

The complaint

Mr H has complained about the service provided by St. James's Place UK Plc (SJP) because an incorrect valuation of his retirement account was provided and subsequently used as part of a drawdown review.

This led to Mr H committing to spending which he's said he wouldn't otherwise have done, in addition to there being tax consequences from higher withdrawals than would otherwise have been taken.

What happened

Following the initial valuation, which fed into the recommendation as part of a flexi drawdown review, SJP acknowledged that an incorrect valuation was provided and subsequently relied on. My understanding is that the error was for more than £100,000.

As a result, Mr H spent around £5,000 on home improvements and also withdrew £1,000 pm more than he said he would have done, had the valuation been correct.

At the time the valuation was requested (29 July 2025), SJP was still carrying out corrective work on the plan which was later completed on 11 August 2025.

Having considered the complaint, SJP offered Mr H £500 in respect of the distress and inconvenience the error would have caused him.

Dissatisfied with the response, however, Mr H referred the matter to our service.

One of our investigators considered the complaint, but thought that SJP's offer was reasonable in the circumstances, saying the following in summary:

- Our service has guidelines for awarding payments in respect of distress and inconvenience. These set out that an award of £500 might be fair when a business had caused considerable distress, upset and worry, and/or significant inconvenience and disruption that needed a lot of extra effort to sort out.
- The service provided wasn't what Mr H would have expected. And because of the error, the drawdown arrangement would need to be reviewed again. So, there was no doubt that there'd been a level of inconvenience here. It didn't seem to be the case that Mr H had been charged for the need for another review of the drawdown arrangement. But she could consider this further if Mr H did incur additional associated costs.

- Mr H had said that the error could have cost him over £30,000 because he'd considered buying a new car and you could have taken more money from the plan he did. But whilst Mr H's concerns over what could have happened were appreciated, hypothetical losses couldn't be considered.
- Mr H did, however, spend around £5,000 on home improvements and increased the drawdown amount by about £1,000 per month.
- Mr H wanted to be compensated for the outlay as he said he wouldn't have undertaken the home improvements had it not been for the incorrect valuation. However, this service wouldn't recommend that SJP cover the costs of this. Mr H had the continued use and benefit of the home improvements and so, if SJP was required to pay for this, it wouldn't place Mr H back in the position he'd have been, had the mistake not been made. Instead, this would be taken into consideration as part of a reasonable amount in respect of the distress and inconvenience caused.
- In terms of what Mr H had said about being taxed more than he otherwise would have been, this had been taken into consideration as part of the amount for the distress and inconvenience caused. However, when the drawdown arrangement was reviewed, future drawdown amounts could be adjusted to even out the income to what he would have received, had it not been for the error. And so, in that instance any overpaid tax could be reclaimed from HMRC at the end of the tax year.

Mr H disagreed, however, saying that he wouldn't have spent the money on the home improvements had the error not been made – and he provided evidence of the work undertaken.

As agreement couldn't be reached on the matter, it was referred to me for review.

I issued a provisional decision on 19 March 2026, in which I set out my reasons as to why I considered the amount of compensation paid to Mr H should be higher. The following is an extract from that decision.

"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 some sympathy with the points made by Mr H, and the impact that this matter would have had on him.

I think the realisation itself that his fund value was significantly lower than had previously been thought would have caused not inconsiderable worry and distress, and this alone might reasonably in my view warrant a payment in the region of what's already been offered.

But Mr H did also commit to spending which he's said he wouldn't otherwise have done, in addition to withdrawing an additional £1,000 pm. I agree with the investigator that Mr H will have had the benefit of both of these aspects, but an already notionally reduced fund value will have been reduced further still, thereby adding to Mr H's concerns about his financial future.

Mr H will also be able to adjust his income so that he pays lower tax on future drawdown amounts, but this will also have an impact on his future "spending opportunity" and given that it's likely that Mr H depends on this income to fund his lifestyle, on that too.

And so, taking these factors into account, and whilst I agree that SJP shouldn't be required to compensate Mr H for all of the expenditure he's made on the basis of his higher fund value, I think a higher payment in respect of the distress and inconvenience caused than has been offered would be justified here.

The guidance on our website referenced above by the investigator sets out that, for situations where the impact of a mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out, the upper "limit" would be at £750.

I think, given what's happened here, that Mr H should be compensated at the higher end of that band.

Putting things right

My current view is that St. James's Place UK Plc should pay Mr H £750."

SJP agreed with my proposal, and Mr H didn't respond.

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 see no reason to depart from my provisional findings.

Putting things right

St. James's Place UK Plc should pay Mr H £750.

My final decision

My final decision is that I uphold the complaint and direct St. James's Place UK Plc to undertake the above

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 May 2026.

Philip Miller
Ombudsman