DRN-4025337

The complaint

Mr S complains, through his representative, that he was given unsuitable investment advice by St. James's Place Wealth Management Plc.

What happened

Mr S received investment advice from SJP in 2014. He had recently retired and had sought advice on how to invest his existing capital. He was assessed as having a medium attitude to risk (ATR) and was advised to invest c.£12,000 into an ISA, c.£63,000 into a unit trust feeder plan (UTF) and £150,000 into a joint investment bond.

His representative complained to SJP in 2022 and said that Mr S had been advised to invest too soon after going through a significant change in his personal circumstances. He'd relocated to a small holding in another part of the country after taking redundancy from the job he'd had for a large part of his working life. He should have been given more time to become accustomed to these major changes.

The representative also thought Mr S had been advised to take too much risk. He had some experience through his former employer's share-save scheme and had windfall shares, but he wasn't an experienced investor and some of the funds recommended exposed him to far too much risk based on his lack of experience and circumstances.

SJP didn't uphold the complaint. They thought the advice was in line with Mr S' ATR and provided him with the opportunity to achieve the growth he sought. The recommended investments provided diversification and were immediately accessible if required. Mr S had access to significant funds on deposit and was in receipt of a good income from his pension so they didn't think Mr S had been given unsuitable advice.

Mr S' representative didn't accept SJP's findings and asked us to look into the matter. The complaint was considered by one of our investigators who didn't think the complaint should be upheld. She thought the advice was reasonable and noted that financial review letters from 2018 and 2020 showed that Mr S was pleased with the performance and understood the risks involved with investing. She thought the recommendation was in line with Mr S' objectives and was satisfied any losses wouldn't be detrimental to his standard of living.

Mr S' representative didn't agree with the investigator as they remained of the opinion that Mr S had been exposed to too much risk. As there's been no agreement, the complaint has been passed to me to make a 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'm of the opinion that this complaint shouldn't be upheld, and I will now explain why.

I've considered Mr S' circumstances at the time of the recommendation. He was in his late fifties, married with one dependent child, had recently retired and had a received a severance package and a lump sum from his pension. In total he had cash on deposit of c.£340,000, £8,000 in Premium Bonds, £7,000 in an ISA and joint assets of £60,000. He was in receipt of pension income of £46,000 p.a. and chose not to give details of his monthly expenditure, but it was noted that he owned his own house outright and had no liabilities.

He was looking to invest for growth over the medium to long term in a tax efficient manner. As previously noted, SJP recommended that he invest c.£12,000 into an ISA, c.£63,000 into a UTF and £150,000 into a joint investment bond with his wife.

I've considered if he was in a position where he could take some risk with some of the capital he had on deposit. He had a good level of guaranteed income from his defined benefit pension, owned his property outright and had no liabilities. His expenditure wasn't recorded but his net disposable income was recorded as £2,350 per month.

It was noted that Mr S had experience of investing in ISAs, and I've also seen an email where he said his representative was looking into all the investments he'd made since the since the 1980's. From what I've seen he had discussion with the adviser about the risks of investing and it was recorded that *'You confirmed you are a Medium Risk investor on our risk spectrum. 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.'*

Therefore, I don't think it's unreasonable to suggest that he had awareness of the potential risks associated with investing. After making the investments he was left with a substantial amount of cash on deposit as an emergency fund. Taking everything into account, I don't think Mr S' ATR was incorrectly assessed, and I'm satisfied he had some capacity for loss and was in a position where he could take a medium amount of risk with some of his capital.

The representative has said that some of the funds that were recommended were too high for someone who was retiring and making a lifestyle change. I've thought about the makeup of the funds that were recommended to Mr S.

His ISA and UTF were invested in the Balanced Portfolio which was made up of:

- Alternative Assets - 10%
- Far East - 5%
- Global - 10%
- Global Emerging Markets - 5%
- Global Equity - 10%
- International Corporate Bond - 10%
- Investment Grade Corporate Bond - 10%
- Multi Asset - 10%
- Property - 10%

- UK &. General Progressive - 10%
- Worldwide Opportunities - 10%

His Investment Bond was invested in the Managed Funds Portfolio which was made up of:

- AXA Framlington Managed Fund - 14%
- Global Equity Fund - 14%
- Global Managed Fund - 14%
- International Equity Fund - 14%
- Schroder Managed Fund - 15%
- Strategic Managed Fund - 15%
- Worldwide Managed Fund - 14%

I think that it was a reasonable for Mr S to try and get a reasonable return on a portion of his accumulated wealth but in order to do so, some risk needed to be taken. I think the blend of funds within the recommended investments provided diversification and the potential to provide the growth he wanted.

Having considered the recommendation, I don’t think Mr S was given unsuitable advice or was put in a position where he was exposed to too much risk. I acknowledge his change of circumstances, but he had good level of disposable income, was left with a large emergency fund and would have been able to access funds from the investments if required. Taking everything into account, I don’t think this complaint should be upheld.

My final decision

For the reasons I’ve given above, I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr S to accept or reject my decision before 22 March 2024.

Marc Purnell
Ombudsman