DRN-6049560

The complaint

Ms M complains that Raymond James Wealth Management Limited (trading as 'Charles Stanley') should have more robustly told her just how seriously her self-invested personal pension ('SIPP') was underperforming. She says that by not doing so, it denied her the opportunity to explore alternative strategies and kept her in an unsuitable investment strategy for longer than it should have, therefore causing her an investment loss.

What happened

Together with her husband at that time, Ms M was an existing client of Charles Stanley's. When they divorced in around 2017, Ms M remained its client in her own right. Charles Stanley's record of its discussion with Ms M in July 2017 included that *"She is comfortable dealing with her own finances and is happy with the progress she has made with the buy to let property and the other areas of her finances. The only part of her finances she does not feel comfortable dealing with is her investments and for that reason she has appointed me and feels that this is worth paying for."*

Around that time, Ms M opened a SIPP using £423,587 received as part of the divorce settlement, and Charles Stanley began to act as discretionary fund manager ('DFM') for her SIPP investments. It assessed her attitude to risk ('ATR') as 'Medium Low' and recorded her investment objective was to *"produce long-term capital growth"*. And it sent Ms M regular SIPP investment reports.

After a recent meeting, Charles Stanley wrote to Ms M in February 2018 to answer her query about what her SIPP's value might look like in the future. The letter said, *"With regards to the SIPP you asked me to help draw a picture of where the portfolio may be in the years ahead when you look to draw the pension. As discussed I cannot give you figures with any degree of certainty or with any guarantees. I must state that the calculations below are very crude should not be taken as a commitment by CS to deliver these returns.*

If we work on the assumption that over the longer term the average annualised return of the portfolio are 7%, in 10 years' time the portfolio could be worth £833,261 and in fifteen years' time this figure could be £1,168,691.

If we again look to the future and make some crude calculations on what income you could take from the portfolio from natural yield we get the following figures;". It then set out what income of 3%, 4% and 5% could be based, on her SIPP's value being £833,261 or £1,168,691. It went on to say, *"In order to obtain more reliable figures as to what income you could achieve and what income you would need you would need to take the advice of a Financial Advisor. In addition if you wanted any degree of certainty as to what value the pension would be or what income you could draw from the pension in the future you would need to seek advice to explore annuity options."*

From around August 2021 Charles Stanley began to also provide Ms M with an ongoing financial planning service for her overall finances, including her SIPP. At Ms M's request, it sent her some additional cash flow scenarios in September 2021, explaining that she was still able to meet all of her requirements and so she was still in a strong financial position.

In January 2022 Charles Stanley wrote to Ms M with information about her SIPP's performance over the years. It said, *"We started investing for you in June of 2017, I have shown performance for the calendar years from 2018 which allows for some time to invest the cash.*

2018 - (7.47%)
2019 – 14.00%
2020 – (0.43%)
2021 – 9.73%

Total in the 4 calendar years 15.29% (this is net of all fees)

I appreciate this is below the 5% per annum figure you have worked from in the past. We do still believe this is a reasonable expectation over the long term however we must also bear in mind that out of the four years we have had two very difficult years for stock markets. 2020 as we well know was characterised by the global pandemic and 2018 was not a good year for the stock market due to President Donald Trump's trade war with China, the slowdown in global economic growth and concern that the Federal Reserve was raising interest rates too quickly all contributed to a pessimistic reaction from the stock market.

I would be more than happy to discuss this in more detail with you either separately or when we look to speak with [your financial planner] *soon."*

In March 2022 Charles Stanley wrote to Ms M to say the value of her portfolio had fallen by 10.4%. It's letter included that, *"An important part of our role as investment managers is keeping you regularly informed about the performance of the investments we manage on your behalf. In addition to sending you quarterly reports, we will also contact you in the event your portfolio value depreciates by more than 10% from the beginning of the last quarterly reporting period. This is in accordance with regulations introduced in 2018 by the Financial Conduct Authority.*

Since 05/01/2022, the value of your portfolio has depreciated by 10.4%. Although this is unwelcome, from time to time markets do experience falls (and indeed rises) of this size. Volatility is an inevitable part of investing and there are a number of factors which can cause markets to move significantly.

Please be assured we will continue to monitor developments carefully and manage your investments in line with your financial objectives and agreed levels of risk. This notification letter represents a point in time and does not indicate any change in our investment philosophy or how we manage investments on your behalf.

You do not need to take any action in response to this letter, but in the event of any questions or concerns please do contact me or one of our team who will be happy to discuss further. Also, should your circumstances or investment objectives have changed in any way, this may be an appropriate time to consider whether any changes would be suitable for your requirements."

In September 2022, Charles Stanley wrote to Ms M after their recent annual review meeting saying, *"As agreed, there have been no significant changes to your objectives, lifestyle, health or financial situation, and your risk profile remains medium/low. As a result, I believe your existing arrangements are still suitable for the reasons set out in* [our] *Report dated 20 September 2021. I can send you another copy if you would like one."*

In 2024 Ms M transferred her SIPP to another provider, and its value then was around £480,583. It appears Ms M's relationship with Charles Stanley ended at around this time.

In August 2024 Ms M complained to Charles Stanley that its risk management and controls must be insufficient as it hadn't alerted her to her SIPP portfolio's poor performance. She was financially inexperienced and vulnerable due to her divorce, and had trusted Charles Stanley. But the SIPP investments it had made had underperformed against any reasonable measure, and she'd had to take further employment to make ends meet as she no longer felt her SIPP was enough; it had only given her a return of £48,318 or 11.1% overall, so around 1.5% a year. This was much less than its 'return target' of 5.5% a year and much less than what she now knew family members had achieved in pensions that were much cheaper to run. She thought Charles Stanley had caused her a SIPP an investment loss of about £88,000. And thought that when transferring her SIPP, it had caused delays that left her out of the market for longer than necessary.

In October 2024, Charles Stanley issued its final response letter to Ms M's complaint. It didn't uphold it, saying:

- The 5.5% 'target return' Ms M referred to had only been to give an idea of the returns her SIPP portfolio might provide over the long term; it wasn't a commitment or promise that this would be achieved each year without fail. Investment performance and returns can't be guaranteed, and it had explained this to her from the start.
- It had managed her SIPP portfolio in line with her ATR and objectives. Performance not always exceeding 5.5% a year didn't mean it had made errors or that its risk controls were insufficient. The investment period in question included unforeseeable global events that had led to a very turbulent investment market.
- It regularly sent her comprehensive SIPP investment reports, initially twice a year and then quarterly from 2018, setting out its performance in detail with benchmark comparisons. The performance was discussed at annual review meetings with Ms M, and ad hoc performance data was provided when she asked for it. And as a firm, it carried out a range of monitoring, research, discussion and decision-making that wouldn't have been visible to Ms M as a DFM client.
- It explained why it thought it hadn't caused any unnecessary delays in her SIPP's transfer in 2024.

Ms M referred her complaint to the Financial Ombudsman Service in March 2025, adding that her complaint wasn't about using hindsight to aim for the best possible returns but that Charles Stanley should have communicated the level of her SIPP's underperformance to her more robustly than it did, and that it should have intervened. So it hadn't given her the opportunity to explore alternative investment strategies and kept her in an unsuitable strategy for longer than she should've been. She understood performance wasn't guaranteed, but Charles Stanley hadn't spotted just how far behind the target of 5.5% a year her SIPP was; it was lower in every year bar 2019 and 2021, and these years hadn't made up the shortfall.

One of our Investigators considered Ms M's complaint but didn't uphold it. She said it wasn't the role of our Service to tell firms like Charles Stanley what its policies, processes or risk controls should be but was instead to consider whether Ms M had been treated fairly and reasonably as a customer. And she'd seen that Charles Stanley hadn't promised her a specific return but instead made clear that investments can go up and down, and had kept her informed about her SIPP's performance. And Ms M could herself have chosen to change her investment strategy at any time if she'd wanted to.

Ms M disagreed, providing further comments. She accepted she'd received annual reviews and the 2022 notification of her SIPP's value falling by more than 10%. But thought Charles Stanley's duty of care extended beyond those minimum standards, especially since she was an inexperienced investor. In prolonged periods of underperformance, it should've advised her to reconsider her investment strategy and initiated more frequent or tailored discussions about her options. Its performance updates weren't clear enough about implications for her retirement objectives and didn't explain the underperformance's seriousness or potential long-term consequences for her financial goals. She thought Charles Stanley had fallen short of the Regulator's guidance and industry standards, particularly for vulnerable or inexperienced clients. And said that if it had given her clearer and more regular information on performance and associated risks, she would've made different decisions regarding her SIPP investments.

But our Investigator didn't change her position. As agreement couldn't be reached, this complaint has come to me for a 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.

Ms M has referred to Charles Stanley's obligations under the Regulator's Principles for Businesses. So I hope it's helpful for me to assure both parties that in considering this complaint, I've also 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').

Ms M has also referred to Charles Stanley's risk management and controls being insufficient. I should explain that it's not our Service's role to tell a firm, such as Charles Stanley, what its systems and processes for managing and controlling risk should be. Instead, our role is to consider the particular circumstances of a consumer's individual complaint, in order to determine if the firm has made an error with regards to that particular individual consumer or treated them unfairly or unreasonably. So that's what I've done here.

The complaint Ms M originally raised with Charles Stanley included that it had caused unnecessary delays in the 2024 transfer of her SIPP. Charles Stanley addressed this particular point in its October 2024 final response letter. But I note that Ms M didn't refer that particular point to our Service, or object when our Investigator didn't address it in her opinion of Ms M's complaint. So, it appears the matter of 2024 SIPP transfer delay is no longer in dispute. Therefore, I see no need to consider that matter and I make no findings about it. Instead, I've focused on the matter Ms M referred to our Service; Charles Stanley's management and reporting of what Ms M's says is her SIPP's underperformance.

Charles Stanley provided Ms M with DFM services regarding her SIPP investments, so she had delegated to it the authority to make decisions on her behalf about what investments to make. At the start of providing her with this service, Charles Stanley recorded her objective as 'growth'. It also assessed her ATR, which it concluded was 'Medium Low'. Based on what Charles Stanley recorded about Ms M's circumstances, I don't think this was an unreasonable conclusion for it to reach, and I think that she had sufficient capacity for loss to take this level of risk with her SIPP.

I accept that Charles Stanley gave Ms M projections about her SIPP portfolio's potential level of return over time, and that she may have been aiming for returns of about 5.5%. I think it was reasonable at that time for Charles Stanley to think such a return on her SIPP investments could be reasonably achievable. Charles Stanley could only go on what it knew or could know at that time, and I don't think it could have foreseen the series of world and/or political events that greatly impacted the financial markets, and therefore Ms M's SIPP investments, in the few short years that followed. And I've not seen that Charles Stanley told Ms M she was guaranteed to get a return of 5.5% each year. Instead, from its February 2018 letter I've seen that it made clear to Ms M that it couldn't give her any certainty or guarantee about returns. Given all this, I don't think Charles Stanley mismanaged Ms M's expectations about what returns her SIPP investment would provide.

Charles Stanley says it regularly sent Ms M SIPP investment reports, twice a year initially and then quarterly from 2018, and I've been provided with a selection of these across the years. The ones provided to me record that Charles Stanley consistently set out that it was investing her SIPP monies in line with her 'growth' objective and her 'Medium Low' ATR.

So, I've thought about whether the SIPP investments Charles Stanley made on Ms M's behalf were in fact in line with her ATR. And I think they were, because having considered the SIPP investments listed in the SIPP investment reports, I'm satisfied that when taken as an overall portfolio, they were in line with her 'Medium Low' ATR.

It's clear that across some periods the returns and overall value of Ms M's pension fell. I know Ms M believes Charles Stanley should have taken action to intervene or advised her to reconsider her investment strategy. But from the SIPP investment reports, I'm satisfied that Charles Stanley was regularly and actively reviewing Ms M's holdings, and making changes by buying or selling investments while overall remaining in line with her ATR; though for clarity, I've seen nothing to suggest it was making unnecessary changes.

And importantly, I can see that the returns and overall value of Ms M's SIPP recovered or rose across other periods. It's important to highlight that, in line with Ms M's recorded objective of investing for growth, pensions are not short-term investments. And in my view, there wasn't a period where I think Charles Stanley ought reasonably to have taken stronger action than it did with regards to Ms M's SIPP and its investments.

I do appreciate that Ms M is ultimately disappointed with the overall returns achieved, and I note she understands performance isn't guaranteed and says she's not using hindsight. But I must explain that performance not being as hoped or expected isn't in itself evidence that something has gone wrong. That a series of SIPP investments made by Charles Stanley on Ms M's behalf has, in hindsight, not turned out as well as others might have, doesn't mean that Charles Stanley acted incorrectly. And for the reasons explained, I'm not persuaded that Ms M's SIPP investments not overall performing as she expected is due to any act or omission by Charles Stanley.

Ms M says Charles Stanley should have spotted just how much her SIPP investments were underperforming by and been more clear and robust with her about that. That in prolonged periods of underperformance, it should've advised her to reconsider her investment strategy and initiated more frequent or tailored discussions about her options. And that she found its performance updates insufficiently clear about the implications for her retirement objectives, and they didn't explain the underperformance's seriousness or its potential long-term consequences for her financial goals.

But based on the evidence provided to me, I think Charles Stanley provided Ms M with sufficiently clear information about her SIPP's performance, with reasonable frequency and to a reasonable level of detail. I say this because the evidence is that Charles Stanley provided Ms M with multiple SIPP investment reports each year. From the copies of these provided to me, I've seen that they follow a format which included and made reasonably clear the following, amongst other information:

- A summary of the market at that time.
- The overall value of her SIPP at that time.
- The gross annual income it was estimated her SIPP would provide, expressed as an amount.
- Her SIPP portfolio's total return expressed as a percentage, for the period and for the last twelve months.
- Her SIPP portfolio's start and end value for the period, expressed as an amount.
- A comparison of her SIPP portfolio's performance against what I consider to be the not inappropriate benchmarks of the 'MSCI PIMFA Private Investor Income (TR) Index' and 'CPI +2%'.

In addition, I can see that in March 2022 Charles Stanley wrote to Ms M to highlight that the value of her SIPP portfolio had fallen by more than 10% in the last quarter.

Further, the evidence is that as her financial planner, Charles Stanley also met with Ms M annually to carry out an in-depth financial review. I've been provided with Charles Stanley's record of the annual review meeting it had with Ms M in September 2022, which I can see it sent to Ms M at that time. Based on this, I'm satisfied that Charles Stanley reviewed and took account of Ms M's circumstances, objectives and ATR. And I note it records that they discussed that her SIPP portfolio was down 9.97% over the last twelve months, but that it had grown by 7.7% from inception. That they discussed her concerns about the recent downward trend of her SIPP portfolio, with Charles Stanley explaining that inflation and the Ukraine conflict were currently impacting market values. And that they ran through various scenarios regarding the impact on her retirement, and Ms M was reassured.

I'm mindful that if Ms M wanted further tailored discussions between the annual reviews, or if she was unsure about anything in the SIPP investment reports or wanted further information following those, it was open to her to contact Charles Stanley whenever she liked. And I can see that at times Ms M did ask Charles Stanley for ad hoc information, which it provided.

Given all this, I think Charles Stanley provided Ms M with sufficiently clear and regular information about the performance of her SIPP portfolio.

I note Ms M says she was financially inexperienced and vulnerable due to divorce. I don't underestimate the impact divorce would have had on Ms M. And it appears that getting to grips with her finances during and following the divorce seems to have been one of the underlying drivers for Ms M wanting to receive DFM and financial planning services from Charles Stanley. But for the reasons I've explained, I'm not persuaded Charles Stanley has made errors here or that it has treated Ms M unfairly or unreasonably, even in light of her difficult circumstances.

So while I know Ms M will be disappointed, having taken everything into account, I'm not upholding this complaint.

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 Ms M to accept or reject my decision before 1 February 2026.

Ailsa Wiltshire
Ombudsman