tax incentivised savings association

Response by TISA to

Consultation Paper CP11/26

Distribution of retail investments: RDR Adviser Charging – treatment of legacy assets

January 2012

The Tax Incentivised Savings Association – TISA has a growing membership of over 120 organisations interested in the UK market for retail financial services products, from Child Trust Funds, through Individual Savings Accounts to Pensions. We have Advisory Councils in Retirement Saving, Wraps and Distribution, whose observations and thinking have contributed to this response. We are distinguished by the very wide scope of our membership, from Banks, though Investment Houses and Life and Pension providers, to Distribution organisations and IFAs. We are not, therefore, restricted to representing a sector approach, but rather the views of a very broad church indeed. We also, as an organisation, start from the principle that what is good for the consumer must, in the long term, be good for the business of our membership.

CONSULTATION RESPONSE

TISA is pleased to have the opportunity to respond to this Consultation. Whilst we would not propose to respond in detail to all the consultation questions, we would wish to make the following observations.

- We agree that it will be helpful to have guidance on when the new ban on commission does and does not apply, our view is that there are some difficulties with the draft guidance as set out. TISA takes the view that clear guidance will aid consistency of approach within the market and should also be supportive of a clear and simple approach which consumers can understand.
- There is an inconsistency in the treatment of different product wrappers within the draft guidance. Whilst the guidance allows for commission to be paid, on pre-RDR business after the RDR comes into effect, on top ups to GPPPs, no commission would be allowed on top ups to Investment Bonds, for example. TISA's view is that treatment of all product wrappers should be consistent.
- There are practical operational issues for small books of business, where the technology investment requirements necessitated by the draft guidance are not commercially viable. As a result these small books of business will have to be closed to top ups.
- TISA does not agree that platform to platform transfers can be assumed to be given without advice.
- We believe that the draft guidance as currently set out could give rise to market distortion and to consumer detriment.

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