DRN-4456473

The complaint

Ms G complains that Jamieson Christie Wealth Management Limited ('JCWM') didn't properly explain its fees and provided advice beyond the scope of her pensions. She says that she has suffered investment losses and paid more in fees than she agreed to.

What happened

Ms G contacted JCWM asking for an appointment with one of its advisors regarding her pensions.

Ms G met with JCWM in June 2021 and on 28 June 2021 JCWM sent Ms G a summary of the information obtained from its meeting. In this correspondence JCWM documented that Ms G:

- Was aged 60;
- Had no financial dependants;
- Owned her flat – valued around £300,000;
- Had savings totalling around £119,000. And had loaned £103,000 to her son that was expected to be repaid when a property was sold later in 2021.
- Had a number of pensions, which included some with defined benefits and two money purchase pensions;
- Had a goal of stopping work in two years and wanting to know how to use existing pensions and cash to meet that aim.

In September 2021 JCWM set out in writing the following to Ms G:

> "*… originally quoted £2,625 - £2,975 initial consultancy fees for your retirement planning review. I can confirm this will be the lower of £2,625 which will be charged to your pension following transfer of the Zurich and Reassure pensions.*
>
> *For the additional work of establishing the ISA, Unit trust and new pension and the transfer of the Reassure and Zurich schemes, I previously said that the cost wouldn't be more than a 3% initial charge and can confirm this will be just 2% of the investment / fund value. Due to the rules around how fees can be paid from pensions, the fees for the ISA and Unit Trust will come directly from those investments and not from the pensions. For the ongoing investment management and financial advice (including our annual reviews of your overall retirement planning) my firm charges 1% pa which is paid on a monthly basis from the investments we manage for you, i.e. 0.083% each month."*

In October 2021 JCWM provided two written suitability reports.

One suitability report set out JCWM's recommendation regarding Ms G's money purchase personal pensions which was to consolidate both existing personal pensions to a new scheme that would allow drawdown access. And also to move £20,000 from her existing savings into the new pension (that would attract tax relief or 20%).

The other suitability report gave a recommendation regarding the establishment of an ISA using £20,000 of Ms G's existing savings and an investment account using £11,000 of savings. This would leave Ms G with around £68,000 instant access savings.

JCWM also provided Ms G with cash flow analysis showing how she could meet her stated income requirements in retirement in a number of scenarios using a combination of her savings and pensions.

Ms G followed JCWM's recommendation. She later complained that she was charged more for the advice than she was originally told. And that the advice wasn't suitable. She says that she didn't want any risk with her money and never wanted JCWM to give any recommendation about her savings.

JCWM looked into what happened and didn't uphold Ms G's complaint. It referred to the documentation that it had where it had set out the costs for its service. And the initial meeting document where the scope of the advice it was giving was agreed with Ms G.

Ms G referred her complaint to our service, where our investigator looked into what happened. He explained that he thought that JCWM had set out its charges clearly at the outset. So had done nothing wrong in that regard. He also explained why he didn't think the advice that JCWM gave Ms G was unsuitable for her circumstances and documented objectives.

Ms G disagreed and this case has been referred for an ombudsman's decision.

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've decided not to uphold Ms G's complaint for these reasons:

I've considered everything that Ms G has told us about what she thought the charges would be. But I find the documentary evidence that JCWM has provided to be more compelling. It set out clearly what its charges will be at a number of stages. For example, I've seen a copy of the correspondence that Ms G was sent on 28 June 2021 that Ms G has annotated. So I think she would, more likely than not, have seen that. Additionally I have seen a client agreement Ms G signed on 18 October 2021 agreeing to the charge of £2,625 plus 2% of the transfer values (£1,420 in cash terms). So I don't think Ms G was treated unfairly regarding JCWM's charges.

I understand that Ms G wanted pension advice. And I think that is what JCWM provided. JCWM had to comply with the Financial Conduct Authority rules that were set out in the Conduct of Business Sourcebook (COBS). This included its obligation in COBS 9. It meant that JCWM had to obtain enough information from Ms G in order to be able to make a personal recommendation.

I think that obtaining information about Ms G's overall finances was reasonable in the context of determining how best Ms G could meet her income objectives in retirement.

The reasons that JCWM gave for switching Ms G's pension plans were that it would enable her to access her funds flexibly in a way that wasn't available in her old plans. The overall charges for the new plan were not more expensive and there were no penalties to switching or any benefits lost by doing so. This includes the recommendation to move £20,000 into the pension to receive tax relief. So I don't think the recommendation was unsuitable. It was tailored to Ms G's objective and appeared to be in her best interests.

Ms G had all of her savings in interest only accounts. These would be earning interest below the rate of inflation, so losing value in real terms. Although Ms G wanted to stop working within two years much of her available funds (pension and savings) would need to remain invested over a longer period than that to support her income throughout her retirement. So I think a recommendation to move some of her savings to appropriate investment structures was reasonable and in her best interests.

JCWM assessed Ms G's attitude to investment risk as being very cautious (1 out of 7 on the scale it used). I think that the way it assessed that was fair and reasonable. It didn't mean that Ms G wasn't able to take any risk. But a risk questionnaire is just a starting point. The recommendation documents a discussion where it was agreed that investing in line with a cautious attitude (3 out of 7) was recommended. Again, I don't think this was obviously unreasonable as long as it was clearly explained and documented. Which, based on the evidence I've seen, it was. It was made clear to Ms G that this was the recommendation and why. Ms G was given all of the information needed to decide whether to accept the recommendation and, based on the evidence, I think it was more likely than not that Ms G was involved in the decision making process.

I've also considered whether Ms G had the capacity for loss to invest both her money purchase pensions and part of her savings in the way that JCWM recommended. And I think she did. Ms G had defined benefit pensions through her current employer and two older deferred schemes. These defined benefit schemes would have provided the larger part of her retirement provision. The recommendation also ensured that she had almost £70,000 held in cash to cover immediate income needs. As well as £103,000 in cash being repaid to her at some point in the near future. So the funds that were invested could be drawn on sparingly and would have time to remain invested and recover from any investment fluctuations.

Providing advice is not an exact science. There are going to be times where there may be more than one suitable course of action. And here, I suspect Ms G had a number of options. But for the reasons I've given, I don't think the recommendation JCWM gave was unsuitable. It followed the regulatory rules in place. And I think that JCWM went to some lengths to understand Ms G's circumstances, as they were explained to it. JCWM provided a number of cash flow models to demonstrate to Ms G how she could meet her objective of stopping work at age 62. And I don't think it was unreasonable that would involve consideration of all of her possible sources of income to achieve.

My final decision

My final decision is that I do not uphold this complaint about Jamieson Christie Wealth Management Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 14 March 2024.

Gary Lane
Ombudsman