

The complaint

Mr M complains that St. James's Place Wealth Management Plc suspended the property fund, meaning he couldn't transfer his funds within it to a new provider. He believes this was unfair and has caused him a loss.

What happened

Our investigator set out the background to this complaint in her letter to Mr M, for ease of reference I have included a copy of this below.

'On 30 October 2023, SJP wrote to you and informed you that they were suspending and deferring withdrawals from the SJP Property Fund. SJP said their decision to suspend the withdrawals resulted from the outflows from the fund. To maintain the levels of withdrawals, SJP said they would have been required to sell properties below market value, or which were performing well, which would be detrimental to the interests of their clients.

On 4 December 2024, SJP issued an important information update about removal of the SJP Life and Pension Property funds. The removal was linked to the market wide challenges experienced by property funds. SJP's focus post removal of the fund was on selling the property assets, which would allow them to release funds to other investment strategies.

On 9 April 2025, SJP issued a letter and informed you that the first release had been processed.

A cash value of £2,552.86 was reallocated proportionally across the other funds you held with SJP.

On 24 April 2025, SJP issued your Annual Drawdown Review statement. As per the statement you held uncrystallised funds of £71,954.51 and crystallised funds of £176,925.04. There were holdings in two property funds with a combined value across crystallised and uncrystallised funds being £7,855.77.

In June 2025, you've transferred your Retirement Account to a new provider.

On 16 September 2025, you wrote to SJP and expressed your dissatisfaction about the closure of the property funds. You've mentioned that the closure was one of the reasons for you to change providers. You were surprised that SJP had refused to transfer £7,000 of your funds invested in the property fund. You made SJP aware that you were concerned about losing money on your capital. There had been no growth in the funds, and you were still being charged to manage the property fund, which you felt was unfair. You requested SJP to allow you to transfer all the remaining funds to the new provider, pay appropriate compensation for the loss and refund the fund management charges to you.

On 25 September 2025, SJP completed their investigation into your complaint and issued their final response letter (FRL) via email. SJP did not uphold your complaint and further explained that they've taken the decision to defer withdrawals from the property fund because SJP wanted to protect the value of the funds for its clients in the long run.

Therefore, suspending withdrawals was necessary to protect investors from the challenge of having to sell properties below market value, thereby creating a negative impact on clients.

SJP also mentioned that they were winding down the fund and had started selling the properties, but it was not a quick process. They expected that it could take around two years to complete the sale of all properties and settlement of dues to the pension holders. SJP further mentioned that the first release of the capital had been processed for £2,552.86 as explained above.

On 14 November 2025, you referred your complaint to our Service for an independent review. On 9 December 2025, SJP issued a further release of capital for £1,225.53. Given your previous request for transfer of the pension funds to a different provider, they transferred the capital released to your new provider.'

Our investigator considered Mr M's complaint but didn't think SJP had done anything that required putting right. She explained it had acted within what the terms and conditions allowed and she thought it had acted fairly in any event. She felt SJP had taken reasonable steps to make sure Mr M was informed of what was happening and why.

Mr M didn't agree and asked for an ombudsman's decision. He said he was never told the property fund was risky and he does not remember seeing the paragraph in the terms and conditions nor was it highlighted by his adviser. He says the response to COVID which started in 2019 was very slow and he is suffering due to SJP's mismanagement of the fund. He doesn't accept that SJP was doing investor's a favour by getting Investec involved and not charging extra, as it should have done this much earlier. He believes he is paying for their mistakes. He believes it should accept liability and repay the fees plus a sum to allow for lost growth.

SJP in response said it wasn't true that Mr M didn't know the fund could be suspended as it had previously been suspended in 2020. It said if the risk of suspension was something Mr M was concerned with, he could have acted earlier knowing it was a possibility.

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 have reached the same conclusion as the investigator and for broadly the same reasons. I appreciate Mr M will be disappointed with this but I'll explain why.

Unfortunately, whilst rare, the suspension of funds does happen and is a risk of investing especially in property funds. Mr M says SJP is hiding behind the terms and conditions and didn't point out this possibility to him. But I don't think everything can be highlighted, as I said suspensions are rare but the terms and conditions do set out this possibility:

"8.5 Delaying transactions

If you are invested in a Fund that holds property (for example land or buildings) or other assets that can be difficult to sell (for example private equity or private credit), we may delay income payments, requests to purchase an annuity, transfer, switch requests, payments of tax free cash, payments of Uncrystallised Funds Pension Lump Sums and payment of the Death Benefit, by up to six months."

In reality, this was delayed by more than six months, but it also says:

“Exceptional circumstances”

We reserve the right to set aside or amend these Terms and Conditions in the following circumstances.

(1) If it becomes impossible or unreasonable to follow them because of changes in law, regulatory requirements, industry guidance or codes of practice

(2) If actuarial advice is that circumstances have changed in a way which could not reasonably have been predicted at the start of the Account, and if we did not set aside or amend these Terms and Conditions the results would be unfair to our Investors, or

(3) If company tax rules change, in which case we will only be entitled to make changes that we believe, having taken actuarial advice, fairly balance your interests and ours”

So I think SJP acted within the terms and conditions. I don't have all the evidence of the communication between the adviser and Mr M but its possible it wasn't highlighted verbally as not every scenario can be covered when giving advice. However, I do note that when Mr M was given advice about his retirement in 2017 under the heading 'Risk Factors' reference was made to the 'Understanding the balance between risk and reward' document that Mr M was provided with. And this explained the risk factors associated with the various asset classes, including property risk. So I think reasonable care was taken to make sure Mr M was informed of the potential risk of investing. Whilst Mr M hasn't complained about the suitability of the advice, he only invested 10% of his funds in Property and was a medium risk investor, so I don't think there is any issue with the selection of this asset for Mr M.

I'd also need to consider if Mr M wasn't properly informed, would he have done anything differently, and the evidence suggests he would not. The fund was previously suspended in 2020 and this wasn't enough to make Mr M to switch funds or transfer at that point. I appreciate it must be very frustrating for Mr M that the fund has been suspended for longer than expected but fund managers have a duty to protect the interests of all their investors. And SJP has explained why they have taken the steps that they have and why it believes this is in the best interests of its investors, I think it has acted fairly and reasonably.

Mr M says SJP should have acted earlier and responded quicker to COVID. But just like any financial market, predicting it is not an exact science. COVID was an extraordinary event that could not be foreseen, and it wasn't just SJP's Property Fund that was suspended, this was something seen across many Property Funds. The regulator even produced a statement in 2020 that suspensions were likely in the best interest of investors.

I appreciate it must be frustrating for Mr M that his fund isn't growing and with charges is depleting and compares poorly to the performance of the funds he has been able to transfer. But SJP hasn't acted improperly for the reasons I've already explained. Furthermore, as SJP is still managing that fund for him, it is within its rights to take the agreed charges. When money has been released it has transferred the funds to Mr M's provider as I'd expect.

Ultimately, SJP was entitled to suspend the fund given it was unable to meet the number of withdrawal requests without causing loss to the remaining investors. It was done to protect the interests of its investors as a whole. And it hasn't done anything wrong or acted unfairly or unreasonably by taking the decision to wind down the fund. I appreciate for investors looking to transfer away such as Mr M this means he will have to wait to receive his funds but this is just the unfortunate reality of the situation and a risk of investing, SJP hasn't acted improperly in my view.

So, for the reasons explained above, I will not be upholding this complaint.

My final decision

I do not uphold this complaint and make no award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 29 May 2026.

Simon Hollingshead
Ombudsman