

The complaint

The Estate of Mr and Mrs C complain that St. James's Place Wealth Management Plc (SJPWM) provided unsuitable inheritance tax planning advice.

The complaint has been brought by the executors of the Estate of the late Mr and Mrs C, who also act as trustees.

What happened

The late Mr and Mrs C took out the policy on the advice of SJP, and the policy was written in trust. Over the years, annual documentation was issued to the trustees, including annual review statements. There is limited evidence of detailed, documented face-to-face review meetings in later years.

Following the deaths of the late Mr and Mrs C, the executors engaged with SJP about the policy, surrendered it, and subsequently raised concerns about the tax treatment that applied. SJP issued a final response letter which did not uphold the complaint, and the matter was then referred to this service.

Our investigator considered the complaint and concluded that it should not be upheld. As the executors did not agree, the case has been passed to me for a decision.

What I said in my provisional decision

In considering this complaint, my task is not to evaluate whether the trustees later wished they had acted differently or whether the tax outcome on surrender was less favourable than anticipated. My role is to assess whether SJP acted fairly and reasonably at the time of the sale and during the administration of the policy, and whether the information provided was clear, accurate, and sufficient for them to make informed decisions.

I note there is a linked decision concerning the same policy. That linked decision dealt solely with the question of the wrong information SJP gave in 2020 following crystallisation of the policy. It concluded that the trustees had received appropriate redress but made an award for loss of expectation.

I cannot comment on, revisit, or re-determine the matters considered in the linked decision. My consideration in this complaint is limited to whether SJP acted fairly and reasonably in relation to the sale and administration of the policy, including the information provided about its tax treatment.

SJP has since provided copies of suitability letters, financial reviews, and other correspondence that provides contemporaneous context and clarify what information was given at the time. These documents indicate that SJP sought to provide accurate information about the policy's features and the potential tax treatment, and that the trustees were made aware that tax outcomes could vary depending on circumstances at the time of surrender or encashment.

An example of this is the 2009 suitability letter which stated that the policy “provides flexibility in how benefits are paid and growth may be subject to taxation depending on the circumstances at the time of encashment or surrender.” This clearly demonstrates that SJP did not present the policy as wholly tax-free but instead highlighted that the tax treatment could differ according to future events.

The executors have argued that the annual statements’ reference to growth being “free of life company taxation” was misleading. While I understand that this phrase could be interpreted as implying a guaranteed tax-free position, the contemporaneous suitability letters and other documents show that the trustees were informed that taxation could vary and that outcomes depended on the circumstances at the time of surrender or encashment. For instance, a 2012 statement notes:

“Any growth within the policy is free of life company taxation, although overall tax treatment may vary depending on circumstances at withdrawal or surrender.”

I’m not persuaded the statements were meant that there would be no tax at all, given SJP’s subsequent correspondence confirmed that they always regarded tax treatment as contingent on the circumstances at the time the policy was surrendered or encashed.

I have also considered the broader evidence SJP has provided in response to this service. The documents confirm that the late Mr and Mrs C were fully aware that the policy could be surrendered and that any growth was subject to tax considerations depending on circumstances. The policy’s primary purpose was consistently communicated as providing a lump sum in trust for the benefit of the children, with flexibility built in for the trustees to manage it in line with their objectives. The annual statements and suitability letters repeatedly emphasised that taxation was contingent and did not guarantee that no taxes could apply in the future. The trustees were therefore in a position to manage the policy effectively, with full awareness of the risks and features, and were not misled by the simplifications in the review statements.

I am therefore, satisfied that when considered alongside the other communications, SJP acted fairly and reasonably in providing sufficient information for the trustees to make informed decisions.

What I’ve decided – and why

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

As neither party has provided any new submissions, I see no reason to depart from the findings I reached in the provisional decision and which I repeat here. Considering the evidence as a whole, I still think SJPWM acted reasonably and fairly. The policy documentation and suitability letters provided a balanced explanation of the policy’s features, including the potential tax treatment.

The annual statements, while simplified, were not misleading when read in the context of the full suite of communications and advice provided. The trustees were able to manage the policy in accordance with their objectives, and SJP’s subsequent information shows they were aware of the flexibility and tax implications throughout. While the executors have raised concerns based on the phrase “any growth free of life company taxation,” the contemporaneous documents clarify that this was a simplified description and that full tax outcomes depended on the circumstances at the time of surrender, which the trustees were made aware of.

For these reasons, I am satisfied that the sale and administration of the policy, including the information provided to the trustees about its tax treatment, was fair and reasonable.

My final decision

For the reasons I've explained above and in the provisional decision, I'm not upholding the Estate of Mr and Mrs C's complaint against St. James's Place Wealth Management Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask the Estate of Mr C and Mrs C to accept or reject my decision before 16 March 2026.

Farzana Miah
Ombudsman