

The complaint

Mrs T complains that St. James's Place Wealth Management Plc (SJPWM) gave her unsuitable advice to transfer an existing pension to a SJP Retirement Account, and then failed to provide the ongoing financial advice that it agreed to.

What happened

In early 2019 SJPWM met with Mrs T and recorded a fact find, setting out her circumstances. This was carried out with her husband and recorded both of their details, including the household income and advice. Both Mrs T and her husband signed SJPWMs client registration form. This complaint is just considering Mrs T's complaint. SJPWMs fact find documented the following:

- Mrs T was aged 62 and in full time employment earning around £12,000.
- Mrs T had liquid assets which included a stocks and shares Individual Savings Account (ISA) with around £10,000 and a cash ISA with around £10,500.
- It documented that Mrs T had a medium attitude to investment risk.
- Mrs T had an employer pension scheme with a fund, valued around £770, receiving monthly contributions.
- Mrs T also had a personal pension with a fund valued around £90,000 that was receiving monthly contributions of £365.67.
- Mrs T additionally had a deferred defined benefits pension that would pay an income in retirement around £640 a year.

In February 2019, SJPWM provided Mrs T with a suitability letter in which it recommended that she switch her personal pension to a SJP Retirement Account (RA).

In August 2021 SJPWM provided Mrs T with a review of her pension and sent her confirmation in a letter on 3 September 2021.

In February 2022 a further review was carried out with a follow up letter on 17 February 2022.

In April 2022 SJPWM provided Mrs T with a suitability letter setting out a drawdown strategy which released income from her RA up until the start of her state pension of £10,114 later that year.

Then, in March 2023 Mrs T had a further review of her circumstances. Mrs T was in receipt of her state pension and her RA was valued around £120,000. SJPWM wrote to Mrs T with a recommendation based on her additional objective of using her RA to take an income of £5,000 a year. It recommended a phased drawdown taking £5,000 each year from her tax free cash allowance. The residual RA fund remained invested in line with an agreed medium

attitude to risk.

In August 2024 Mrs T complained to SJPWM via a claims management company. SJPWM responded to explain why it considered that its advice to switch Mrs T's personal pension was suitable. It also reviewed the ongoing service that it provided and agreed that in 2020 and 2024 it had no evidence that it had provided the agreed reviews. So offered to refund the charges taken for 2020 and 2024, adding 8% simple interest to those charges, plus £150 for the distress and inconvenience that Mrs T had been caused by the missed reviews.

As Mrs T didn't accept SJPWM's response one of our investigators looked into Mrs T's complaint. He was of the opinion that the initial advice to switch her pension had been suitable. But agreed with SJPWM that it had failed to fully deliver its service in 2020 and 2024. Overall, he thought that SJPWM's offer to put things right was fair.

Mrs T didn't agree and her CMC set out a number of objections. These included; that it didn't think that SJPWM had accurately established Mrs T's attitude to risk, that it failed to revise her attitude to risk when she entered the decumulation phase, that it failed to correctly understand her retirement plans, that the stated objective of wanting ongoing financial advice was not correct.

As our investigator was unable to informally resolve Mrs T's complaint it was referred for a decision from an ombudsman.

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.

When considering what is fair and reasonable, I take into account relevant laws and regulations as well as the regulator's rules, guidance and standards. Where appropriate I also consider what was good industry practice at the time of the advice. Having done this, I have reached the same finding as our investigator for similar reasons.

Suitability of the pension switch

The Financial Conduct Authority (FCA) publishes a set of rules in its Handbook. This includes the Conduct of Business Sourcebook (COBS). In this, COBS 9 sets out the rules that are relevant to the provision of the suitability of advice in a case like this. In addition to this there is relevant guidance from the regulator that our investigator already explained. This refers to a report that the FSA published in 2009 about the quality of advice given on pension switching, which is still relevant. That identified the following main areas where consumers could lose out:

- Being switched to a pension that is more expensive than their existing one(s) or a stakeholder pension (because of exit penalties and/or initial costs and ongoing costs) without good reason.
- Losing benefits in the pension switch without good reason.
- Switching into a pension that does not match their recorded attitude to risk (ATR) and personal circumstances.
- Switching into a pension where there is a need for ongoing investment reviews, but this was not explained, offered or put in place.

Then, as part of wider guidance in April 2012, the FSA revisited the suitability of replacement business. It found that some businesses were:

- Failing to consider the impact and suitability of additional charges, either by not considering the costs of the existing scheme or not making a comparison of those with the new one in a way the client was likely to understand.
- Recommending switches based on improved performance prospects but providing no supporting evidence to show that these performance prospects were likely to be achieved.
- Failing to collect adequate information on the existing investment or to consider the features and funds available within the existing scheme.
- Not identifying or challenging advisers on these failings, by having risk management systems and controls in place to mitigate the risk of unsuitable client outcomes.

SJPWM obtained information from the ceding scheme and provided a clear comparison of the costs of its RA with that scheme. This demonstrated that the transfer would result in slightly higher overall charges, by 0.55% a year. And this was highlighted to Mrs T. So I think that she was aware of this downside. But this was not a 'like for like' comparison. Mrs T did not have ongoing financial advice prior to becoming a client of SJPWM. The cheaper charges with her ceding personal pension were mostly down to the absence of the ongoing advice charge. Which was 0.5% of the fund value. The like for like difference of the pension product and fund charges was therefore around 0.05%. Which I think was insignificant in terms of increasing the expense.

I will refer to the first point above. Which cautioned firms against recommending a transfer to a more expensive plan without a good reason. In this case, the extra expense was caused by the inclusion of ongoing advice. Which was a charge that Mrs T could cancel if she did not want to pay for that service. But I will explain why I think Mrs T wanted the additional advice, which was therefore a good reason to incur the additional charge.

SJPWM set out Mrs T's objectives as:

- Invest for retirement.
- Access ongoing advice.
- The SJP Investment Management Approach.

I am not particularly persuaded that the first of these would amount to a good reason to incur additional costs via a transfer. I say that because the ceding pension already allowed for investing for retirement. And I am not persuaded that Mrs T was likely to be so sold on the idea of the SJP 'Investment Management Approach' as to call it an objective prior to seeking advice. I say that because I am not convinced that Mrs T was sufficiently knowledgeable to make a judgement on whether SJP's investment approach was any better or worse than any other firm.

Which brings me to the stated objective of obtaining ongoing advice. SJPWM recorded in its fact find with Mrs T, and set out clearly in its recommendation letter, that Mrs T and her husband wanted ongoing financial advice. This was clearly spelled out as a reason for the transfer and, were she not genuinely interested in having ongoing advice, I would expect her to have challenged that at the time. And there is no evidence that she took issue with that objective. She and her husband were in their 60s so it seems reasonable to me that someone would take more of an interest in their retirement planning. And understand that, if they valued financial advice, that would not be free. Overall, I am persuaded that Mrs T

genuinely wanted the ongoing advice. And, along with her husband, had selected SJPWM to provide that.

I have also considered whether Mrs T was switched into a pension that matched her attitude to risk. And I think that she was. She had been assessed as having a medium attitude to investment risk. This is documented on the fact find document from 2019 which SJPWM refer to as the Confidential Financial Review (CFR). There are also CFRs where the attitude to risk is similarly ratified in the years 2021, 2022, and 2023. The spread of funds appears to have matched that risk level.

I have seen no evidence from Mrs T or her representative that the assessment of her attitude to risk was incorrect. It was an assessment that was formed through discussion with Mrs T. It was explained to her and, whilst she wasn't necessarily an investor with a high level of knowledge, her ceding pension was a defined contribution one which had been invested for around thirty years at that stage. So I think that Mrs T was aware of the impact of investing in line with that attitude to risk. Given her overall circumstances, Mrs T had a suitable capacity for loss, to make a medium risk investment suitable for her. She had a reasonable sized fund, and had the capacity to continue to contribute at that time. Her term to retirement was given as being around eight years. So the term meant that she had the capacity to recover from a degree of losses prior to retiring. She was also in the position that her employed income would effectively be matched in retirement by the combination of her state pension, defined benefit pension, and any drawdown from this transferred scheme.

I understand that Mrs T's representative has argued that it was unlikely Mrs T's intention was to wait until age 70 before accessing her pension. But it was reasonable for SJPWM to provide advice based on the information it was given. And it recorded that Mrs T's intention was not to use the pension until she reached age 70. It was also stated in the suitability letter. And Mrs T did not raise any issue with its accuracy. Whilst I understand that Mrs T later changed her mind, that was not something that could be foreseen by SJPWM. But even if it had anticipated that, I don't think it would really have had much of a bearing on the suitability of its advice. That's because it would not have prevented Mrs T from accessing her pension.

Mrs T did not lose any guaranteed benefits as a result of SJPWM's advice. She had a defined benefit occupational pension scheme. And SJPWM did not make any recommendation regarding that. So, in addition to her state pension, Mrs T could already replace most of her £12,000 income in retirement. Mrs T additionally had a workplace scheme. SJPWM recorded the details of that, but did not make any recommendation in relation to it. Given that it was receiving employer contributions, I think that was sensible. And the fund size at under £800 was small in comparison to the personal pension that was going to provide Mrs T with the greatest flexibility to support her retirement.

Overall, SJPWM's advice provided Mrs T with a suitable pension product, with comparable like for like costs, that could be invested in line with her then attitude to risk. And it could additionally provide ongoing advice on that pension, which I think that Mrs T, more likely than not, wanted.

Ongoing Advice

Both SJPWM and Mrs T's representative will be aware that our service generally takes the view that a part of providing ongoing service is for a firm to provide regular reviews. Which we usually expect to take place annually. And I think that is what SJPWM's intention was in its service offering to Mrs T.

Mrs T's representative has challenged the reviews that SJPWM carried out. But in this I

agree with what our investigator said and with what SJPWM concluded in its response to the complaint. It has shared copies of the CFRs as I refer to above. And I have seen the follow up letters to the meetings. So I am satisfied that SJPWM was in contact with Mrs T in line with that documentation.

However, there was a gap after the initial advice where it appears that a review was missed. As well as in 2024 prior to the complaint being made. So I think that SJPWM's offer to refund the ongoing advice charges that were taken for 2020 and 2024 was fair and reasonable. SJPWM also offered to add interest to those charges at a rate of 8% simple, to reflect the ongoing loss at those sums not being invested.

Whilst adding 8% simple interest to the charges does not accurately reflect the lost investment returns on those sums, I do not think that using this method disadvantages Mrs T so am satisfied that it is fair and reasonable.

I have considered whether the content of the evidenced reviews was reasonable. But am satisfied that it was. Mrs T's representative has argued that SJPWM failed to suitably consider her attitude to risk as she started to take income from her pensions. But I don't think that is fair. As I say above, the CFRs and follow up correspondence refer to the attitude to risk being discussed. Which I think was reasonable. And the overall investment strategy across the portfolio remained in line with a medium attitude to risk.

Putting things right

As has been acknowledged by SJPWM, it did not carry out reviews as expected for 2020 and 2024. The evidence it has shared persuades me that was the case so it is fair and reasonable that it refunds Mrs T for the charges that were taken to provide those reviews.

The way in which it offered to put things right appears to me to have broadly been reasonable. So SJPWM should refund Mrs T the fees for these periods and add 8% simple interest from the date the fees were paid until the date of my final decision.

SJPWM also considered that its failure would likely have caused Mrs T a degree of distress and inconvenience, and offered £150 to compensate her for that. I also agree that was fair and it should also pay that sum to Mrs T. I say this because our service might make an award between £100 and £300 where there have been repeated small errors requiring a reasonable effort to sort out. In this instance, there were two missed reviews which may have been inconvenient. However Mrs T does not appear to have chased SJPWM for those so I do not think there is any more distress than SJPWM's offer already recognises.

SJPWM should provide details of the calculation to Mrs T in a clear and simple format.

SJPWM must pay the compensation within 28 days of the date on which we tell it Mrs T accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Income tax may be payable on any interest paid. If SJPWM considers that it's required by HM Revenue and Customs to deduct income tax from that interest, it should tell Mrs T how much has been taken off. SJPWM should also give Mrs T a tax deduction certificate in respect of interest if she asks for one, so she can reclaim the tax on interest from HM Revenue and Customs if appropriate.

My final decision

I am not upholding Mrs T's complaint about the suitability of the pension switching advice that she was given. But I am upholding the complaint about the lack of some of the ongoing service, along the same lines that St. James's Place Wealth Management Plc did.

St. James's Place Wealth Management Plc should compensate Mrs T as I set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 13 April 2026.

Gary Lane
Ombudsman