

The complaint

Mr G complains that St. James's Place Wealth Management Plc (SJPWM) gave him unsuitable advice to switch his pension.

What happened

In 2016 Mr G had a self-invested personal pension (SIPP) that had been put in place by his adviser who I will refer to as Mr B. Mr G had also been receiving ongoing financial advice from Mr B on his SIPP.

In August 2016 Mr B became an adviser for SJPWM. Mr G met with Mr B and received fresh financial advice from SJPWM about his SIPP. Mr B recommended that Mr G switch his existing SIPP to a St. James's Place Retirement Account (RA) and invest the funds in line with his agreed attitude to risk.

Mr G complained, via a legal representative, about SJPWM's advice in 2016 as well as complaining that Mr G had not received the agreed ongoing advice service from SJPWM. I summarise the complaint points that were raised as:

- Mr G was financially inexperienced and not looking to take excessive risk.
- Mr G did not understand the implications of the recommended transfer or the risks involved.
- There was limited diversification following the switch because the funds were exclusively invested in SJP funds.
- Mr G was exposed to a more expensive charging structure.
- Mr G didn't understand that he could lose all accrued and future guaranteed benefits.
- SJP failed to provide the ongoing advice service that it agreed to.

SJPWM responded to Mr G's complaint. It considered that the transfer advice had been suitable for Mr G's objectives. But it did conclude that it could not evidence that Mr G had received the annual reviews that it would have expected in the years 2017, 2018, 2019. SJPWM offered to refund the charges taken for those years and interest on those charges.

Mr G referred his complaint to our service. His representative explained that it accepted SJPWM's conclusion regarding the ongoing advice charges and asked us not to consider that element of the complaint. But it disagreed that the transfer advice had been correct and asked for our service to give an answer on that issue.

Our investigator considered the complaint but was unable to informally resolve the complaint, so it was referred for an ombudsman's decision. I then considered the circumstances and sent both parties my provisional decision explaining why I didn't think Mr G's complaint should be upheld.

What I said in my provisional decision

The only issue that remains in dispute on referral to our service is whether or not the advice for Mr G to switch his SIPP to the SJP RA was suitable. This decision will not address the ongoing advice service that SJPWM agreed to provide.

Additionally, I am aware that this complaint was made more than six years after the advice was given. So I have considered the issue of jurisdiction. It is not clear whether Mr G ought to have had cause to bring this complaint more than three years before he did. SJPWM have not provided statements for the RA which, dependant on the content, may have given Mr G cause to complain at an earlier stage. In the absence of such evidence, I am unable to say that Mr G ought reasonably to have been aware of the cause to complain more than three years before he did. SJPWM may wish to provide evidence for me to consider regarding that prior to a final decision, however, I think it is expedient to give my provisional decision on the merits of this complaint at this stage.

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.

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.

So it is against this framework that I am considering the recommendation that SJPWM gave

Mr G. And I will explain why I don't think that SJPWM treated Mr G unfairly.

Prior to the advice in 2016 Mr G was already a client of Mr B, and the pension he was receiving advice on was a SIPP which was invested in line with his attitude to risk. Whilst he may also have had a workplace pension receiving contributions, he was not being advised to switch that.

Mr B as a SJPWM partner provided Mr G with information that explained that SJPWM was only able to provide restricted advice. So I think that it was made clear that he would only receive a recommendation on whether or not the switch to one of its restricted products met his objectives and was in his best interests. It would not, for example, be able to recommend the suitability of a product outside of that, such as Mr G's workplace pension.

Mr G's objectives were recorded as including:

- To start making regular contributions
- To receive ongoing regular reviews
- Capital growth
- Reduced servicing costs for making changes within the SIPP

Mr G's existing pension would have allowed him to make contributions. And, as an adviser led platform it would have been possible for Mr G to add a new adviser to the SIPP. But he had an existing relationship with Mr B, and he would not be able to continue receiving advice from Mr B from that point. I think that was, more likely than not, clear to Mr G. And he had not sought new advice, but instead chose to explore advice with the same adviser through the new advice firm - SJPWM. The way in which the pension was invested before and after the switch, although in different funds, broadly appears to have been intended to achieve the same goal. Which was capital growth in line with his agreed attitude to risk. Which I have no reason to believe was not discussed, understood and agreed upon with Mr G.

What this means is that the switch met Mr G's objectives, notwithstanding that his SIPP offered the majority of the things he needed already. Key in this case is that it did not allow Mr G to continue to obtain the financial advice that, I think he more likely than not wanted.

Turning now to the things that I refer to above as being highlighted by the FCA as concerns in switching.

Was Mr G switched to a more expensive option?

SJPWM demonstrated that, on a like for like basis, it moved Mr G to a more cost effective option. The overall charges Mr G experienced on the SIPP was 0.66% higher than the switch to the RA. Both inclusive of adviser charges. So this is not a cause to consider the switch unsuitable.

Did Mr G lose benefits in the switch?

Mr G's representative included this issue in the complaint, suggesting that Mr G did not understand that he could lose accrued and future guaranteed benefits. But it has provided no further comment or evidence to substantiate this concern. And I have seen nothing to indicate that the SIPP that was switched offered any specific guaranteed benefits. Put simply, the RA was a comparable scheme offering identical benefits at a lower cost. So this is not a cause to consider the switch unsuitable.

Did the switched scheme match Mr G's attitude to risk?

As I referred to earlier, I am satisfied that it did. Whilst the funds chosen following the switch differed, I am satisfied that they were set up following an up to date assessment of Mr G's ATR. And were in line with that agreed ATR. I have seen nothing to suggest that it was not agreed or that Mr G did not have the capacity for loss to justify such an investment approach.

Was the need for ongoing investment reviews not explained or put in place?

A key tenet of the recommendation was the desire for ongoing financial reviews. It was factored in from the outset in line with Mr G's objective. I appreciate that there may subsequently have been issues with the provision of that advice. But in assessing the suitability of the recommendation, I think it is clear that SJPWM identified the need for ongoing reviews and put that in place as part of its recommendation. So this is not a cause to consider this switch unsuitable either.

Summary

I have also considered the wider guidance from the FCA in 2012 (which I summarised earlier), but don't believe that gives any cause for me to think that SJPWM's advice was unsuitable. As I have already recognised, the switch reduced the overall charges and wasn't recommended purely on the basis of improved performance. Although the reduction in charges would make improved performance likely.

I have also considered the specific concerns raised on Mr G's behalf in his complaint and summarised earlier in this decision. But I do not find those concerns to be persuasive. I don't think it is fair to suggest that the switch was unsuitable for the reasons that were given. That's because I think that Mr G, more likely than not, understood the risks associated with the pension. They were clearly explained by SJPWM in its literature. But more than that, were the same as the risks he was exposed to previously in the SIPP. And, given the fact that his employer pension was also a defined contribution scheme, to the risks of investing via that scheme as well. I don't agree that there was limited diversification. The SJP funds that SJPWM were restricted to selecting from were all managed funds investing in a diversified way by the respective fund managers. And, as I have already addressed, the switch did not expose Mr G to a more expensive charging structure.

I am aware that Mr G had access to a workplace pension that had lower costs than the SJP RA. And, given that SJPWM was not providing whole of market advice, there were also likely to be a number of other products with lower costs that SJPWM could not consider or advise on either. In a case like this I would expect to see that SJPWM recognised and drew Mr G's attention to the option of his workplace scheme. And it did. It explained the relative cost comparison as a percentage and in terms of how much additional growth was needed each year. Whilst SJPWM's tied adviser could not make a formal recommendation on that workplace product it provided Mr G with enough information on that option. There would still need to be a reason to warrant the RA over the lower cost option that was already available. But here, Mr G's objective for ongoing advice meant that the recommendation was not unsuitable for Mr G at that time.

Responses to my provisional decision

SJPWM did not provide any argument or evidence to challenge the finding that I had provisionally reached.

Mr G's representative responded to let me know that Mr G did not accept the provisional

finding that I had shared. But it didn't provide any further evidence or argument. Neither did it offer any further explanation to say which element of my reasoning Mr G disagreed with.

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.

There have been no further submissions following my provisional finding that have given me any reason to reconsider my provisional finding. Whilst I understand that Mr G still thinks that his complaint should be upheld, he has not provided any challenge to the reasoning that I set out in my provisional finding and copied above.

As a result, my final decision is that I am not upholding Mr G's complaint. My reasons are the same as those that I set out above when sharing what I said in my provisional decision.

My final decision

I am not upholding Mr G's complaint for the above reasons.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 20 May 2026.

Gary Lane
Ombudsman