

The complaint

Mr O complains that advice he received from St. James's Place Wealth Management Plc (SJP) to transfer an existing stocks and shares ISA was unsuitable.

In particular Mr O says:

- the SJP adviser did not explain that he was not an independent financial adviser (IFA);
- the adviser did not provide him with copies of the information he recorded about Mr O's personal and financial circumstances, or with information about the fees and charges for the investment he recommended; and
- the advice to move his stocks and shares ISA to SJP meant he incurred an initial charge for little, if any, benefit.

What happened

I understand that Mr O was introduced to his SJP adviser in 2009, and the adviser started providing ongoing financial advice in 2015.

In 2016, Mr W was advised to transfer an existing stocks and shares ISA he held with another provider to SJP. The value of the ISA funds Mr O transferred to SJP was around £22,000.

At the time the initial fact find information was gathered in 2015, the adviser recorded that Mr O was 52 years old and was married with two adult children. Mr O owned his home outright, jointly with his wife, and had no outstanding debts or large planned expenses for the foreseeable future.

Mr O was in full time employment and his wife was working part-time. Information recorded by the adviser indicated that Mr and Mrs O had a monthly surplus of income over expenditure of around £700. As well as deposit based savings, Mr O held pension savings, the stocks and shares ISA he transferred to SJP, and another ISA he was making regular contributions into.

Mr O's attitude to investment risk was assessed as 'medium' and the adviser described this to mean:

You want your capital to keep pace with inflation and are investing for at least five years. You are comfortable with most of your capital being invested in equities and property, some of it overseas. You realise that there may be significant falls in the value of your investments, and that accepting this risk gives you the potential to achieve better long-term returns.

In mid-2021, Mr O complained to SJP about the investment advice he had received from its adviser. This decision only addresses Mr O's complaint about the ISA transfer SJP recommended in 2016. Mr O's complaint about pension advice he received from SJP will be considered as part of a separate complaint.

SJP did not uphold Mr O's complaint about the ISA transfer. It said, in summary, that it felt the advice its adviser had provided had been suitable for Mr O's personal and financial circumstances. In particular, it said information recorded at the time Mr O transferred his existing stocks and shares ISA to SJP, in early 2016, had noted that he:

... preferred to have your investments professionally managed and regularly monitored and you did not want to be responsible for the weighting of the asset class selection of your investments.

It also said that its records showed:

You also wanted to continue to benefit from [name of adviser's] ongoing service and advice on your investments.

It was explained that at that point you did not receive Face to Face advice and did not have confidence in your current arrangements.

It said that although the SJP ISA was more expensive than Mr O's existing ISA provider, 'albeit within acceptable limits', this had been explained in the suitability letter it had sent to Mr O at the time.

Mr O was not satisfied with SJP's response and referred his complaint to this service. In addition to the points he had raised in his initial complaint to SJP, Mr O also said that the adviser had not explained that he was not an IFA.

Having carefully considered this complaint our investigator said she didn't think Mr O's complaint should be upheld. She said she felt the advice to transfer an existing stocks and shares ISA to SJP had not been unsuitable for Mr O's personal and financial circumstances. She also said she was satisfied that the adviser had disclosed the fees and charges involved in the ISA transfer.

Mr O did not accept our investigator's view and asked for his complaint to be considered by 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.

Having done so, I don't think SJP has acted incorrectly in this matter or treated Mr O unfairly. I'll explain why.

Did the SJP adviser explain that he was not an IFA?

Mr O says that the adviser 'did not tell us that he was a 'restricted' adviser.'

Even if I were to accept that the adviser did not explain that he was only able to offer restricted advice - and as I was not present at the meetings Mr O had with the adviser, I cannot safely make any finding on what was, or was not discussed - I must take into account that the 'Key Facts about our Services and Costs' document, clearly set out under the heading 'Which service will we provide you with':

Restricted advice – We will advise and make a recommendation for you after we have assessed your needs. We only offer products from a limited number of companies. You may ask us for a list of the companies whose products we offer.

The suitability letter sent to Mr O dated 7 February 2016, confirmed that the adviser had provided Mr O with a copy of SJP's 'Key Facts about our Services and Costs'. The adviser explained that this set out, *'the products we offer, the service we provide, the cost of our advice and services and our Terms of Business.'* And the adviser said, *'if you have any queries on this document, please let me know'.*

So, even if I were to accept that the adviser did not explain the difference between the restricted advice he was authorised to provide and the advice an IFA could provide, I cannot reasonably find that Mr O did not receive a written explanation of the difference between restricted and independent advice.

I appreciate that Mr O may not have read SJP's 'Key Facts about our Services and Costs' in detail, but I cannot reasonably hold SJP responsible for this.

As I am satisfied that SJP notified Mr O that its adviser could only provide restricted advice, I cannot reasonably uphold this aspect of Mr O's complaint.

Should the adviser have provided Mr O with copies of the information he recorded about his personal and financial circumstances?

As our investigator explained, there is no requirement on an adviser to provide a copy of the information recorded about a client's circumstances, unless the client requests a copy. I understand that Mr O has now received a copy of all the information SJP holds about the advice it provided to him.

Based on the information that has been provided to this service I cannot safely find that Mr O was not provided with a suitability letter explaining why the adviser was recommending that he should transfer his existing stocks and shares ISA to SJP. I have reached this view as there is signed confirmation from Mr O, dated 8 March 2016, confirming that he had received the suitability report (setting out the advice to transfer his ISA to SJP) and its contents had been explained to him. Likewise, based on the information I have seen, I am satisfied that Mr O was provided with a Key Facts document for the ISA transfer.

Was the advice to transfer Mr O's stocks and shares ISA to SJP unsuitable?

Mr O says that when the adviser arranged for him to transfer a stocks and shares ISA to SJP, he did not explain the costs and charges involved.

I have very carefully considered this point. Having done so, I can't reasonably find that the adviser didn't explain the additional costs involved, and the disadvantages, as well as the potential advantages of transferring Mr O's existing stocks and shares ISA to SJP.

I note that in the suitability letter, dated 7 February 2016, the adviser clearly set out:

The additional annual growth required by St. James's Place, over a ten year investment horizon, in order to match the benefits from your plan with [name of existing ISA provider] is 0.45% p.a.

This is equivalent to £99.00 over the next twelve months.

Putting this another way, this means that your St. James's Place ISA 'would have to grow' by £99.00 more in the first year than your existing plan, in total. The amount may be more or less in the following years. As you are aware, there is no guarantee that out-performance will occur.

The adviser also provided a table that compared the costs involved, including the initial and ongoing charges, and range of funds available.

Likewise, I note that the adviser explained in the suitability letter that if Mr O transferred his ISA to SJP he would '*incur new initial charges on the investments*', and that SJP '*may offer less funds and fund managers*' than his existing ISA provider. In view of this, I can't reasonably find that the adviser failed to explain that Mr O would incur higher charges if he transferred his existing ISA to SJP.

I have also carefully considered whether the advice to transfer his existing ISA to SJP was unsuitable. I appreciate that Mr O feels the adviser was motivated by the fees he would receive and did not act in his best interests when he advised him to transfer his ISA.

However, I must consider that in the suitability letter the adviser set out that Mr O wanted to move his ISA to SJP as he wanted to '*... have your investments professionally managed and regularly monitored and you did not want to be responsible for the weighting of the asset class selection of your investments. You also wanted to continue to benefit from my ongoing service and advice on your investments*'.

I also note that the adviser clearly set out that there was no guarantee that Mr O would be better off financially if he transferred his ISA to SJP. He also set out alternatives open to Mr O if he chose not to transfer his ISA.

In addition, the ISA Key Facts document SJP prepared for Mr O, dated 5 February 2016, set out, under the heading '*How much will this advice cost?*':

Our advice is not free. The cost of the initial advice and our services will be £988.99 which is 4.5% of the investment shown. This cost covers all of our expenses incurred in providing, checking and guaranteeing the suitability of your advice. The remuneration of your Partner's practice is only one element of the cost, from which they meet their own business expenses.

We will also provide you with ongoing advice to review your investment and ensure it remains appropriate, as set out in the brochure "Welcome to St. James's Place" provided by your Partner. The cost of this each year is 0.5% of your total investment (and so this annual cost will increase if your investment grows).

For example if your investments are worth £22,000.00 in a particular year, the cost that year would be £110.00.

I appreciate that, with the benefit of hindsight, Mr O feels that he would have been better off if he hadn't transferred his ISA to SJP. But based on the information recorded at the time about Mr O's objectives and requirements, I can't reasonably find that the advice to transfer his existing ISA to SJP was unsuitable.

I also note that in a recent submission to this service SJP said:

A further point to note is that the critical yield calculation we completed was based on the charges of the underlying funds held within the ISA and did not include the platform fees (0.5% for Mr O) that also applied. If we had included the platform fees, this would have reduced the outperformance further and made the SJP ISA a more cost-effective solution to meet the clients' needs.

Summary

This decision only addresses Mr O's complaint about the ISA transfer SJP recommended in

2016. Mr O's complaint about pension advice he received from SJP will be considered as part of a separate complaint.

Having carefully considered all the information and documentation provided in relation to the advice Mr O received to transfer his ISA to SJP, I cannot reasonably find that the advice was unsuitable, or that SJP has treated Mr O unfairly.

I appreciate that Mr O now feels that the fees and charges involved in the ISA transfer were too high. But, as the adviser explained to Mr O, his advice was not free. I am satisfied that the costs involved with the initial advice and ongoing reviews were disclosed to Mr O in line with regulatory requirements and I cannot reasonably say that SJP was required to do more to make Mr O aware of the costs involved.

My final decision

My decision is that, for the reasons I have set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 21 September 2023.

Suzannah Stuart
Ombudsman