DRN-6169308

The complaint

Mr W has complained about the advice and service he's received from St. James's Place Wealth Management Plc ('SJP') relating to various investment products.

What happened

Mr W became a client of SJP in 2010 through an adviser who was a tied representative of SJP.

Mr W was advised to invest in four Octopus Venture Capital Trusts ('VCTs') in February 2011. And SJP advised Mr W to transfer three stocks and shares Individual Savings Accounts ('ISAs') to SJP in September 2011.

Mr W was advised to transfer two additional ISAs to SJP in February 2013. The transfer of these ISAs (and future transfers) attracted ongoing advice charges ('OACs').

SJP advised Mr W to transfer another ISA to SJP in February 2015.

SJP also advised Mr W to transfer various pensions to SJP but these are the subject of a separate complaint.

In April 2024 Mr W's adviser wrote to Mr and Mrs W explaining that he was easing down from SJP and so was handing his relationship with them to a new adviser. He provided details of the advisers that would be taking over the relationship and that they would be in touch to introduce themselves soon.

In June 2024 Mr W made a complaint to SJP about the quality of the advice he (and Mrs W) had received from SJP over the years. He felt this had been geared towards increasing the number of assets under SJP's management, having been advised to transfer a number of pensions and investments to SJP, despite the higher costs and worse performance. Mr W felt that the advice he'd received had been limited because of his employment within financial services. And he complained that despite having a significant inheritance tax ('IHT') exposure, little had been achieved to mitigate this.

Mr W added that he invested in four Octopus VCTs in 2011 and he hadn't ever been advised to reinvest them to capture the additional tax benefit. He also said that he hadn't been advised to invest in SJP's Polaris funds which seemed to have become a key SJP offering. Mr W also complained about SJP's charging structure, which he considered to be opaque. Mr W was also unhappy with the letter he'd received informing them of their new advisers, which was unexpected and demonstrated a lack of respect for their long-standing relationship.

SJP didn't uphold Mr W's complaint. It said Mr and Mrs W were sent a personalised letter inviting them to discuss the matter with the adviser over the phone if they wished. SJP was satisfied that the advice Mr W received over the years was suitable for him and met his objectives – it also noted Mr W had significant input over investment decisions, often selecting his own investment funds. SJP added that Mr W had retained non-SJP

investments throughout his relationship, so it didn't agree that the advice had been geared towards increasing SJP's assets under management ('AUM'). SJP explained that while Mr W's profession had been noted, he'd been treated as an ordinary retail client rather than a professional client and the relevant rules and regulations had been followed in this regard.

SJP was satisfied that that Mr W's IHT position had been considered throughout the relationship, with several recommendations made to mitigate this which hadn't been accepted. It was also satisfied that the adviser had informed Mr W he could reinvest the VCTs and receive the tax relief again in 2016 but Mr W had chosen to disinvest and he wasn't interested in reinvesting at that time.

SJP said the Polaris funds were first launched in November 2022 and as such, the adviser had chosen not to recommend them until the performance of the funds could be better understood. Ultimately it was satisfied that the recommendations made to Mr W since then were suitable for him.

SJP considered that Mr W had been made aware of how the charges applied to his investments and said the differences in charges had been clearly explained when Mr W had been advised to transfer existing ISAs to SJP.

Mr W responded to SJP as he didn't consider that it had adequately addressed his concerns in respect of the VCTs, his IHT liability or the Polaris funds. He still believed that SJP had recommended he transfer assets to SJP even though the charges were higher. Mr W added that after making his complaint, he spoke with an SJP agent in November 2024, expressing his dissatisfaction with how long it was taking for SJP to address his complaint and this made it difficult to decide what to do with his assets going forwards. He asked SJP to waive advice charges in the meantime and he said that the agent agreed to this.

SJP maintained its position. It said the call he had in November 2024 wasn't recorded but its records didn't reflect that this had been agreed. In any event, the OACs paid for annual reviews, and Mr W had his annual review in January 2024 and further contact with his new adviser in May 2024.

Mr and Mrs W remained unhappy and referred their complaints to the Financial Ombudsman Service. Mrs W's complaint has been considered separately.

The Investigator considered the complaint and made the following findings:

- He noted that the VCTs had been sold in 2011 and as such didn't attract OACs, meaning that SJP was not obligated to provide further advice on these products. In any event, when Mr W had been given the opportunity to sell one of the VCTs and reinvest in 2016, he chose not to.
- He considered the ISA transfers to be suitable for Mr W given his objectives and risk appetite. While the Investigator noted the SJP ISAs were more expensive overall, he thought that Mr W considered the additional cost was worth it in return for SJP's approach to investment management. He also considered that Mr W benefitted from ongoing advice in relation to his ISA funds after 2013, which he didn't have across the ISAs held with alternative providers. He explained that SJP couldn't provide advice on those products had they remained as they were.
- He thought that the investments recommended were suitable for Mr W and noted he had directed his own fund switches on occasion.
- He thought that SJP had considered Mr W's IHT liability throughout his relationship with it, noting that several different types of solutions had been discussed but ultimately discounted by Mr W.

- He didn't think that any OACs should be refunded as he'd had the reviews the charges paid for.

Mr W said that whilst the Investigator's opinion seemed lengthy and factual, it didn't address the crux of his complaint. Mr W said that his main concern was that the advice provided was geared towards collating assets for SJP, rather than benefitting his financial goals. He added that SJP failed to advise him to cash in the VCTs and reinvest in them, which would have given him a further 40% tax benefit. Mr W said Octopus readily provided a secondary market in its VCTs but SJP never discussed reinvesting in them.

Mr W also disagreed with Investigator's view about IHT mitigation. He said that he was advised to move some assets into his pension but he didn't believe that to be sensible as he considered the government was unlikely to sustain the position of shielding pensions from IHT. He also said that this didn't take account of his Lifetime Allowance. Lastly Mr W disagreed with the Investigator that it was reasonable for SJP to retain OACs paid since the complaint was made. He said that SJP agreed that he shouldn't have to pay for advice whilst the complaint was being investigated during a phone call but this hadn't been recorded. Mr W said at the very least he expected SJP to refund the OACs for the last year that he was invested with them.

The Investigator wasn't persuaded to change his opinion so the complaint has been passed to me to make 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.

I'd like to start by acknowledging that I've been provided with a great deal of comments and evidence in relation to this complaint. And I'd like to reassure both parties that I've carefully considered everything provided. But my decision, either in the background or in my findings, won't set out or address every point made or every piece of evidence. That's deliberate; while I mean no discourtesy, my decision will instead only set out and address what I see to be relevant in reaching a fair and reasonable outcome to this complaint against SJP.

Furthermore, based on Mr W's responses to SJP's final response letter and follow up communications, as well as his response to the Investigator's view, I consider that only the issues I've addressed below remain in dispute. So, I've focused my findings on these issues rather than addressing all of the points Mr W raised when he first complained.

VCTs

Mr W says in 2016 he was offered the chance to reinvest a VCT and benefit from tax relief. However, he says this was in relation to a specific VCT with a five-year term. He says he wasn't made aware that it was possible to sell his remaining VCTs after five years and then reinvest in VCTs again to benefit from further tax relief. Mr W says this wasn't covered at any of the annual reviews. But his new adviser noticed this immediately in 2024 and suggested it to him.

I can see that when the VCTs were recommended in 2011, SJP said that the prospectus and product summary for each of the VCTs had been discussed with him at the meeting and had been left with him to read in conjunction with the recommendation letter dated 15 February 2011. It said that these contained important facts about the investments, including tax information. However, the letter also provided some information about the tax position. It explained that the income tax relief provided would be withdrawn if the shares

were sold within five years of their issue. So, I think Mr W would've understood that he only had to hold on to the investments for five years in order to benefit from the income tax relief. The letter noted that one of the VCTs would be wound up after five years, subject to the agreement of the shareholder. There wasn't anything within the letter to suggest that these investments would be reviewed in future or that Mr W was paying for such a service.

I note that SJP emailed Mr W on 7 July 2016 saying:

"…I've had the email below from a contact at Octopus. Hopefully you have seen this from Octopus direct but I wanted to make sure you are aware of the offer as the deadline is short. We can reinvest when you are ready and get a further 30% income tax reduction – not a bad deal…"

Mr W replied saying:

"Thank you. I have taken the exit option. I will look to reinvest, but not wanting to add more in this space at the mo, given uncertainties."

Mr W has acknowledged this but says this was in relation to a specific VCT with a five-year term. He says he wasn't made aware that all of the VCTs he held could be recycled after five years – this wasn't covered at any of the annual reviews. However, I think Mr W was aware that he only needed to hold the VCTs for five years to qualify for the income tax relief. And he was also aware that he could choose to sell them. Given that Mr W was explicitly told here that he could reinvest when he was ready and he could get a further income tax reduction, I don't think it's unreasonable to assume that he would've understood he could also sell his other VCTs and reinvest them to benefit from further income tax relief.

Even if I was persuaded that Mr W wasn't aware of this point, which I'm not, I haven't seen enough evidence to persuade me that Mr W would've done this at the time in any event. I say this because he chose not to reinvest this VCT despite being told that it would entitle him to further tax relief. So, I don't think it's likely he would've made different decisions in relation to the other VCTs at this time.

I appreciate that may have simply been Mr W's inclination at this point in 2016 based on his particular circumstances at this time. And that he may say he would've taken this up had he been advised to do so at a later date. However, as I've said above, Mr W wasn't paying SJP to provide him with ongoing advice relating to the VCTs, where the suitability of the arrangements would be reconsidered each year. So, while Mr W considers that he should've been advised to do so, I don't think SJP is at fault here.

Advice to increase exposure to assets under SJP's management

Mr W maintains that it was unreasonable for SJP to advise him to transfer ISAs held with various other providers to an ISA with SJP and that this was driven by the adviser wanting to increase its AUM. So, I've considered the suitability of the recommendations to transfer these ISAs to an SJP ISA.

2011

At this time, SJP noted that Mr W held four stocks and shares ISAs. However, it only recommended that he transfer three of these, with the largest to remain with the external provider. It seems to me that the reason for transferring these ISAs was because Mr W wanted to benefit from SJP's approach to investment management. And that Mr W was attracted to this because he believed he would benefit from improved investment performance.

A comparison of the charges was carried out; SJP stated that:

"…when comparing charges on an annual like for like basis your existing investment has total annual charges of 1.49 - 1.79% (including all fund charges). The current annual charges (including all fund charges) of the proposed investment with St. James's Place taking into account your fund choice is between 1.00 - 2.05% pa."

It added that it had waived the standard 5% initial transfer charge. But that one of the investment providers charged an administration fee for exiting. SJP said that when comparing all charges, the cost of replacement would be between 0.26% and 0.56% more than his existing ISAs. And it stated in bold that there was no guarantee that by transferring the ISAs to SJP that he would achieve this additional growth.

I appreciate that the arrangement recommended cost Mr W more going forwards but I ultimately think he was prepared to pay the additional costs to consolidate his existing ISAs and in the hope that this would result in better performance. But I don't think SJP gave Mr W any guarantee that he would achieve that extra growth. I'm also satisfied that internal fund switches were discussed but discounted by Mr W (as detailed in the recommendation letter). Overall, I don't think the recommendation was unsuitable and I think Mr W accepted the advice in an informed position. I also think the fact that SJP didn't recommend the transfer of the largest ISA Mr W held is evidence that it wasn't simply motivated by generating fees for SJP.

2013

In 2013 SJP noted that Mr W had funds invested in two ISAs with external providers, one of which he'd contributed to in this tax year. It also noted other investments held with other providers. Similar to the advice provided in 2011, SJP noted that internal fund switches within the ISAs had been discussed but Mr W wanted to benefit from SJP's approach to investment management. Again, SJP set out that the ongoing costs of the new arrangements were higher, by 0.67%, and that this meant it would have to grow by £648 in the first year to outperform the existing arrangements. Again, no guarantee that this extra performance would be achieved was given. Mr W was provided with an illustration setting out the charging structure in more detail and explained that he was paying 0.5% per year as an OAC.

For the same reasons I've given above, I don't think the advice was unsuitable and I think Mr W was ultimately prepared to pay the additional costs involved to benefit from SJP's approach to investment management and the ongoing advice. He couldn't have received any ongoing advice from SJP in relation to the existing ISAs had they remained where they were.

I also think the fact that Mr W was choosing to invest in ISAs held with external providers instead of investing in his existing SJP ISA demonstrates that he was making informed decisions and wasn't under any pressure to increase the assets under SJP's management. And it's evident that SJP didn't advise Mr W to transfer the other investments.

2015

The adviser noted that Mr W was unhappy with his external ISA provider and he wasn't receiving any advice or personal attention from it. As such, the recommendation letter said he wanted to transfer it to SJP to again benefit from its approach to investment management and ongoing advice which he valued – SJP could not provide advice on investments held with external providers. Again, SJP noted that the charges would be higher with SJP going forwards, by 0.64% after taking into account that the transfer charge had been waived. But for the same reasons I've given above, I'm satisfied that Mr W was happy to pay the additional costs to receive the ongoing advice and SJP's investment management approach. So, I don't think this advice was unsuitable.

Ultimately I'm satisfied that the advice Mr W received to transfer his ISAs in 2011, 2013 and 2015 was suitable for him and wasn't simply geared towards increasing the assets under SJP's management or generating fees, particularly as the transfer fees were waived on each occasion. I'm also mindful that SJP noted Mr W held other investments with external providers at these meetings but it didn't recommend that these were transferred in favour of SJP products.

IHT considerations

Mr W accepts that SJP has made recommendations throughout the course of the relationship but says there was no clear plan put in place. He says the recommendations were not made in a structured manner as part of an overall strategy.

I've considered this carefully and note that SJP made a range of recommendations throughout the relationship from 2010. The Investigator set out the various products recommended and when; and as Mr W accepts that these recommendations were made, I see no benefit in listing them all again here. But for completeness, I'm satisfied that IHT mitigation was discussed with Mr W at his annual reviews and SJP recommended strategies such as asset preservation trusts, whole of life plans, loan plans and gift plans. Based on what I've seen however, Mr W wasn't interested in making those arrangements at this time – it's clear that he anticipated making significant gifts to his daughters over the next decade or so, including providing deposits for their first homes. I note that increasing pension contributions was discussed early on in the relationship but I don't think this was a significant part of the solutions recommended. Later recommendations were geared towards investment products and whole of life assurance.

While the recommended solutions don't point to a single strategy, I don't think this was unreasonable based on the discussions held at the time. It seems to me that Mr W wasn't prepared to settle on a particular strategy at these times because he anticipated making further gifts to his children. I can see that in 2022 and 2023 Mr W started to focus more on IHT mitigation, but again he decided not to pursue the suggested loan plans at the time and wished to continue making gifts. This is evidenced by the meeting note from January 2023. This was discussed again at the meeting in January 2024 but the meeting notes confirm that Mr W preferred to continue with gifting monies to his children. Mr W was asked to keep track of the gifts using a list in the HMRC preferred format.

Given that IHT planning and mitigation was discussed with Mr W throughout his relationship with SJP, I see no reason why SJP would not have put a full IHT mitigation strategy in place if that was what Mr W wanted. However, it seems to me that Mr W ultimately wanted to put this off until a later date and it was left to Mr W to decide what he wanted to do about this. I don't think that was unreasonable in the circumstances.

2024 annual review

Mr W has complained that the meeting that took place in January 2024 was a 'box ticking exercise' and he failed to mention that he was about to drop Mr and Mrs W as clients.

I don't doubt that it was upsetting to find out only a few months after the annual review that the adviser was moving Mr and Mrs W to new advisers as he wound down his business. I can't comment on whether it would've been reasonable for the adviser to mention this at that meeting as I don't know when he decided to start winding things down. But even if he knew at the time, I don't think this amounts to treating them unfairly, and he ultimately still gave them the opportunity to discuss the move in the letter he sent in April 2024.

Turning to the meeting itself, I'm satisfied that this met the requirement of the annual review service Mr W was paying for. The adviser considered Mr W's circumstances and the ongoing suitability of the way the ISAs were invested. He noted that Mr W had used his ISA allowance for the year and that Mr W was disappointed with the investment performance. He also wanted to generate more income from the ISAs. As a result, fund switches were recommended. Mr W was also unhappy with the charges and the adviser ultimately secured a reduction for him.

OACs charged after 2024 annual review

Mr W withdrew his ISA in full in April 2024. He complained in June 2024. So, based on the evidence I've seen, Mr W wasn't paying advice charges after making his complaint in relation to his investments, because his ISA had already been transferred and the VCTs were not subject to OACs. I appreciate that Mr W may have continued to pay OACs relating to his pension, but Mr W's pension is not under consideration here as part of this complaint.

My final decision

For the reasons set out above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 19 May 2026.

Hannah Wise
Ombudsman