 May 2008, SJP recommended Mr and Mrs R increase their regular monthly contributions to the respective ISAs from £200 to £400 a month. SJP recommended the contributions for each be split 50% in the UK and Progressive fund and 50% in the Cautious fund.

Mr met with SJP again in 2012. The updated fact-find document recorded that Mr R was now 64, he was still in good health and working part-time. His joint emergency cash fund was around £16,000 and their disposable monthly income was now around £1,500. It was noted that a change in circumstances was happening as Mr R was soon to receive his state pension increasing his income. Mr R's investments were valued at around £50,000. And he'd recently received an inheritance and was looking to invest it in his name only.

In a suitability report of 26 January 2012, SJP recommended Mr R invest £10,000 – £5,880 into his ISA to maximise the current tax year's allowance combined with his regular contributions, and a further £4,120 as an addition to his existing Investment Bond. To meet Mr R's Medium attitude to risk, SJP recommended its balanced portfolio (11 funds comprising equity funds, bonds, alternative and absolute return funds) and its managed funds portfolio (comprising seven funds) respectively.

In December 2023, using the services of a professional complaint representative, Mr and Mrs R complained to SJP about the suitability of the advice they had received over the period in question. They said they were not experienced investors and questioned their risk assessment in 2002 given their occupation and retired status. They said that rather than derisking over time, they were advised to take on more risk in their portfolio over time. They also said that they'd not received the regular ongoing advice reviews they should have expected.

SJP issued its final response to the complaint in January 2025, in which it partially upheld the complaint. In summary it concluded that the advice Mr and Mrs R had received was suitable – it met their objectives and was appropriate for their attitude to risk at the relevant time. It also deemed the costs had been adequately disclosed.

But it said that for one of their ISA's which did attract a separate ongoing advice fee (the other products did not attract a separate fee) there was no evidence reviews were carried out for four years over the period 2015 to 2021.

So, it offered a refund of the fees, plus interest and an amount of compensation for distress and inconvenience.

Mr and Mrs R accepted the offer in relation to the servicing element of their complaint. But because they were dissatisfied with the response to the suitability part of their complaint, they referred the matter to us.

One of our investigators considered the matter and they concluded the complaint should not be upheld. In summary they concluded the advice given between 2002 and 2007 was suitable in light of Mr and Mrs R's attitude to risk and their circumstances, including the level of their cash deposits and their disposable income. They also considered the products recommended were suitable including the PEP transfer because the extra costs were outweighed by the increased performance potential making it more attractive.

Mr and Mrs R, via their representative disagreed. They said they weren't particularly experienced and were at a point in their lives when they didn't need to take on this much risk with their money. They also said the investigator had not commented on their view that the European fund recommended was high risk in nature.

The investigator wasn't persuaded to change their opinion, so the complaint was passed to me to decide.

I issued my provisional decision of 24 November 2025, in which I explained why I intended to not uphold the complaint. I've included the relevant extracts of my provisional here as it forms part of my final decision.

### Copy of provisional decision

#### **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.

As a regulated firm, SJP had many rules and principles that they needed to adhere to when providing advice to Mr and Mrs R. 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.

For the avoidance of doubt, Mr and Mrs R accepted SJP's offer in relation to the servicing or ongoing advice element of their complaint. So, this does not form part of the complaint we have been asked to consider. My decision will only consider and address the suitability of the investment advice Mr and Mrs R received between 2002 and 2012. I will address each piece of advice separately below under an appropriate heading.

#### **October 2002 – suitability of advice**

Mr and Mrs R's key complaint in relation to the advice given at this time is that the assessment of their attitude to risk as being Medium/High (risk score 4) and Medium risk (risk score 3) respectively, was inappropriate. It appears their argument is primarily based on their occupation type or status, and that they could not reasonably be classed as being properly financially experienced.

Firstly, I'm not persuaded that an apparent placing of significant weight on Mr and Mrs R's occupations or status to explain why they couldn't take this level of risk with their money, is appropriate here. I also don't think age alone is a determining factor. I think this approach is too simplistic a view. I think it is necessary and appropriate to consider Mr and Mrs R's wider circumstances to consider this point.

Mrs R was indeed retired. But importantly here, Mr R was working, they were both in good health, and they had a relatively high disposable monthly income. While they had an outstanding mortgage, Mr R wasn't planning on stopping working and the evidence suggests it was affordable. They also had a reasonable amount held in cash as an emergency fund – around £8,500 after the investment, which equated to approximately five months' of net monthly joint income.

Turning to their investment experience – Mrs R doesn't appear to have held investment products before. But I'm mindful that she was investing money on a monthly basis only from surplus income. And this could be stopped at any time, so I don't think her lack of prior investment experience means she couldn't afford or that it was inappropriate for her to adopt some investment risk with this money. In Mr R's case, he'd held a PEP for five years by the time of the advice in 2002. So, while I'm unclear as to what 'properly financially experienced' means, I think Mr R had some investment experience. It's also apparent from the suitability report, that in considering the recommendation that Mr R should transfer his PEP, the adviser looked at the performance Mr R had experienced with his existing investment over the previous five years. And this showed it had returned -6.81%. So, I think it is reasonable to assume that at this point in time, Mr R had some experience of the ups and downs of investing, and that he likely understood the broad concept of investment risk.

I also think it's relevant to look at the source of the funds in question when considering Mr and Mrs R's attitude to risk as well as their capacity for risk. Mr R's PEP was already invested and had been for five years. The primary lump sum being considered for investment was money Mr R had inherited. And the regular monthly contributions of £100 each was coming from surplus income, which was clearly affordable, and as I said before could be stopped at any time. So, this wasn't money that if it fell or fluctuated in value, was likely going to impact Mr and Mrs R's day-to-day living.

So, taking all of this into account, and that Mr and Mrs R were seeking and appear able to have remained invested for the medium to long-term, I think Mr and Mrs R had capacity for investment risk. And I think in their particular circumstances, a Medium/High and Medium risk approach, respectively, was fair and reasonable, and so was suitable at this time.

Turning to the recommendation itself. I think the recommended PEP transfer was suitable in the circumstances. It was noted that Mr R was unhappy with the performance of his funds. And as I said above, this was borne out by the adviser's investigation into his funds growth over the last five years. The adviser noted that the SJP product was 0.2% a year more expensive. But it would appear there was potential for improved returns to outweigh this.

Investments were also recommended in ISAs and an investment bond. Utilising Mr and Mrs R's ISA allowances was appropriate to make use of this tax-efficient wrapper. As was the Investment Bond – Mr R had utilised his ISA allowance, and this could reasonably be seen as a tax-efficient wrapper through which to hold investments in collective investment schemes or funds. It also provided flexibility allowing 5% withdrawals each year without incurring an immediate tax charge. And it meant Mr R could keep his inherited funds separate, which was one of his objectives.

So, I think the recommended products were suitable.

Looking at the recommended investment funds. I can see Mr and Mrs R, or their representative, has specifically questioned the inclusion of the European fund for Mr R's PEP investment. It says it's not clear that Mr R was informed of the geopolitical risks or the currency fluctuations associated with this fund.

I'm unclear as to what specific geopolitical risks were of relevance or importance to Mr and Mrs R in 2002 such that they ought to have specifically been told about them. But more broadly, I can see Mr and Mrs R were given a Key Features document, which would have provided them with information about the investment. And I don't think this fund's inclusion here was unsuitable or out of line with the level of risk Mr R indicated he was prepared to take. Of itself and at the time, I don't think it represented a greater level of risk than Mr R indicated he was prepared to take, particularly when coupled with the 50% invested in the other fund. But also, I think it's important to take into account the other investment funds Mr R was investing in. I set these out earlier on, so I won't repeat them here. But collectively, Mr R was investing in what I consider was a reasonable broad spread of investments across major markets. And including a major market such as Europe, in my view, was appropriate here.

So, taking all of the above into account, I think the advice and recommendation given to Mr and Mrs R at this time was suitable. I think Mr and Mrs R's objective to seek better long-term growth on their money was reasonable, the investments made were affordable, they had sufficient cash reserves, they would benefit from pound cost averaging by investing on a regular basis, and I think they had the capacity to take on investment risk at this time. I don't think SJP acted unfairly or unreasonably here.

I'm also satisfied that the charges associated with the investments were adequately disclosed, so Mr and Mrs R could make an informed decision. SJP provided Mr and Mrs R with illustrations at the time, which set out the relevant charges – both advice and product charges, including the Investment Bond's early surrender charge. So again, I don't think SJP did anything wrong in terms of cost disclosure.

### **March/April 2007 – suitability of advice**

At this time, SJP recommended Mr R invest in an ISA and Investment bond as in 2002. For the same reasons as above, I think the products recommended were suitable. I also think Mr R's objective of seeking capital growth for his monies was reasonable. It was recorded that Mr R's funds held on deposit had increased because he'd received his pension lump sum. And it doesn't appear these funds were needed in the medium term. I can see more detail about Mr R's joint interest only mortgage was recorded and that it was supported by an endowment policy. And while this was showing a shortfall (the projected maturity value was lower than the outstanding mortgage balance) this was being addressed – Mr R was looking at making overpayments and switching part of the mortgage to a capital repayment basis. Mr R still working and the mortgage was affordable at this time. So, I don't think it was unreasonable for SJP to recommend Mr R invest the money rather than use the capital at this time to repay the mortgage instead.

Mr R was investing a sizeable capital sum at this time. But again, the funds were surplus to requirements at this time, and I'm satisfied Mr R was left with an adequate cash reserve to meet any short term and/or emergency needs. SJP also recommended Mr R increase his regular monthly contributions. As before, I think this was suitable – it appears to have been affordable given Mr R's disposable income had increased following his pension coming into payment, and again regular contributions are, in my view, an efficient way of investing.

Mr R's attitude to risk was deemed to be 'Medium' at this time. I've seen nothing to persuade

me that this was unreasonable – I think Mr R still had capacity for risk for the same reasons as before. I also think the fact Mr R's risk appetite changed for this investment demonstrates this was likely discussed and explored with him – it wasn't the case that his risk appetite was simply carried over from before and assumed to be the same.

Turning to the recommended fund choices. I think the addition of other funds to diversify and broaden the spread of investments Mr R was exposed to, including the geographical spread to global based funds, was suitable. I understand that SJP didn't offer portfolios at this time. So, building a range of different funds to create a 'portfolio' or suite of investment funds was, in my view, reasonable at this time. I also think including property-based funds as an alternative asset class was reasonable – I don't consider the addition of this asset class was out of line with Mr R's risk appetite at this time. I accept that perhaps now, a property fund might be considered to be above Mr R's risk appetite. But I don't think this was the case at this time. And again, not when considered alongside Mr R's other broad spread of investment funds as a whole.

So, as before, I think SJP's recommendation was suitable. And for the same reasons as before, I'm satisfied the costs/charges were adequately disclosed.

### **June 2007 - suitability of advice**

For much of the same reasons as above, I think SJP's advice and recommendation that Mr R invest £5,000 from the tax-free cash sum he received from his other pension, was suitable. Mr R's documented circumstances continued to show the funds under consideration were not needed in the short to medium term and there was nothing to indicate his circumstances would likely change in the near future. Importantly, Mr R was still working, he intended to continue to do so, his disposable income – already high – continued to increase, and his cash reserves remained adequate demonstrating, in my view, a healthy financial position overall.

Mr R's attitude to risk was deemed 'Low/Medium' for this investment. Not only does this again demonstrate his risk appetite was discussed and explored, but I also think this diversification of risk of Mr R's investments and the introduction a 'Cautious' fund here, with a greater focus on bonds and fixed interest securities, was suitable in the circumstances. It further broadened the investments and asset type Mr R's invested funds as a whole were exposed to.

So, taking all of the above into account, I think the advice here was suitable.

### **May 2008 - suitability of advice**

The advice Mr and Mrs R received at this point was to increase their regular contributions to their respective ISAs, from £200 to £400 a month. Because Mr and Mrs R had decided to pay off their mortgage, this reduced their outgoings giving them around £200 a month extra disposable income. The increase was clearly affordable. But as I said earlier on, Mr and Mrs R could always stop or pause their regular contributions if their circumstances changed.

I note Mr and Mrs R's cash reserve had increased to around £12,000 at this point, which, in my view, was more than adequate to meet any short-term need. Both Mr and Mrs R were deemed to be 'Medium' risk investors for this money. And again, everything points to them continuing to have capacity for risk. The recommended funds for investment were, in my view, in line with the level or risk they were prepared to take and so were suitable.

### **January 2012 - suitability of advice**

The final piece of advice under consideration took place at this time when SJP recommended Mr R invest a lump sum of £10,000. Mr R had received an inheritance and wanted to continue with his objective of seeking medium term capital growth. Mr R was 64 at this time, but he was still working. And the only change in his circumstances expected or known, was he would shortly receive his state pension. Which would only serve to further increase Mr and Mrs R's already, in my view, substantial £1,500 a month disposable income.

Given this, the source of the funds and Mr and Mrs R's cash reserve of around £16,000, I'm satisfied the investment was affordable. Adopting a 'Medium' risk approach was again reasonable as I think Mr R's circumstances continued to demonstrate a capacity for investment risk at this level.

Once again, making use of Mr R's full ISA allowance and adding to his Investment Bond for tax-efficiency, was fair and reasonable in the circumstances.

This time, SJP's investment recommendation made use of its portfolio range. This provided Mr R with increased diversification and what I consider was a reasonable spread of investment and risk. And given their respective make-ups, I'm satisfied these were in line with the level of risk Mr R indicated he was prepared to take and so were suitable.

Overall, I think SJP's advice was once again suitable in the circumstances.

## **Summary**

Overall, I think SJP's advice and recommendations over the relevant period were suitable. Unlike Mr and Mrs R's representative, I don't think their age and occupation were determining factors in showing they couldn't afford to take some investment risk with their money. I think Mr and Mrs R's broader circumstances as I have set out each time, show they did have the capacity for and readiness to take on investment risk, and saw the value in investing their money over the medium to long-term for their future benefit – whether that be by accessing lump sums or taking a regular income as their circumstances changed and Mr R stopped working.

I'm not persuaded by Mr and Mrs R's representative's argument that they should have been derisking over time. I don't think Mr and Mrs R's circumstances demonstrate that this was necessary or appropriate at this time. I say this based on the source of the funds invested, the fact the monies were surplus to Mr and Mrs R's short to medium-term requirements, their mortgage repayment was in-hand and ultimately taken care of, Mr R continued to work maintaining a capacity to replace / increase their cash reserves, and they had a significant disposable income maintaining their financial resilience throughout.

So, taking all of the above into account, I think Mr and Mrs had and maintained a capacity for risk during this time, and that the investment advice they received on each separate occasion, and when viewed as a whole, was suitable in their particular circumstances.

For these reasons, it follows that I don't think SJP has done anything wrong here.

## **Responses to my provisional decision**

SJP said it had nothing further to add.

Mr and Mrs R, via their representative disagreed with my provisional decision and said they were disappointed with the conclusion reached. They broadly repeated the points they made in their original submission. In summary they said:

- They were not experienced investors, Mr R's occupation meant he didn't understand the complexities of investing, and he's always sought advice. If they were experienced investors, they would be capable of making their own decisions.
- They were retired – a vulnerable period for most people – and it's unclear why anyone would take the level of risk at this time they were recommended to take.
- Health issues can become an issue in retirement and because income isn't being replaced, losses can't be made up.
- The inherent risk of currency fluctuations and geopolitical issues were not discussed or made clear.
- Using a tax-free cash lump sum to invest in risky funds is not good advice.
- Just because liquidity isn't an issue and someone is able to invest, doesn't give licence to give poor advice – it should be right for the clients' circumstances, which SJP failed to do.

### **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 not been persuaded to change my mind. I've decided to reach the same conclusion and for the same reasons as I set out in my provisional decision. And there's not much more I feel I can usefully add to what I've already explained to Mr and Mrs R – the points they've raised in their response to my provisional decision are essentially the same points they made in their original submission.

I've already explained why I don't think placing significant weight on Mr R's occupation in determining the suitability of the advice is appropriate in this case. And I explained why despite Mr and Mrs R not being experienced investors, the advice they received from SJP was suitable in their particular circumstances at the relevant times and they were given sufficient information to make an informed decision.

Mr and Mrs R's representative has repeatedly said they were both retired at the time. But Mr R was working and continued to do so throughout the period in question. There is no evidence to indicate Mr and Mrs R were vulnerable at the time. Because Mr R was working, the point they made about not being able to make up investment losses when retired and not earning income, isn't relevant. Mr R was earning income and jointly Mr and Mrs R's income exceeded their expenditure giving them capacity to save each month. And I explained in my provisional decision why I believed the evidence shows Mr and Mrs R did have the capacity to take on investment risk.

I'm satisfied SJP disclosed the nature of the investments and the associated risks involved for the reasons I explained in my provisional decision.

I'm not persuaded that investing monies from a pension lump sum in and of itself means it is unsuitable. In this particular case and in Mr R's particular circumstances, I think the investment was suitable. Mr and Mrs R did not need access to the money, they had sufficient cash reserves to meet their short-term and emergency needs, and their investment time horizon was at least five years. The investments were also, in my view, in line with the level of risk Mr R, as the principal investor in this example, was prepared to take.

Overall, for the reasons I explained in detail in my provisional decision, I think the advice

SJP gave to Mr and Mrs R over the period in question was suitable given their circumstances, objectives and attitude to risk at the relevant times.

**My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs R to accept or reject my decision before 5 January 2026.

Paul Featherstone

**Ombudsman**