

The response of the Money Advice Association (MAA) to:

The FSMA 2000 Two-Year Review ‘Community Advice and Workplace Pensions’, published Feb 2004 by HM Treasury.

Chapter 3 The Impact of FSMA on Advice Centres.

Q. 1 Yes, we think that the current scope of the financial restriction creates uncertainty. In particular, it is not clear what is meant by the words ‘in the course of business’ – as is so competently expounded in 3.5 – 3.9.

In addition and as Background to all our answers (and relating particularly to 3.4):

The MAA is a membership organization, representing approx 600 members who are employed to give money advice. Only about half of these work for Citizens Advice and AdviceUK agencies.

The other 300 work for e.g. Local Authorities, not-for-profit solicitors, SSAFA, church based agencies, Federated Credit Ltd, CCCS etc etc. To belong to the MAA and to offer money advice, the adviser has to have a CCA licence and Indemnity Insurance cover – either personally or through his/her agency (unless there is an exemption). Yet there is no evidence in the Consultation paper that Agencies other than Citizens Advice and AdviceUK have been party to any research, nor are acknowledged as being on a par with them.

We need to be assured, therefore, that in e.g. 3.13 ‘In the case of advice centres’, reference is being made to all advice centres who are licenced and indemnity insured to give money advice. Our answers depend on this being the case.

Q. 2 No – we do not agree that there should be a specific financial exemption for advice centres, because there is no effective way of ensuring that such advice is always and only given by suitably trained advisers i.e. ‘experts’ in any particular agency.

Qs. 3 and 4: Yes – we think that there should be additional legislation to confirm that advice centres are not carrying on regulated activities.

In particular we need a clear definition of the distinction, which may exist between ‘generic financial advice’ and ‘arranging deals in investments’ i.e. promoting specific products.

An Exemption for Advice Centres.

Q.5 Again, we need to be confident that an ‘Advice Centre’ applies to all the agencies for whom our members work. The point we wish to make is that all those licensed and

insured to offer money advice are included in the same term – and whatever decision is made applies to all.

Q.6 As an Association which upholds quality standards of competence – and is indeed working to create an Institute of Money Advisers from January 2005 - we are very much in favour of minimum competence criteria and specific P11 thresholds.

Q. 8 As a Partner Agency in the Money Advice Trust (MAT) (along with e.g. Citizens Advice and AdviceUK) we are totally opposed to the awarding of exemption status to certain established networks of advice centres.

This would be a most divisive move, entirely contrary to the culture values of the MAT and the Partner Agencies – and entirely contrary to the policy of common access to wiseradviser training managed by the MAT.

We understand that it is through wiseradviser that the training for advising on “financial services” would be organized and provided. There are common standards agreed by representatives of all the Partner Agencies and the core courses written and delivered are for all members of all money advice agencies to attend free of charge. There have never been money advice activities or related training courses that are open to some (or some members) of the Partner Agencies and not to others. We understand that this is the basis on which the funding of the Training programme is provided by the Royal Bank of Scotland. It is at the hub of our relationship with the Money Advice Trust that this common approach to advice giving continues.

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