



FCA handed claims of St. James Place failures on fee disclosure



***Which?* has handed the Financial Conduct Authority (FCA) the findings from its investigation into St James's Place. They allegedly found that their advisers were "failing to comply with transparency rules on the disclosure of charges."**

The investigative magazine reported that it found 'questionable' and 'nonsense' claims from some advisers. The researchers said they "were shocked that a quarter of the advisers we saw didn't admit they were not IFAs." It found some advisers "misleading potential customers about the nature of their services, which are limited compared to those offered by independent financial advisers."

The *Which?* report stated that several advisers were not telling people what they would be charged, and in other cases providing low estimates on charges. The report suggested that it was near impossible to make an informed decision when comparing your local St. James Place adviser to alternative options. *Which?* stated, "We have shared our findings with the FCA."

The report cited one exchange with an adviser as showing a 'nonsense' claim. It stated, "One St James Place adviser described and claimed that St James Place's charges as: 'there're no charges, there're no fees, the only thing is, if you do anything, that's when I would get paid.'"

The report stated, "St James Place told us that it 'does not believe that being restricted is in any way inferior to being independent,' but the paperwork provided by its advisers tells a different story, noting independent advisers have an obligation to make recommendations 'based on a comprehensive and fair analysis of the market' – while there's no similar obligation for providers of restricted advice."

The report concluded, where St James Place stated, "Many St James Place customers are happy with the service they get," but the *Which?* investigation raises serious questions about whether they can make an informed decision about what they get, what they pay, and what they might get elsewhere.

The *Which?* report also stated, "Their initial charges alone are £2,500 on an investment of £50,000. An IFA doing a similar job might charge £1,500 according to unbiased.co.uk, and the latter would be compelled to look at the whole market and consider fund charges when making recommendations. St James Place's expensive products pushes customers into a closed market where they can sell expensive funds, as advisers are free to ignore cheaper or better alternatives."

Which? researchers also claimed that "if you look at what you could have earned elsewhere, St James Place's performance is nothing special".

St James Place's CEO David Bellamy responded to the report by saying, "St. James's Place offers high quality, face to face, financial advice, evidenced by 98% of clients who said our services represent reasonable, good or excellent value-for-money – with 81% good or excellent. Our advisers are committed to putting clients' interests first and we will continue to provide the excellent service to clients that have underpinned our growth over the past 25 years."

The full report is on the *Which?* website - www.which.co.uk