

The complaint

Mr M has complained about the advice he received to transfer his pension arrangements to a SJP retirement plan. He complained through the help of a professional representative who says that St. James's Place Wealth Management Plc trading as St. James's Place (SJP) advice was not in his best interests and has caused him a loss.

What happened

I set out the background to this complaint and my provisional findings in my provisional decision – for ease of reference this is set out below.

In October 2008, Mr M met with a Partner from SJP. At that time, there was a fact-finding exercise undertaken to help understand his circumstances and financial objectives. The following was noted about Mr M at the time:

- *He was 62 years of age and married. He had no dependents and details of his health weren't recorded.*
- *He was working full-time earning £40,000 per year. This gave him a monthly net income of £2,300. His monthly expenditure was noted as being £1,700. This left him with a disposable income of £600.*
- *He owned the property he was living in. This was valued at £250,000. There was a mortgage against the property. Mr M planned to pay this off within the next five years. Once this was done, it was stated this would give him a further £500 in disposable income.*
- *He had a Stakeholder Pension with Scottish Equitable, and two Personal Pensions.*
- *These were held with Co-Op and Prudential.*
- *The Stakeholder Pension referenced above was an employer sponsored scheme. Mr M stated his current employer didn't contribute to the pension.*
- *He had £11,000 in emergency funds, £5,000 in stocks and shares, £20,000 in personal assets, and £2,000 in his bank account.*
- *He wanted to increase his plan retirement age from 65 to 70. So, he could build up a higher fund value.*
- *He felt SJP's approach to investment management would give him the best opportunity to maximise growth from his pensions.*
- *Mr M didn't know he had a pension with Prudential because he hadn't received any communication from them.*
- *He didn't have a financial adviser that could provide face-to-face advice. This was a service he wanted.*
- *He was considered to be a medium risk investor.*

A suitability report was issued following this, in December 2008. The Partner recommended Mr M transfer his existing pensions to a Retirement Plan with SJP and invest his monies across six Managed Funds. The reasons provided for this recommendation was stated as it met his objectives because the Retirement Plan allowed access to Managed Funds and the SJP approach to investment, which Mr M thought would be important to maximise the potential from his existing arrangements.

The Partner considered alternatives, such as leaving Mr M's pensions as they were, and he could look to address any concerns he had with the service directly with the providers. This would avoid any small exit or transfer penalty charges associated with the replacement

of Mr M's plans. This was discounted as the Partner didn't believe it would improve the level of service or provide help and advice with understanding his pensions situation. The Partner said Mr M could leave his plans with Co-Op, Prudential and Scottish Equitable and switch funds internally with those providers. It was stated this was discussed, but Mr M ultimately decided against this, as he wouldn't benefit from SJP's approach to investment management. Contributing to Mr M's Stakeholder Pension was discounted for the same reasons cited.

For arranging the plan and providing ongoing servicing throughout its term, the Partner was provided with direct remuneration and administrative services. These were valued at £5,908.05 in the first year. In addition to that, starting in the second year, it was stated there would be variable amount depending on the value of Mr M's fund. There was also an annual management charge of 1.25% a year for single premiums and transfer values. An early withdrawal charge applied. This began at 6%, reducing by 1% each year, for six years. The Partner's recommendation was implemented shortly after the suitability report was issued as Mr M agreed and signed the relevant transfer forms.

In August 2023, AMK Legal, on behalf of Mr M, wrote a letter of complaint to SJP. Within this, they said Mr M was advised to transfer his pension schemes to SJP. They said he was financially inexperienced and not looking to take any excessive investment risk. They said Mr M didn't fully understand the implications of the Partner's recommendation to transfer his pensions, and all the risks involved with the advised funds in the SJP pension. AMK Legal advised Mr M's pensions were professionally managed, and he had access to a diverse range of mainstream regulated funds from multiple providers that provided him with a suitable spread of risk and a lower charging structure. They said by transferring, Mr M was exposed to a more expensive charging structure, and he didn't know he would lose all his accrued and future guaranteed pension benefits. They said the Partner's recommendation wasn't in the best interests of Mr M.

SJP issued a final response at the end of July 2024. They rejected Mr M's complaint. In short, they said:

- Mr M's attitude towards risk was discussed, and the recommended portfolio was consistent with what was disclosed.
- There was no evidence that any accrued or future benefits were lost in relation to Mr M's Co-Op and Scottish Equitable pensions. In terms of the Prudential pension, they accepted there was a guarantee, but explained the benefits of transferring outweighed this.
- SJP did explain the Scottish Equitable plan did have a market value reduction of £19.14, but this was clearly detailed.
- Mr M required face-to-face advice, and this was not received before the switch of his pensions.
- He was given what he was looking for, i.e. ongoing advice.
- Although costs had increased, these were clearly disclosed at the time, Mr M's objectives were met, and these additional costs were justified.

Mr M was unhappy with SJP's response. His complaint was referred to our service in January 2025, just prior to the six-month deadline.

Our investigator looked into matters and recommended the complaint be upheld in part. He said with regards to the other plans transferred, whilst the SJP plan was more expensive than his previous plans, the recommendation met his objective of receiving ongoing advice and this was likely to be a beneficial service to Mr M as he was coming up to retirement age. However, with regard to the Prudential plans, the investigator felt the advice should've been not to transfer. He said the plans had guarantees that were lost by transferring and there was a good chance of future growth so transferring wasn't likely in Mr M's best interests. So he said SJP should put things right by obtaining a notional value from Prudential and comparing this to the value derived from those funds on transfer.

Mr M's representatives responded to say they agreed with the investigator's recommendation.

SJP did not. In response they said that the guaranteed minimum pension built up in the Prudential plan was less than what was available on the open market option at the time. And with regards to future growth, in the 39 years the plan had been with Prudential the bonuses had only added £499.40 to the annuity payable on retirement. Meaning a total of £873 per annum payable compared with the open market at the time of £2,379.25. The other plan showed similar figures as well. So they couldn't understand how the complaint could be upheld because of this.

What I've provisionally decided – and why

Mr M's representatives have accepted the investigator's view, so I don't think it is necessary to go into any detail on the parts of this complaint that aren't in dispute. But for the avoidance of doubt, I agree with the investigator that whilst the SJP plan was on the whole more expensive – the adviser was tied to SJP products and Mr M was made aware of this. And that by transferring, Mr M was able to meet his objective of receiving ongoing advice and this was important and likely beneficial for him given he was coming up to retirement.

However, having considered the Prudential plan (or plans as it was split into two policies) and the information we have about it, I don't think the guarantee that applied to it were valuable. The performance of the plan had not been good historically in terms of the annuity it could buy and the evidence that it would have good future performance was based on the strength of Prudential as a whole and not the specific plan. So I don't think the advice to transfer this plan was unsuitable.

To explain this in a bit more detail, I've looked at the information about the two Prudential plans that was gathered at the time of the advice. This shows for one plan for example that the basic annuity payable at the next birthday was £202.58 and the bonuses added to it from the outset came to an additional £499.40 – so a total annuity of £702. However, at the time the transfer value offered was £28,600. And even using conservative figures for the time, this would have purchased a considerably better annuity for Mr M than the Prudential plan was offering. It was noted at the time that to match the benefits given up on the open market, a fund of just £9,910.34 was required. Which shows that the value attached to the guarantees was extremely poor at the date of transfer. The same applies to the other plan with similar value benefits.

At the time the adviser said the Prudential plan scored 5/5 for future bonus potential and he'd worked out that the SJP plan would have to outperform the Prudential plan by 1.8% per year to match it. However, the AKG rating he referred to, related to Prudential as a whole and not the specific plan. Secondly the 1.8% growth seems to just be the cost of the SJP plan deducted. So I think the adviser's explanation here was muddled at best. But I think it's clear looking at the figures of what the Prudential plan could provide at the time compared to the transfer value offered (and annuity rates available at the time) that the guarantees weren't valuable.

The reason for this I think was because the plan had been made paid-up and it was designed to have premiums paid for the life of the plan. The plan being paid-up meant that the basic annuity and bonuses already applied were reduced because of this. And Mr M made the plan paid-up in the early years of the expected plan duration, therefore limiting the bonuses that would be applied. This likely is the reason behind the low guaranteed annuity available – and as this was an annuity-based product, it appears Mr M would've likely been locked into a very poor annuity had he stayed with Prudential. Therefore, it appears that transferring the plan was the only way to secure a potentially much better level of benefits. All of this considered, I cannot say that transferring was unsuitable. More value could be derived on the open market option than from the Prudential guarantee – which shows it wasn't valuable and so therefore isn't a factor that makes the transfer unsuitable.

For these reasons, I am minded to conclude that the advice was suitable and nothing needs to be done to put things right.

In response to the decision, SJP didn't respond. Mr M's representative said he didn't accept the decision, but no arguments were raised as to why they disagreed.

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.

And having done so, I see no reason to depart from the findings in my provisional decision.

The only dispute left when the case reached decision was the suitability of the advice regarding the Prudential plan(s). And as I explained in the provisional decision the guarantees in question weren't valuable and the policy was annuity based but wasn't likely to provide good value. With regards to the advice as a whole, it met Mr M's objectives of obtaining ongoing advice across all his personal pensions and I think this would've been useful and important to him given he was considering his retirement planning. In conclusion, I don't think the advice was unsuitable and therefore I am not upholding the complaint.

My final decision

For the reasons explained above and in my provisional decision, I am not upholding the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 January 2026.

Simon Hollingshead
Ombudsman