The Financial Services Authority (FSA) is the independent watchdog set up by government to regulate financial services and protect your rights.

We produce a range of user-friendly factsheets and booklets which are available from our website and helpline.

If, after reading this booklet, you have any general queries, our helpline will try to clarify things for you.

We can tell you if a firm is authorised and help you if you have a complaint and don’t know who to contact. But as the regulator, we can’t recommend firms or advisers, or tell you whether a particular product is right for you.

Our website, www.fsa.gov.uk/consumer, aims to help you understand financial services and get a fair deal.

Use the site to:

■ shop around with our comparative tables – including mortgages, pensions and ISAs;
■ check whether a particular firm or person is authorised – if you use an authorised firm you have access to complaints procedures and compensation schemes if things go wrong;
■ order any of our wide range of consumer publications;
■ report any misleading financial advertising;
■ see explanations of financial products in plain English;
■ read recent alerts we have issued.

If you would like this booklet in Braille, large print or audio format, please call our Consumer Helpline on 0845 606 1234 or Minicom 08457 300 104 (call rates may vary).

To help us maintain and improve our service, we may record or monitor calls.
The Financial Services Authority (FSA) is the independent watchdog set up by the government to regulate financial services and protect your rights. By law, most financial services firms in the UK must be authorised by the FSA. We regulate the way many (but not all) of them do business with you.

Firms established in another European Economic Area (EEA) state are authorised by that state although the FSA may regulate some aspects of the way they do business with you.

Always check that the firm you are dealing with is authorised. Solicitors, accountants and actuaries do not need FSA authorisation to carry on a limited range of financial services so some of them will not be FSA-authorised.

The FSA's consumer publications aim to give you general information to help you make financial decisions. The information does not constitute financial or other professional advice: for advice about your own circumstances, you should consult a professional adviser.
Introduction

This booklet explains what financial advice is, and it will help you to choose the right advice.

Financial advice is the help given to you when a financial adviser considers your financial needs, and recommends products to meet them. The FSA regulates financial advice for most types of:
- investments;
- mortgages; and
- general or protection insurance.

Firms must be authorised by the FSA to advise on the financial products listed in the table overleaf. We also list the main products that firms can advise on without being authorised. This booklet is mainly about authorised financial advisers.

Financial advice often means having a face-to-face interview with an adviser, although you can get advice in other ways, including by telephone, e-mail, or correspondence. In all cases, the adviser should gather information about you to find out your needs and circumstances. The adviser can then use this information to recommend that you buy a particular product or products. However, the adviser must only recommend a product that is suitable for you.

It is possible to invest money or take out a mortgage or insurance without financial advice. For example you might buy from an adviser without advice, buy direct from a company over the telephone or internet, or for some products, by responding directly to a mailshot or other advertisement. Buying investments without advice is sometimes called ‘execution-only’.

UK firms that sell investments, mortgages or insurance without advice still have to follow our rules. But in these circumstances it is up to you, rather than the firm, to decide whether the product is suitable for you. If you do not get advice, you may have less cause for complaint if the product turns out to be unsuitable.
Financial advisers need to be authorised by the FSA to advise on the following products:

- Investments including:
  - life insurance;
  - endowments;
  - personal pensions (including stakeholder pensions);
  - collective investment schemes, such as open-ended investment companies (OEICs) and unit trusts;
  - shares (including shares in investment trusts);
  - debentures;
  - futures, options and spread betting;
  - Individual Savings Accounts (ISAs);
  - Personal Equity Plans (PEPs); and
  - high-income products (usually share-based investments from banking, insurance or investment management firms).

- Most types of mortgage.

- Most types of general and pure protection insurance:
  - General insurance includes:
    - motor insurance;
    - travel insurance;
    - home contents and building cover;
    - private medical insurance;
    - extended warranties; and
    - payment protection including mortgage payment protection insurance.
  - Pure protection insurance includes:
    - critical illness insurance; and
    - term insurance or life insurance cover.

- Most types of mortgage.

Financial advice that does not require FSA authorisation:

The FSA does not regulate advice on the following investments:

- occupational pensions; and
  - each of the following, unless the adviser is offering to pool your money with the money of others (as in a unit trust):
    - fine wines;
    - vintage cars; and
    - postage stamps and similar collectors’ items.

The FSA does not regulate mortgage sales if one or both of the following apply:

- The mortgage is a second charge on your home. ‘Second charge’ means you already have another loan secured against the home.
- Less than 40% of the property on which the loan is secured is used or will be used as a home by the borrower or a member of the borrower’s immediate family.

The FSA does not regulate the sale of the following types of general insurance:

- travel insurance sold in connection with travel arrangements (eg a holiday or a flight);
- the sale of extended warranties on goods (such as on electrical goods)
  - where the person selling the insurance is also arranging the travel or providing the goods.
How to get financial advice

You can get financial advice from authorised advisers in banks, buildings societies and insurance companies. Other authorised advisers work for themselves or for firms that are financial advisers, mortgage brokers, stockbrokers or insurance brokers. You may also get advice from ‘appointed representatives’ who act as agents for a firm.

By going to an authorised firm for advice you will receive some protection. For example, authorised firms have to abide by the rules and minimum standards set by the FSA. If an authorised firm gives you advice that’s wrong for your circumstances, there is a system to resolve complaints and, if necessary, put things right. See page 28 for more information.

Take care – not everyone who calls themselves a financial adviser is authorised to give financial advice in the UK. Some advisers may be authorised in foreign countries, some may be operating illegally and some may even be fraudsters. Call the FSA Consumer Helpline or use the FSA Firm Check Service to make sure that your adviser is authorised in the UK – see Useful contacts on page 34.

Some firms give advice on all three product types – investments, mortgages and insurance, whereas others give advice on only one or two of these.

Firms can offer products from:
- the whole of the market;
- a limited number of product providers; or
- a single product provider or group of product providers.

A firm’s coverage of the market may also differ from one product to another, eg they may offer investments from six firms, but insurance from only one.

When you visit a financial adviser, they will explain the service they offer and will usually give you a keyfacts document that explains their services in detail. For more information, see Investment advice on page 9, Mortgage advice on page 18, or Insurance advice on page 21.

Do you need financial advice?

A financial adviser can give you advice about your finances as a whole, or about one particular need that you have. For example you may want advice only on pensions.

Before getting advice, you will need to think about your needs, aims and any personal factors that are relevant. The adviser should help you do this but it is a good idea for you to think about them before you visit an adviser.

A financial adviser will probably ask you some basic questions to begin with, such as:

■ Do you have a rainy-day fund to dip into in an emergency?
If not, think about building one up in an instant access or easy-access bank or building society savings account.

■ Is your family protected?
You should make sure anyone who depends on you could cope financially if you died. If you think they could not, consider taking out life insurance.

For further help in sorting out your financial priorities, see the FSA’s Financial healthcheck at www.fsa.gov.uk/consumer/healthcheck

Preparing to visit an adviser

Before visiting an adviser, work through the steps below. Financial advisers can help you, but if you work through these steps yourself in advance, you’ll have at your fingertips the information the adviser will need. You’ll also follow more easily what the adviser is saying, and you’ll be better equipped to query anything you don’t understand and to ask the right questions.
Step 1
Think about your financial aims. For example, are you interested in:
- protecting your income in case you fall ill?
- borrowing to buy a home?
- saving for retirement?
- saving for something special?
- generating extra income?
- investing to build up a lump sum?

Step 2
Check how much you can afford to set aside to achieve your aims. For example, you might pay or save:
- a specific sum each month out of your income;
- a single lump sum; or
- lump sums when you can afford them.

Step 3
Consider how you feel about risk. If your aim involves saving or investing, is it important to you that you do not risk losing any of your original investment (your capital)? Or can you afford to lose some of your capital, and are you willing to accept the risk that this may happen if it gives you the chance of a bigger return?

Step 4
Have available personal information that will help the adviser make their assessment and recommendations. For example, details of any partner, children or other dependants, your employment status, how much you earn, what income tax rate you pay, and what financial products you already have.

The FSA regulates the sale of investment products, some of which we call ‘packaged products’.

What are ‘packaged products’?
Packaged products include personal pensions, some types of life insurance, unit trusts, open-ended investment companies (OEICs), interests in investment trust savings schemes, and some other investments based on stocks and shares.

What information will you receive, and what questions will you be asked?
The information the adviser will give you, and the questions they will ask when you contact them about packaged products, will depend on whether they provide:
- Advice and a recommendation for you after assessing your needs. See page 10 for more information.
- No advice. You decide on the product you want, and you ask for this. The adviser may ask you some questions to reduce the number of products they give you details of,
Advice and a recommendation on packaged products

When you first contact an investment adviser for advice and a recommendation on packaged products they will usually give you two important documents which will both carry the keyfacts logo. The two documents are:

- keyfacts about the firm’s services; and
- keyfacts about the firm’s services.

If your initial contact with the adviser is by phone, they should send you these documents as soon as reasonably practicable.

If the adviser’s firm has given you these documents on a previous occasion when you received advice or bought direct, then provided the information in them is still accurate they do not have to supply them again when you go back for more advice.

You should:
- look out for these documents;
- read them and make sure you understand them;
- ask questions about anything that’s unclear to you;
- use the information to help you shop around and choose between firms and services.

keyfacts about the firm’s services
This document will be headed keyfacts about our services. It is also called the ‘initial disclosure document’ (IDD) and it will help you understand the service the adviser is offering you. It should give you important information about the firm such as:

1. that the FSA regulates financial services and requires them to give you this document;
2. whose products the firm offers;
3. the type of service the firm will provide;
4. how you will pay the firm for the service they provide;
5. that they’re regulated by the FSA and you can check to confirm this;
6. who owns the firm and details of any significant financial support it receives from another company, if relevant;
7. how to make a complaint; and
8. that you may be entitled to compensation from the Financial Services Compensation Scheme if the adviser causes you a loss and is unable to compensate you.

Note: Sections 5, 7 and 8 may not be in this document but may instead be in the ‘Terms of Business’ letter. If so, the adviser must give you this letter on meeting you for the first time.

Sections 2 and 3 are detailed below. Each section explains what is being offered, and helps you choose which firm to deal with and which service you want. The firm will tick the box next to the service it is offering you.

2. Whose products do we offer?
- We offer products from the whole market.
- We only offer products from a limited number of companies.
- We only offer products from a single company or group of companies.

If you want information on a range of companies’ investment products, choose a firm that offers products from the whole market or products from a limited number of companies.

If you approach a firm offering products from a single group of companies you will not receive advice or information about products from other providers.

Regardless of the range of products offered by the firm you approach, you may find it worthwhile to contact more than one firm and to compare what’s on offer.
Your payment options

If the firm gives you the option of paying by fee, the document will tell you:
- the firm’s fee-charging rates; and
- that you can ask for an estimate of the total charges.

The adviser will tell you whether you have to pay VAT.

If the firm gives you the option of paying by commission the document will give you:
- an indication of the maximum commission you may have to pay;
- how the firm’s commission level compares with the market average charges; and
- an example based on an investment of £100 a month or a £10,000 lump sum.

Section 3 of the about the cost of our services document covers these payment options. The firm will discuss these and answer any questions you may have.

They will not charge you anything until you have agreed how you will pay them. They will tick the payment options they offer, as follows:
Paying by commission (or product charges). If you buy a financial product, the firm advising you will normally receive commission on the sale from the product provider. Although you pay nothing up front, that does not mean the firm’s service is free. You still pay the firm indirectly through product charges. Product charges pay for the product provider’s own costs and any commission. These charges reduce the amount left for investment. If you buy direct from an investment provider, eg an insurance company, the product charges could still be the same as when buying through an adviser, or they could be higher or lower. The firm will tell you how much the commission will be before you complete an investment, but you may ask for this information earlier.

There are two types of commission:

- **Initial commission.** A lump sum the adviser gets at the time you buy the product.

  - **Ongoing commission.** This is a series of commission payments, which the adviser receives from the product provider as long as you keep the product. There are two types: ‘renewal commission’ is payable as a percentage of your lump sum or monthly premiums and ‘trail commission’ is payable as a percentage of the value of your investment.

  - **How much you can expect to pay**

    Section 4 of the **keyfacts about the cost of our services** document tells you the firm’s typical charging rates. If they offer a commission payment option, this section will also contain tables showing you the maximum you might pay the firm for the advice you receive, and how this compares with the market average.

    The information about commission will be set out in table form. The amounts may vary according to the type of product, the amount you invest, and (sometimes) how long you invest for, or your age when you first start the product.

- **How will the adviser carry out the rest of the interview?**

  As well as providing you with the information set out in the two **keyfacts** documents, an adviser should:

  - give you a ‘Terms of Business’ letter setting out other information about the firm and the way they will deal with you;

  - ask in detail all about you, your finances, and your present and future needs and goals – to help you work out the best solution for your needs. (This is usually called a ‘fact find’.) This may or may not result in a product being recommended to you;

  - tell you how long you have to change your mind once you’ve signed up, where this option is available. This is known as a ‘cooling-off’ period. Not all products have ‘cooling-off’ periods, so check before signing up.

  - provide you with a ‘suitability letter’ setting out the specific amounts you want to pay and the reasons for the recommendation, including your attitude to risk;

How will the adviser carry out the rest of the interview? As well as providing you with the information set out in the two **keyfacts** documents, an adviser should:

- give you a ‘Terms of Business’ letter setting out other information about the firm and the way they will deal with you;

- ask in detail all about you, your finances, and your present and future needs and goals – to help you work out the best solution for your needs. (This is usually called a ‘fact find’.) This may or may not result in a product being recommended to you.

If a product is recommended, they will give you a ‘Key Features’ document that explains important details about the product itself, such as:

- the aims and benefits of the product;

- the level of risk; and

- the commission and charges you will have to pay the product provider to manage the product for you;
Basic advice on stakeholder products

When you are seeking investment advice, the adviser may offer basic advice on a limited range of stakeholder products.

Basic advice is a new sales process for advisers to use when discussing stakeholder products. This sales process offers a simpler, quicker and lower-cost form of advice to consumers interested in buying a stakeholder product.

The government has set standards for stakeholder products.

Types of stakeholder products include:
- cash deposit accounts;
- medium-term investment products, such as unit trusts;
- stakeholder pensions; and
- stakeholder child trust funds.

Not all advisers will offer basic advice and stakeholder products, so if you are considering these, you should first check with the adviser that they provide this kind of service and product by reading the document about our services – see below.

The basic advice interview

When offering you basic advice, the adviser will firstly give you a keyfacts about our services document – see page 10. This will explain the service the adviser is offering you. The adviser will have ticked the box relating to basic advice on stakeholder products.

The adviser will then also:
- tell you how they are paid before they carry out any business. The adviser will not give you a keyfacts about the cost of our services document;
- ask questions about your income, savings and other circumstances from a script. They will not conduct a full assessment of your needs or offer you advice on whether a non-stakeholder product would be more suitable;
- make a note of your answers and decide from these whether a stakeholder product is suitable. If the adviser recommends a stakeholder product, they will give you a copy of the completed questionnaire;
- tell you how they are regulated and what to do if you have a complaint. This information is also in the keyfacts about our services document.

If at any time during this process you feel that your needs would be better served by a product outside the stakeholder range, then you should seek full advice.

In addition, you can use stakeholder pension decision trees to help you decide whether a stakeholder pension would be a good choice for you as part of your financial planning for retirement. Decision trees are intended to help you make your own choices about your pension arrangements. They do not give you financial or professional advice and you should not regard them as doing so. For more information on decision trees see the FSA factsheet Stakeholder pensions and decision trees available from our Consumer Helpline or website – see Useful contacts on page 34.

If you are in any doubt, get help from an adviser.
You can use the following information to help you to select an adviser, and as a guide to the advice interview itself.

When you contact a mortgage lender or broker they will give you a document that will set out the key facts about the service they are offering you. You will recognise it by this sign and the words ‘about our mortgage services’.

This document, also called the ‘initial disclosure document’ (IDD), will help you understand the service the lender or broker is giving you. If your initial contact with the adviser is by phone, they must send you the about our mortgage services document within five working days.

- Look out for this document.
- Read it and make sure you understand it.
- Ask questions about anything that’s unclear to you.
- Use the information to help you choose between firms and services.

The document will give you the key facts about the firm in the following numbered sections:

1. The firm has to tell you that the FSA regulates financial services and that we require them to provide the document.
2. Whose mortgages the firm offers.
3. Which service the firm will provide.
4. What you have to pay for the service.
5. Whether the firm will refund a fee in any circumstances.

Sections 2, 3 and 4 are detailed below. Each section explains what is being offered, and will help you choose which firm to deal with and which service you want. The firm will tick the box next to the service it is offering you.

If you want information or advice on a range of mortgages, choose a firm that offers a ‘whole market’ service or mortgages from a limited number of lenders.

If you are dealing directly with a lender, it usually sells its own mortgages only.

Regardless of the range of products offered by the firm you approach, you may find it worthwhile to shop around by contacting more than one firm to compare what’s on offer.

With an ‘advice’ service, the firm is responsible for making sure that any mortgage it recommends is:
- affordable;
- appropriate to your needs and circumstances; and
- the most suitable from the products available from the firm.

Most, but not all, lenders or brokers will offer advice. Some will only give you advice if you ask for it, so check this out before booking an appointment.

If the firm doesn’t offer the mortgage range or service you want, try another firm.

For information on buying without advice see page 23.
Section 4 tells you how you will pay the firm for its services.

4. What will you have to pay us for this service?
- No fee.
- A fee of £X payable when you apply for a mortgage.

You will receive a key facts illustration when considering a particular mortgage, which will tell you about any fees relating to it.

This tells you whether you have to pay the firm to give you advice or arrange the mortgage for you. It won’t tell you how much the mortgage will cost you. The firm will also tell you here if it will receive commission from the lender.

Key facts illustration
You’ll get a key facts illustration (KFI) when a mortgage lender or broker gives you personalised information about a specific mortgage. The KFI will summarise the costs and important features of the mortgage. You will recognise it by the logo, followed by the words ‘about this mortgage’.

You can use the KFI to shop around and compare mortgages from different lenders.

For more detailed information about things to consider when taking out a mortgage, see the FSA pack Choosing a mortgage – Taking the right steps – available from our Consumer Helpline or website – see Useful contacts on page 34.

You can use the following information to help you select an insurance broker (or intermediary), and as a guide to the interview itself.

When you purchase a policy through an insurance broker they must give you:
- details of the service the broker is giving you; and
- a summary of the insurance policy being offered to you.

See page 4 for a summary of the products this section covers.

Information about a broker’s services
You should get the information about the service the broker is giving you either in a document called about our insurance services, or in another format.

Use this information to help you choose which broker to deal with and which service you want.

The information the broker gives you should include the following:

- Whether the broker owns a significant part of an insurance company or vice-versa. In either case, this may influence the broker’s choice of insurer.
- Whether the broker offers policies from:
  - a range of insurers;
  - a limited number of insurers; or
  - one insurer.

If you want information or advice on a range of insurers, choose a broker offering policies from either a range of insurers, or a limited number of insurers. If the broker offers policies from only a limited range of insurers, you can ask for a list of the insurers whose policies it offers. The range of insurance policies the broker can offer you may vary for different types of policy. For example, it may offer motor policies from ten insurers but pet insurance from just one insurer.
Buying without advice

You may decide to buy packaged investment products, stakeholder products, a mortgage or insurance without advice.

How do you buy without advice?

It is possible to buy any of these products without advice direct from the provider over the telephone or internet – see page 25, or for some products by responding to a mailshot, or a newspaper or magazine article. You can of course buy them without advice in a face-to-face interview.

Buying investments without advice is sometimes called an 'execution-only' sale.

What information will you receive when you buy without advice?

Whatever means of communication is used when you buy without advice, the firm should make it clear they are not giving you advice.

In the case of mortgages, this should be clear to you from box 3 of the keyfacts about our services document.

For packaged investment products, stakeholder products, and for insurance, it will be clear from either the keyfacts about our services document, or from information you receive in another format.

When you buy a packaged investment product without advice, you will not receive the keyfacts about the cost of our services document.

Summary of the insurance policy

You will get a document giving you a summary of the policy. You will recognise it by the keyfacts logo. It gives you important information about the policy so you can check that it is right for you. It should tell you:

- the name of the insurer;
- what sort of insurance it is;
- the main features and benefits;
- any significant and unusual exclusions or limitations on the cover;
- how long the insurance lasts (called the term);
- whether you have a right to cancel the policy within 14 days for general insurance, or 30 days for pure protection insurance;
- how to contact the insurer to make a claim – it should give a contact telephone number or address;
- how to make a complaint about the insurer; and
- that you may be entitled to compensation from the Financial Services Compensation Scheme if the insurer can't meet claims under the policies.

Even where the FSA's rules don't cover the sale of a policy – see page 5, they do cover the insurance company providing the policy, so you will still receive a policy summary.

Many insurers also sell direct and therefore you may wish to shop around before taking out a policy.

Which type of service the broker offers:

- advice and a recommendation after assessing your needs; or
- information on a range of products for you to choose from.

Where the FSA’s rules on insurance apply, authorised firms in the UK must generally recommend only an insurance policy that is suitable for you. If the product or service is unsuitable, you may be able to complain to the firm that advised you.

For information on buying without advice see page 23.

Whether you’ll have to pay a fee for the service.
Should you buy without advice?

If you feel comfortable about making your own choice about a financial product, you may decide to buy it without advice. You will be likely to do this if you feel you have enough knowledge of the financial product you are considering, and the firms selling this, to make your choice effectively.

When buying packaged investment products without advice you may be able to reduce or avoid completely the commission you would pay for receiving advice. But this is not always the case, and some products can be bought more cheaply in other ways (e.g. from a ‘fund supermarket’).

If you buy a unit trust directly from the provider, it is likely that the up-front charges you will pay will include the cost of advice – even though you haven’t received advice. This is not normally the case when buying a mortgage without advice.

When you receive advice you have a right to expect the adviser to recommend only products that are suitable for you. When you buy without advice, the person selling you the product will not consider its suitability for your circumstances.

Take care

When you buy without advice, you are responsible for your decision to buy. If the product turns out to be unsuitable, you will have less cause for complaint.

Buying on the internet

The internet is unregulated. Anyone, from anywhere, can offer you anything for sale, including investments, mortgages or insurance.

That makes it very important to find out precisely who you’re dealing with before you part with your money or give away personal details.

Check:

■ Where is the firm based?

■ Is it regulated, and by what organisation?

■ Which country’s laws apply if things go wrong?

Some internet ‘cowboys’ copy websites run by legitimate firms. Their bogus sites use similar website addresses to those of legitimate firms and may appear to be genuine. If in doubt, look up the firm in the phone book and call them to double check. Don’t rely on the phone number given on the website – that may be bogus too.

Look at the Consumer Warnings and Alerts on the FSA Consumer website – www.fsa.gov.uk/consumer

Check that the firm is authorised by calling the FSA Consumer Helpline on 0845 606 1234, or go to the FSA’s Firm Check Service – www.fsa.gov.uk/consumer/fcs

If a financial firm isn’t authorised to do business in the UK and it goes bust, compensation arrangements may be different from those in the UK – see page 28.
### Useful tips

**What you should do before, during and after the advice interview.**

This table has tips on what to do to help you get the best from an adviser.

It covers investments and stakeholder products, with some relevance for mortgages and insurance. Many of these points also apply when you are buying direct and are not receiving advice.

| What to do |  
| --- | --- |
| **Shop around** | Contact organisations that can give you a list of advisers in your area. For details of these organisations – see *Useful contacts* on page 34. Even if friends or family recommend an adviser, talk to two or three before choosing one. If you are looking for a mortgage you can if you wish shop around by contacting lenders direct; you do not have to contact intermediaries. |
| **Check if the firm is authorised** | Check the firms you contact are authorised by the FSA, by contacting the FSA Consumer Helpline or by using the FSA Firm Check Service – see *Useful contacts* on page 34. |
| **Before you visit the adviser** | Prepare for the meeting – for example, if you are considering investing, think about your financial aims, and gather information that the adviser will need to know about you, your family, attitude towards risk, income, tax, existing financial products, and so on. Decide whether you want advice about your financial affairs as a whole, or whether you want advice on one particular area; pensions or life insurance for example. |

### On first contact

- Read the documents you are given about the advisers’ services. Pay particular attention to them and any other documents with the **keyfacts** logo – they give you important information that the FSA requires your adviser to tell you.

### During the advice session

- Take notes during the session.
- Ask questions about anything you don’t understand.
- Don’t sign anything unless you have read and understood it.
- Don’t be pressurised into signing up for anything on the spot.

### Questions to ask your adviser about recommended products

- Does this product meet my needs?
- What are the charges and how are they paid?
- How do the charges compare with those for similar products?
- Overall, is this the best deal I can get?
- If there are regular payments, what happens if I can’t keep them up?

**Investments:**

- What happens if I need my money earlier than planned?
- Are there any penalties?
- What is the tax position?
- What are the risks?
Complaints and redress

If you have a complaint about a financial adviser or firm, contact them first and give them a chance to put things right.

Not all problems are grounds for complaint. Some are simply due to the nature of the product. For example, a stock market-linked investment might not grow as fast as you had hoped or might fall in value. This is not usually a valid reason for complaint. However, it could be a valid reason for complaint, if for example the adviser who sold you the product did not warn you about the risk, or recommended the product even though you had said you did not want any risk of losing your original investment (your capital).

You normally have reason to complain if problems arise because the firm you dealt with did something wrong. There are different ways this might happen, for example:

- the product may be unsuitable for your needs or circumstances;
- charges may be unexpected or excessive;
- you lose money because of a firm’s slow administration;
- a firm may dispute who is at fault if money is stolen from an account;
- a firm gives you incorrect or misleading information about a product;
- a firm fails to warn you adequately about the risks of a product;
- a firm fails to draw your attention to a particularly strict condition in the contract;
- a firm fails to carry out your instructions;
- you are unfairly offered worse conditions than other customers; or
- you are not given adequate notice about changes to a contract.

How do you go about making a complaint?

Under the complaints-handling process which FSA-authorised firms must follow, you must first give the firm which sold you the product or provided the service a chance to put things right.

If you are not satisfied with the way the firm deals with your complaint, you can take your complaint to an independent complaints-handling body, usually the Financial Ombudsman Service, or you could take the case to court. The Ombudsman provides a free, effective, straightforward service. If you accept its findings the decision is binding on both parties, but if you remain unhappy with the outcome you still have the right to take the case to court.

If the firm is not FSA-authorised, but should be – it is unlikely you will be able to take your case to the Ombudsman. If the firm is not FSA-authorised as it is based abroad – it is also unlikely that you will be able to take your case to the Ombudsman. However, in these circumstances your complaint might be covered by an overseas complaints-handling body. If you have a complaint against an overseas firm, you can check with the Ombudsman if the firm is covered, or, if not, if there is an overseas scheme you can complain to.

Before you deal with an overseas firm, including sending money abroad, make sure you understand what regulatory protections, including compensation schemes apply (if any).

What happens if the firm has gone out of business?

If the firm you wish to complain about is no longer trading, it is unlikely to respond to complaints and will probably not be in a position to put matters right. Provided the firm was FSA-authorised, you may be able to have your complaint looked into by the Financial Services Compensation Scheme (FSCS).

FSCS can pay compensation in cases where you have a claim against an authorised firm, eg for fraud or negligence, and the firm is unable to pay claims against it. FSCS also provides protection for consumers if a deposit-taker (eg a bank, building society or credit union), an insurance company, an investment firm, or a mortgage or insurance broker goes out of business.

You may not get all your money back as there are limits on the mounts that can be paid. These depend on the product and service involved – see the table on the next page.

If you deal with unauthorised firms, no compensation will be available if things go wrong.

For more information on complaints and redress, see the FSA guide to making a complaint about financial services available from our Consumer Helpline or website – see Useful contacts on page 34.
How to spot the scams

If something sounds too good to be true, it probably is!

Beware of advertisements, websites or brochures that offer you very high rates of interest (often claimed to be ‘tax-free’). These could be unauthorised, illegal or even outright frauds.

When considering investing your money, you should also watch out for these scams:

- **Advance fee letters.** These include letters, often from Nigeria, which pretend to be from a senior government or central bank official, and offer a percentage in return for help in smuggling their money out of the country. These letters or emails should be handed to your local police station marked for the attention of the Fraud Squad.

- **Share scams.** If a stranger rings you out of the blue and tries to sell you shares in companies you’ve probably never heard of – **TAKE CARE!** They may be part of a financial scam using hard-sell tactics to persuade you to buy shares that may be worthless. For more information, see our leaflet **Share investment scams**, available from our Consumer Helpline or website – see **Useful contacts** on page 34.

You will find detailed information about scams on the FSA website at: www.fsa.gov.uk/consumer/01_WARNINGS/scams/mn_scams

The FSA wants to hear about anyone who seems to be involved in illegal investment, insurance or banking business. Contact the Consumer Helpline in confidence if you have information – see **Useful contacts** on page 34.
Sources of information

Before selecting and contacting an adviser, you may decide you need more information about financial products and services. You can get helpful information from the following sources.

The Financial Services Authority (FSA)
We produce a range of impartial user-friendly booklets and factsheets, available from our website and helpline – see Useful contacts on page 34, and Asking the right questions on page 40.

If you have access to the internet, look at our Consumer Information web pages – www.fsa.gov.uk/consumer

We also produce tables on our website which allow you to compare similar products available from various providers – at www.fsa.gov.uk/tables

The Consumer Helpline can also help you check the FSA Register to find out if a firm is ‘authorised’, or you can use the Firm Check Service on the website. Authorisation helps protect you – see page 6 for more about authorised advisers.

As the regulator, the FSA can’t recommend firms or advisers or tell you whether a particular investment, mortgage or insurance policy is right for you.

Government departments
The Department for Work and Pensions (DWP) has free leaflets on pensions and can give you information on what your State Pension will be. HM Revenue and Customs has leaflets on tax-efficient ways of saving and investing. See Useful contacts on page 34.

Newspapers and magazines
You’ll find regular articles on saving, investing, borrowing and insurance. There are also lists of building society and bank interest rates in the personal finance pages of newspapers and specialist magazines.

Websites
A growing number of websites give financial information. Web addresses are often listed in newspapers and magazines in the section covering personal finance or on the internet. You can find financial websites by using internet search engines to look for keywords relevant to the subject you are interested in. Examples of words to search on include general phrases (such as ‘personal finance’ or ‘financial planning’) or more specific topics (such as ‘financial advice’, ‘mortgages’, ‘insurance’, ‘life insurance’, ‘savings’ or ‘investments’). However, you will need to check that the information on financial websites and in newspapers and magazines is up to date and accurate.

Libraries
Most libraries have a range of books and magazines on financial services, including FSA and Which? publications and government leaflets. They can also give you details of local advice agencies and help you get information from the internet.

Trade associations
These often provide free information to help people understand different types of investments, savings, mortgages and insurance. But remember that trade associations represent specific financial sectors and financial companies.

Individual firms
Most banks, building societies, and pension and insurance companies produce free leaflets. But remember they want you to buy their products.

Your employer
Your employer will give you information about any work-based pension schemes run by the company, and tell you about any credit unions which cover your industry.

Full contact details for many of the organisations you can approach are at the back of this booklet.
Useful contacts

For general enquiries, help and information, and how to get free consumer publications

Financial Services Authority (FSA)
Consumer Helpline: 0845 606 1234* Minicom: 08457 300 104*
*Call rates may vary.
Consumer website: www.fsa.gov.uk/consumer
Comparative tables: www.fsa.gov.uk/tables
Financial healthcheck: www.fsa.gov.uk/consumer/healthcheck

To find a financial adviser

IFA Promotion
17-19 Emery Road
Brislington
Bristol BS4 5PF
Tel: 0800 085 3250
Website: www.unbiased.co.uk
(for investment advisers and insurance brokers), or www.impartial.co.uk
(for mortgage brokers)
IFA Promotion can provide the names and addresses of four advisers or brokers in your area.

Institute of Financial Planning
Whitefriars Centre
Lewins Mead
Bristol BS1 2NT
Tel: 0117 945 2470
Website: www.financialplanning.org.uk
Has a national register of fee-based financial planners.

MyLocalAdviser
Website: www.mylocaladviser.co.uk
A website that enables consumers to identify and locate financial advisers in their local area.

The Personal Finance Society
Website: www.thepfs.org/findanadviser
This website can help you find advisers in your local area who have passed at least three financial planning examinations.

Association of Private Client Investment Managers & Stockbrokers (APCIMS)
114 Middlesex Street
London E1 7JH
Tel: 020 7247 7080
Website: www.apcims.co.uk
Provides a free directory of its member stockbrokers and investment managers in the UK, Channel Islands and Republic of Ireland, or you can search on their website.

Association of Solicitor Investment Managers (ASIM)
Riverside House
River Lawn Road
Kent TN9 1EP
Tel: 01732 783548
Website: www.asim.org.uk
Provides a directory of solicitors’ firms which give legal and investment advice.

Association of Investment Trust Companies (AITC)
9th Floor
24 Chiswell Street
London EC1Y 4YY
Orderline: 0800 085 8520
Website: www.itsonline.co.uk
Produces a range of free brochures and factsheets which explain investment trusts and how they can be used in financial planning.

Trade associations that provide information about financial products and services

Association of British Insurers
51 Gresham Street
London EC2V 7HQ
Tel: 020 7600 3333
Website: www.abi.org.uk
Produces a series of free information sheets for consumers, covering life insurance; pensions; and motor, household, travel and medical insurance.

Association of Investment Trust Companies (AITC)
9th Floor
24 Chiswell Street
London EC1Y 4YY
Orderline: 0800 085 8520
Website: www.itsonline.co.uk
Produces a range of free brochures and factsheets which explain investment trusts and how they can be used in financial planning.
Organisations that can help you if you have money problems

Citizens’ Advice Bureaux (CABx)
See the phone book, Yellow Pages or website for your local Citizens’ Advice Bureau.
Websites: www.adviceguide.org.uk
www.citizensadvice.org.uk (England and Wales)
www.cas.org.uk (Scotland)
www.citizensadvice.co.uk (Northern Ireland)
Offers advice on debt problems and a very wide range of other money and non-money topics. Citizens’ Advice Bureaux cannot recommend particular investments.

National Debtline
Tel: 0808 808 4000 (freephone)
Offers advice on debt problems and free booklets and factsheets on dealing with debt.

Other sources of information you may find useful

Department for Work and Pensions (DWP)
Try your local social security office (address in the phone book)
DWP Pensions Information Orderline: 08457 31 32 33
For free factsheets on state benefits and pension issues.

Ethical Investment Research Service (EIRIS)
80-84 Bondway
London SW8 1SF
Tel: 020 7840 5700
Website: www.eiris.org
Provides information about product providers and other sources who provide ethical investment.
Help the Aged
207-221 Pentonville Road
London N1 9UZ
Senior Line Help and Advice
Tel: 0808 800 6565
Website: www.helptheaged.org.uk
Provides a free welfare rights advice line for older people and their carers. Free advice leaflets on financial matters.

HM Revenue and Customs
PO Box 37
St Austell
Cornwall PL25 5YN
Orderline: 0845 900 0404
(open 8am-10pm seven days a week, calls charged at local rates)
Website: www.hmrc.gov.uk

ifsProShare
6th Floor
100 Cannon Street
London EC4N 6EU
Tel: 020 7444 7130
Website: www.ifsproshare.org
Supports wider share ownership and provides financial education.

National Savings and Investments
Blackpool FY3 9YP
Tel: 0845 964 5000
(7am-midnight, seven days a week)
Website: www.nationalsavings.co.uk
Provides information on National Savings and Investments’ products and services.

Office of Fair Trading (OFT)
Fleetbank House
2-6 Salisbury Square
London EC4Y 8JX
Enquiries unit: 0845 722 4499
(local rate)
Publications: 0800 3893158
Website: www.oft.gov.uk
Produces a range of free factsheets and leaflets on fair trading and consumer credit.

The Pensions Advisory Service
11 Belgrave Road
London SW1 1RB
Tel: 0845 601 2923
Website: www.pensionsadvisoryservice.org.uk
Produces free leaflets on a range of pension topics. The Pensions Advisory Service can also help any member of the public who has a problem, complaint or dispute with their occupational or private pension arrangement.

Which?
Orderline: 0800 252100
Website: www.which.net

Financial information websites such as:
www.moneyextra.com
www.moneyfacts.co.uk
www.moneynet.co.uk
www.fool.co.uk

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www.moneynet.co.uk
www.fool.co.uk

Help the Aged
207-221 Pentonville Road
London N1 9UZ
Senior Line Help and Advice
Tel: 0808 800 6565
Website: www.helptheaged.org.uk
Provides a free welfare rights advice line for older people and their carers. Free advice leaflets on financial matters.

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ifsProShare
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National Savings and Investments
Blackpool FY3 9YP
Tel: 0845 964 5000
(7am-midnight, seven days a week)
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Provides information on National Savings and Investments’ products and services.

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Which?
Orderline: 0800 252100
Website: www.which.net

Financial information websites such as:
www.moneyextra.com
www.moneyfacts.co.uk
www.moneynet.co.uk
www.fool.co.uk
Asking the right questions

Other FSA publications that could help you

August 2005

Pensions
FSA guide to pensions 1: Starting a pension
FSA guide to pensions 2: Reviewing your pensions
Retiring soon – what you need to do about your pensions
FSA guide to the risks of occupational pension transfers
Contracting out of the State Second Pension
Stakeholder pensions and decision trees

Savings and investments
Capital at risk products
With-profits bonds
Why market abuse could cost you money – The revised Code of Market Conduct is here to help protect you

Financial Planning
Challenging unfair contract terms
Paying for long-term care

Mortgages
Choosing a mortgage – taking the right steps (pack)
Your endowment mortgage – find out where you stand (pack)
You can afford your mortgage now – but what if?

General
Introduction to the Financial Services Authority (FSA) – information for consumers
You and Your Money – overview of how the FSA can help you
No bank account? Why it could pay you to have one

This is only a selection. You can see our full list and order free copies on our online order form at: www.fsa.gov.uk/consumer Or you can ring our Consumer Helpline on 0845 606 1234 (call rates may vary).