



financial advice

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Why have these changes been made?

The Financial Services Authority, our regulator, has made changes to the way in which we do business which aim to ensure that you can have greater confidence in the advice you are given. The changes aim to

- improve the clarity with which firms describe their services to consumers,
- improve the transparency of the cost of all advice services, and
- improve the professional standards of investment advisers.

What does this mean in practice?

All advisers must now tell you how much their services cost and agree with you how much you will pay, before they advise you.

An **Independent** adviser must consider all relevant options for you and do so free from any restrictions or bias. An Independent adviser will make personal recommendations to you without limiting (or restricting) their advice.

A **Restricted** adviser will only be able to advise you based on a limited range of product types or a selected group of product providers. Any adviser who does not meet the requirements to be Independent will be a Restricted adviser and must clearly explain to you what those Restrictions are.

All advisers must have passed a higher level qualification and subscribe to a code of ethics ensuring they act with integrity and treat their customers fairly.

Do I have to do anything?

No. The changes are focused on investment advisers and the firms they work for, not on clients.

What does this mean for Independent Financial Advice?

Some firms who previously offered Independent advice may, sadly, have chosen not to do so after 1 January 2013 and have become Restricted advisers. Other firms may have decided to offer both Independent and Restricted advice, and may only make Independent advice available to wealthier clients with more complex needs.

We continue to offer Independent advice to all our clients because we know you value our independence, and because being independent is important to us too.

Does this mean that getting advice will cost me more?

Investment advice has never been free. The cost of advice is often hidden within the charges of the product that you buy, and that price has in the past been set by the product provider, not you, the investor. These changes mean you will be asked to agree with your adviser how much he or she gets paid, rather than that decision being made for you by a product provider.

This change does **not** force you to pay a fee, by writing a cheque for example. If you prefer, you may agree with the adviser to have their initial and on-going charges taken from your investments.

What professional standards does my adviser have to meet?

The FSA has introduced a code of ethics, to make sure advisers act with integrity and treat you fairly. They have modernised and raised the minimum level of qualifications advisers must have, and enhanced their requirements for how advisers keep their knowledge and skills up to date. Ask your adviser to show you their **Statement of Professional Standing** which provides independent evidence that they meet these new, higher, professional standards.

Call us now if you have any other questions about these changes and how they might affect you ...