

SJP sets aside £426mn for potential ongoing advice refunds

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The post-tax cash result of £68.7mn represented a decrease on the £426mn that was reported in 2022

By **Tom Dunstan**

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St James's Place has set aside a provision of £426mn for potential client refunds to address ongoing advice issues, after it saw an uptick in complaints.

In its full year results, published this morning (February 28), the company reported a post-tax cash result of £68.7mn, down from £410.1mn, which it said was “significantly impacted” by its ongoing service review exercise.

SJP chief executive officer, Mark FitzPatrick, said: “This work was undertaken following a significant increase in complaints, particularly in the latter part of 2023, mostly linked to the delivery of ongoing servicing.”

He added the review revealed the company’s evidence of ongoing client servicing was “less complete in the years preceding investment into our Salesforce CRM system in 2021”.

Following this discovery, SJP has made a provision for potential client refunds to address this.

“Looking forward, the investment we’ve made into Salesforce means we are confident this is a historic issue,” he stated.

FitzPatrick acknowledged the company’s financial results had been “significantly impacted” by this legacy matter.

However, he added that SJP’s board recognised the “importance of returns to shareholders” and was “confident” that sufficient capital and liquidity is available to deal with the financial impact of the provision.

SJP's share price was down 29 per cent this morning following the news.

Ongoing advice

SJP said it had seen a marked increase in the number of clients registering complaints linked to the evidencing and delivery of ongoing servicing in the past.

FitzPatrick said the firm had taken this very seriously and had already refunded charges to clients.

After the number of complaints accelerated towards the end of 2023, the firm said it engaged extensively with the FCA.

It comes after the FCA announced earlier this month (February 15), that it had written to 20 of the biggest advice firms requesting information about their ongoing advice services on the back of the consumer duty.

As part of this, it asked firms how many clients received a review and how many paid for ongoing advice but whose fee was refunded because the review did not happen.

Back in October, SJP announced it would scrap exit fees for the vast majority of new investment bonds and pensions as part of an overhaul of its charging structure.

The affected the firm with its share price down 66 per cent over the past 12 months

Additional results

Elsewhere in the results, the company reported a pre-tax underlying cash result of £483mn over 2023, in line with the £485.5mn recorded in 2022.

SJP claimed that this reflects growth in average funds under management and management of controllable costs.

It also said new business levels had remained "robust" with the firm's advisers attracting £15.4bn (2022: £17bn) of new client investments, and client retention rates remained strong at 95.3 per cent (2022: 96.5 per cent).

Due to this, SJP said it continues to generate significant levels of net inflows.

Funds under management increased by 13 per cent to reach a record £168.2bn (2022: £148.4bn).

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