

# SJP braced for £426m payout — and this is just the beginning


Seven years after *The Sunday Times* exposed concerns over fees charged by the wealth management firm, customers may finally get redress, reports Ali Hussain



St James's Place controls about £168 billion of customer funds

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Ali Hussain | Sunday March 03 2024, 12.01am, The Sunday Times

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**T**he wealth manager St James's Place has set aside £426 million for compensation after getting 15,000 complaints from a single law firm on behalf of clients, *The Sunday Times* can reveal.

SJP, which controls about £168 billion of customer funds, is accused of charging customers for annual reviews of their portfolios, but then doing nothing. Its share price [plunged 30 per cent](#) during early trading on Wednesday after it said that it had set aside millions to cover potential claims.

The company automatically opts clients into annual reviews of their investments and pensions by one of its network of about 4,800 advisers, [who act as salespeople for SJP products](#). Clients are typically charged 0.5 per cent of their holdings each year for this.

However, many have complained that they never had a review, despite continuing to pay the fee. In some cases the problem was only discovered by relatives who had been granted power of attorney over SJP clients' financial affairs.

## Mounting complaints

AMK Legal, based in Bolton, has submitted 15,000 claims on behalf of SJP clients, mostly in the past three months. So far it has won £12 million of compensation on behalf of 4,000 clients. SJP has hired 90 additional staff to deal with AMK's complaints and has regular meetings with the company.

AMK claims it was instrumental in the wealth manager's decision to create a compensation fund and has helped to set many precedents for how future claims should be assessed. It said in some cases SJP argued that a phone call or paper statement counted as a review of a client's investments, so its fees were justified.

AMK has taken SJP's arguments to the Financial Ombudsman Service, an independent body that settles consumer disputes and has the power to award compensation. It has found against SJP, helping to set precedents for future claims. For example, in one case SJP argued that an attempt to contact a customer counted as a review, so its fees were justified, but the ombudsman ruled against it.

The ombudsman also disagreed with SJP's argument that customers whose funds have grown are not entitled to money back for reviews that never happened. In a November email, seen by *Money*, the ombudsman said: "We don't agree with SJP ... [it] would still need to consider whether an ongoing advice service was provided and if not, these charges should be refunded with interest."

SJP's redress fund of £426 million is based on claims between 2018 and 2023, but AMK has won compensation for clients going back to 2013. This suggests that the overall amount SJP may need to set aside could double if it is required to pay redress going back another five years.

Michael Jordan at AMK said: "The announcement by SJP talks about a review of fees charged between 2018 and 2023. We are hoping that the Financial Conduct Authority [the regulator] and SJP see sense on this and offer redress to anyone that has paid fees since 2013 and not had an annual review."

In its annual report on Wednesday SJP admitted that there was a "marked increase in the number of clients registering complaints ... with the number of complaints accelerating in late 2023". It is believed this is a reference to claims from AMK, which submitted 2,500 complaints in January alone.

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AMK takes 40 per cent of any compensation payout plus VAT. It said it makes it clear to clients that they can submit claims on their own. SJP has not said when payments would be made from the £426 million it has set aside, nor how many clients are likely to benefit. But it has denied that AMK's actions were behind its decision to allocate for compensation.

### 'The offer was insulting'

*The Sunday Times* has spoken to two relatives who have power of attorney over the financial affairs of "vulnerable" SJP clients who are now living in care homes. The individuals, who wish to remain anonymous, both discovered large payments each year to SJP with no evidence of any reviews.

One represents a 96-year-old woman who has about £1 million with SJP and claims she is owed about £30,000 for six years of reviews she never had. She submitted a claim in August and was offered £200, with SJP not accepting any liability. This was rejected and a claim has been lodged via AMK.

"The offer was just insulting," the relative said. "How can the company offer such a paltry sum for taking advantage of a vulnerable woman in a care home?"

In another case submitted through AMK, a relative has claimed for the mis-selling of a pension and also for not providing £6,000 worth of advice over six years.

SJP has been forced to review its charges because of the regulator's consumer duty rules introduced in July. They require firms to ensure "good outcomes" for clients. SJP has looked at how many clients were paying for reviews they were not getting and has since switched off the automatic review facility for 2 per cent of clients — about 19,000 people.

Customers can ask for the annual reviews to stop so they no longer pay the fee if they do not feel they are getting good value for money. The company has refused to disclose the number that choose to do this but said it is a small proportion.

SJP said clients can contact it directly about redress and should not go through a law firm, which will take a significant chunk of their payouts.

According to its annual report, the number of SJP advisers grew 3 per cent last year to 4,834. It is not clear how many of these failed to provide the advice their clients were paying for, or if any have been disciplined for this. SJP has also not disclosed if any advisers have been removed from its network as a result of not providing advice.

SJP did not say whether a customer who wishes to leave will have to pay its exit penalty of up to 6 per cent on pension transfers. Other firms have a 1 per cent exit penalty cap. SJP said its charge was not an exit penalty but an "early withdrawal charge". The firm has said it would scrap this charge in 2025 to adhere to the consumer duty.

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SJP said: "We take all complaints very seriously and each will be considered on its individual merits. We know that clients value what SJP offers and, while we take comfort in strong levels of client satisfaction, advocacy and a retention rate of 95.3 per cent, it is important that clients receive the services they pay for.

"That is why we have committed to reviewing our records to the start of 2018 to ensure clients received the services from their adviser that they paid for. If for some reason they didn't, or we can't find evidence that they did, we are going to refund the ongoing service charges."