

From: Jonathan Davis
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Following an excellent meeting hosted by Association of Independent Financial Advisers (AIFA) presented by Keith Davis and David Harris here are my comments.

My own interest is that I am a trustee and a member of the management committee of my home town CAB. I am not a counsellor but I assist in the management as non-executive and with their fundraising. For profession I am an Independent Financial Adviser and Planner.

The proposals are measured and appropriate.

I agree wholeheartedly to point 3.5 about advice centre reluctance. However there is a great willingness but with concerns.

Generic advice has to be acceptable and for specific advice this ought to be referred to a qualified adviser and this has to be an independent financial adviser and preferably fee-based i.e. not someone whose motivation is to flog a financial product. However there is little point in referring a client to an holistic financial planner when the query is about moving a mortgage to a lower cost product. So, care should be taken as to whom referrals are made. However, local CABs can make up their minds about that so long as enough advisers are motivated to come forward to offer help.

Q1 - scope of financial promotion restriction does not restrict generic advice.

CABs have zero incentive to mis-sell. But they may do by accident if they are poorly trained or not sufficiently motivated to be intellectually rigorous. CABs are under extreme time pressure and advisers have an enormous workload - and they are by and large volunteers in retirement or semi retirement.

Q2 - yes specific fin prom exemption from generic advice but they need regulation in case they give inaccurate advice. Suggestion - all advisers need to have equivalent of Financial Planning Certificate paper 1 and all trainers FPC 1-3 - with the studying of products and how to give counselling advice in practise a la FP3.

It must be ensured that advice centres give accurate and useful advice as opposed to inaccurate and detrimental advice.

3.16 PII - councils who fund CABs are stretched - there is no pot of gold there to fall back on if a centre gives bad advice. CABs should have PI - if they can obtain it. Its hard enough for professionals to obtain it.

Also what will be the position if professionals provide probono advice for CAB clients. Whose PI will be covering the advice? I suggest if the advice takes place at the centre's office it should be the centre's PI.

I congratulate The Society of Financial Advisers on the CAB initiative and I do hope it proves a successful project and opens up nationwide. CAB can certainly use the help.

However, the SOFA members must be only independent and the local CAB will have the opportunity to vet all interested advisers. If the adviser tries to prospect for business the CAB will probably eject that adviser pretty quickly.

If you have any queries please do not hesitate to contact me.

Yours faithfully

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