

# 'SJP starting to take seriously its obligations under consumer duty'



AMK Legal has settled 4000 claims with SJP with a further 8000 awaiting a decision (FT library)

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St James's Place is starting to "take seriously its obligations under the FCA's consumer duty" by providing refunds for ongoing advice fees, according to Michael Jordan, AMK Legal's head of training and development,

The law firm told FT Adviser in the past 18 months it has settled 4,000 cases reclaiming approximately £12mn for SJP customers.

According to the firm there are currently 8,000 cases from AMK Legal awaiting a decision that could result in refunds in the region of £24mn over the next six months.

Cases are a mixture of refunds for ongoing advice fees and investments on which clients experienced a financial loss which were deemed as 'unsuitable advice', the law firm said.

In its full year results, published this morning (February 28), SJP set aside a provision of £426mn for potential client refunds to address ongoing advice issues, after it saw an uptick in complaints.

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."

## FOS adjudication

According to AMK Legal, in the early months of making claims to SJP, the law firm had to overcome "major" disputes with the wealth manager which included:

- SJP reportedly felt if any type of 'contact' was made with a client - a statement being issued or a phone call - this constituted an annual review and the ongoing advice fee was justified. While AMK Legal argued a full financial review needed to have taken place via zoom or face-to-face to justify the fees.
- AMK Legal believed if a review meeting did not take place then the ongoing advice fees needed to be refunded to the client. However, according to the law firm, SJP felt if an adviser tried to arrange the review and it did not take place for whatever reason, the ongoing fee was still justified.
- Reportedly SJP also argued if a client had 'made money' on their investment this justified an ongoing advice fee to be charged.

The three disputes were put to the Financial Ombudsman Service by AMK Legal in 2023, the complaint was resolved by an investigator and therefore was not upheld or declined.

According to AMK Legal, Fos ruled in favour of the law firm's views on all three disputes.

In a letter sent to the firm from the Fos, seen by FT Adviser, the service said SJP accepted its views and implemented the approach it proposed with 'immediate effect'.

The Fos ruled that, regardless of whether the customer experienced a financial loss or not on their investments as a result of 'unsuitable advice', SJP would still need to consider whether an ongoing advice service was provided and if not, the charge needed to be refunded with interest.

It also said: "We don't consider offsetting the ongoing charges with a notional gain from the unsuitable advice complaint to be fair in these circumstances."

In one offer letter sent to a claimant after a Fos decision, seen by FT Adviser, SJP said it had made "revisions to its calculations process".

This resulted in the client being refunded the equivalent of the ongoing advice charges for gaps in service totalling nine years and a sum of nearly £4,000.

## Changes SJP has made

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.

As well as separating charges into their component parts (advice charges, fund charges, and product charges).

According to AMK Legal, SJP has also made 'significant changes' to its complaints process to deal with the high volume of claims.

A spokesperson for SJP said advisers began writing to clients last August reminding them to have their annual review.

Jordan told FT Adviser: "The 'fees for no service' scandal is only just simmering.

"The results of the recent FCA survey [on ongoing advice services] to the top 20 advice firms will send shockwaves throughout the industry.

"RDR was supposed to clean up the mess from commission incentivised advisers but for consumers it's been a case of 'frying pan into the fire'.

"Let us hope firms now really start to take heed."

SJP told FT Adviser it would advise customers to come to them directly if they have any issues they would like to raise.

"We always advise clients to speak with us directly if they have an issue they would like to raise, rather than go via a claims management company where clients can expect to pay a commission approaching 50 per cent of any resulting compensation."

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