

complaint

Mrs A has complained about the advice she received from St James's Place Wealth Management Plc ("SJP") to transfer her Individual Savings Account (ISA) to SJP. She has told us that she has lost income and capital and is disappointed with the advice she received.

background

The complaint was reviewed by one of our adjudicators, who recommended the complaint should be upheld. In summary, he was of the opinion that there was no benefit to Mrs A transferring from one medium risk ISA to another. He also thought that increased charges and a reduction in fund selection did not benefit Mrs A.

SJP did not accept the adjudicator's findings. It agreed with the adjudicator's opinion that Mrs A was an experienced investor and maintained its stance that she was made fully aware of the implications of transferring her ISA.

As a resolution could not be reached, the matter has been referred to me for review.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

It seems that when Mrs A approached SJP in 2011 her main objective was to increase the income she was receiving from her investments. These comprised her ISA and an investment bond. Whilst Mrs A therefore may have gained some investment experience, I do not believe this is the same as regarding her as an "experienced investor". It seems clear she approached the business seeking financial advice, and I consider it is likely she would have been heavily reliant on the advice she received.

The adviser recommended that the ISA should be transferred from the existing provider to SJP. It was recorded in the adviser's suitability letter that Mrs A was attracted to the approach to investment management adopted by SJP. Mrs A had apparently been provided with a document which explained this, but I have not seen a copy of this.

I note that other alternatives to the transfer seem to have been discussed. Also, that the disadvantages of undertaking the transfer were described in the letter. These included that an initial charge would be incurred and the ongoing charges would be higher than the existing product.

However, whilst this information was provided, overall I am not persuaded the transfer to SJP was beneficial for Mrs A. She may have been attracted to SJP's approach to investment management – although it is not clear to me how this was explained to her. But I consider this would be a somewhat tenuous basis for making the change. This is bearing in mind that the different approach would need to yield a return that would not only make up for the initial charge, but also cater for the increased regular charges going forward. There was undoubtedly a risk with such a strategy that I am not persuaded was made fully obvious to Mrs A.

In addition, it is not clear how the change of product provider would achieve what was Mrs A's key aim – to improve the income she would receive. I note that the suitability letter seems to be silent on this point.

On balance, I am not persuaded it was suitable advice to transfer the ISA from the existing provider to SJP. As there is no compelling evidence what Mrs A would otherwise have done, I consider it fairest to assume she would have left the investment where it was.

Therefore, to see if Mrs A has suffered a loss, SJP should compare the value of the SJP ISA with the value of the investment had it not been transferred. It is not clear whether there has been any difference in the income provided by the two investments, and it is likely that any increased income Mrs A may have received would have been spent on day-to-day expenses. I therefore consider, if only for pragmatic reasons, that in this case the income should be disregarded and the comparison only be between the two capital values.

my final decision

It is my final decision that this complaint should be upheld.

To compensate Mrs A fairly, St James's Place Wealth Management Plc should compare the value of her SJP ISA at the date of this decision with the value had it not been transferred from the existing provider. If this shows Mrs A has suffered a loss, St James's Place Wealth Management plc should pay her this sum.

If payment is not made within 28 days of SJP receiving notification that Mrs A has accepted my decision, simple interest is to be added at a rate of 8% gross a year from the date of my decision to the date of settlement. Income tax may be payable on this interest.

The above method assumes Mrs A still holds the SJP ISA. However, if she has already encashed this, the comparison should be undertaken as at the date of encashment. If this shows a loss, St James's Place Wealth Management Plc should pay Mrs A this sum together with interest at a rate of 8% gross a year from the date of encashment to the date of settlement.

Doug Mansell
ombudsman