Leading on Investments and Savings

Amending the definition of financial advice: consultation

15th November 2016
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About TISA

TISA is a not-for-profit membership association operating within the financial services industry. The focus of our recommendations and actions is improved outcomes for consumers and the nation with this approach leading to a stronger UK financial services industry.

TISA's growing membership comprises over 160 firms involved in the supply and distribution of savings and investment products and services. These members represent many different sectors of the financial services industry, including asset managers, insurance companies, fund managers, distributors, building societies, investment managers, third party administrators, consultants and advisers, software providers, financial advisers, pension providers, banks and stockbrokers.

TISA has a successful track record in working cooperatively with government, regulators, HMT, DWP and HMRC to improve the performance of the industry and the outcomes for the public. Effective policy and regulation and the creation of efficient industry infrastructure continues to be the major focus for our members. TISA is unique in that it represents the entire financial services industry, incorporating cross-sector policy, industry and technical expertise. Whilst we maintain a solid partnership with government, the regulators and wider industry, we remain independent and develop neutral views and opinions. This impartiality is reflected in our ability to drive development projects which improve industry performance and consumer outcomes, putting us in the unique position of being able to constantly challenge the status quo to bring about material improvement.

Executive Summary

TISA has been calling for greater definition of advice and guidance since 2014 and are delighted that the Treasury and FCA are making progress in setting out how each should operate.

The UK has a significant problem with the lack of financial planning and saving amongst the general population, especially amongst low and middle income households. An element of this is due to the poor understanding of the need to save and limited support in taking action, albeit for those prepared to pay for financial advice there is a wide range of firms to support them. The opportunity to make financial guidance more accessible to the mass market should be a key priority for this Government.

The consultation on the definition of advice takes us another step closer to supporting the millions of consumers that need help with their finances. We support the direction the Treasury and FCA are taking and have used this consultation opportunity to help enrich thinking in regards to additional steps which can be to support consumers; in particular as to how guidance can be delivered in a way that minimises barriers for firms seeking to offer guidance propositions entering the market, clarifying for consumers what they can expect and simultaneously offering a degree of protection from the risk of inappropriate services.

As part of the process to define guidance, we propose that the wider consultation process on implementing the FAMR recommendations also consider how guidance will be delivered in practice. To help this work, we have provided an example framework of what advice and guidance might be as experienced by the consumer. Our response sets out consideration of how both authorised and unauthorised parties might offer guidance, the application of disclosures that would help consumers understand who is providing the service and how this might be linked to other services, the scope of what might be included within a guidance framework and proposed standards that would help to ensure consistency and quality of consumer experience.

The ultimate objective is to increase the level of consumer savings and build greater financial resilience. Consumers will benefit from quality guidance propositions and these services will need to be monetised to attract the investment required to support mass market access. We are also keen to ensure that the provision of guidance does not distort the authorised verses unauthorised market.

Our response also addresses the potential risks and provides proposals on how these might be mitigated in line with the broader themes already covered. In addition to addressing the definition of advice, we have provided views on further definition being required around regulated products, the challenge of consumers having a very different experience according to the guidance provider being authorised or unauthorised and the importance of maintaining a level playing field, the benefits of adopting a kitemark to establish some standards for the delivery of guidance services and clarity around the degree of protection a consumer will have when receiving unregulated guidance and regulated investment advice.

The kitemark concept and its application needs to be kept simple so that there is an appropriate balance between providing some standards whilst not creating barriers that might discourage firms from offering guidance services.

TISA would also like to extend an offer to the Treasury and FCA to support the work on the definition of guidance, including scope and rules of thumb, plus we would be delighted to help in defining a straw man kitemark. We would undertake this work with the benefit of input from TISA members.

Previous policy work on financial guidance

TISA has been working with financial services firms for a number of years to develop policy proposals with regards financial guidance, primarily aimed at helping low and middle income households in making informed decisions and create greater financial wellbeing.

In 2013, TISA created the Savings and Investment Policy project made up of 50 leading financial services firms covering building societies, banks, asset managers, life companies, wealth managers, financial advisers, trade bodies, professional services and – most importantly – consumer bodies. The first output from the project "Our Financial Future"[1] was a comprehensive review of savings and spending patterns, wealth, debt, housing, pensions (State and private) and long term care. This looked across a 50 year period and identified significant trends and how they impact different generations. A key finding is the lack of savings and the resulting financial instability this is and will create in the future. It is critical that Government and industry work together to rebuild financial resilience, especially amongst low and middle income households who are the most vulnerable.

The project then developed "Saving Our Financial Future"[2], which sets out six policy proposals that would address key themes to enhance consumer wellbeing. Greater access to financial guidance was a key proposal and had the unanimous support of the project members. This proposal was articulated in much greater detail in TISA's response to FAMR[3] in December 2015 including the call for clarity around the definition of advice versus guidance and the recommendation that the MiFID definition be considered. The response also called for other measures to make it simpler for consumers to understand the support they were receiving, including removing the association of advice from the titles of The Pensions Advisory Service and the Money Advice Service. Indeed TISA supports the proposal that there should be a single body to provide guidance services on behalf of the Government as we believe this will further help to make it easier for consumers to find the support they require.

We are very supportive of the consultation on amending the definition of advice and have sought the views of a range of financial services sectors including building societies, banking, asset management, life companies, wealth management and professional services firms.

[1] Available on TISA's website - http://www.tisa.uk.com/research-publications.html
[2] Available on TISA's website as above
[3] Available on TISA's website as above

Why guidance is needed

The Final Report on FAMR set out an ambitious set of proposals to address the wide-ranging and interconnected issues underlying the lack of affordability and accessibility to financial advice in the UK.

The current consultation on the boundary of regulated advice is one part of a larger set of initiatives. In particular we highlight forthcoming guidance from the FCA on (1) regulatory responsibilities with guidance and (2) and the development of a clear framework for streamlined advice.

The importance of this consultation is not limited to redefining the technical legal definition of advice. It forms a key part of the wider debate of how to address the challenges facing people in the context of financial advice. The effectiveness of the proposals has also to be judged in the wider context of the package of solutions which are aimed at helping increasing peoples' ability to put in place savings solutions which meet their needs, on their actual circumstances and attitudes to savings.

TISA's 2014 Report – Our Financial Future[4], March 2014 sets out a number of findings which are relevant to an understanding of this wider context:

- One third of UK households have no savings at all
- 66% of low and middle income families have £1,500 or less in savings (roughly equivalent to 1 month's salary)
- One fifth of households are living "hand to mouth" with limited ability to save
- Saving has been replaced by credit to fund consumption
- 80% of wealth is held in pensions and property
- The top 20% of households own 62% of UK's private wealth with the bottom 20% owning just 1%
- Those aged 55 and over are the wealthiest age group and are also the last generation (in the private sector) to enjoy defined benefit scheme pensions
- Responsibility for financial security in retirement has shifted to the individual
- There is a tipping point in 2035 when the generation retiring will be worse off than earlier cohorts

To address these complex challenges the outcome of any legislative and regulatory action in this area must include steps to align the framework for advice and guidance with consumers' needs, e.g. debt, rainy day savings, retirement savings, etc.

Public access to financial advice and support has been eroded over a number of years as an unintended consequence of changes to regulation designed to help people. Recent research by BlackRock[5] (see table below) would imply that individuals with less money have a lower propensity to seek advice from a professional, with many of them having never used the services of an adviser. Even one third of individuals with large savings have never sought advice.

[4] Available on TISA's website - http://www.tisa.uk.com/research-publications.html
[5] BlackRock – Investor Pulse – November 2015

The TISA response to FAMR[6] provides considerable evidence to substantiate the need for mass market access to guidance.

UK - Estimate of the total value of household's wealth and assets. Do use an adviser?								
	Yes, use now		No, although I have in the past		No, never used		Net: No	
	2014	2015	2014	2015	2014	2015	2014	2015
Up to £10,000	6%	7%	26%	25%	68%	69%	94%	93%
£10,001 to £20,000	10%	16%	33%	29%	57%	55%	90%	84%
£20,001 to £50,000	18%	21%	37%	36%	44%	43%	82%	79%
£50,001 to £100,000	27%	27%	37%	37%	36%	37%	73%	73%
£100,000 upwards	35%	35%	31%	34%	34%	31%	65%	65%

It is an issue of the utmost importance for both industry and consumers that there is a clear hierarchy of guidance and advice which sets out clearly the duties and obligations on firms allowing them to communicate to their customers the level of service the customer can expect to receive. TISA's response to the FAMR made a number of recommendations in this area. These recommendations continue to apply. For ease of reference we reproduce the most pertinent recommendations below:

Clarify the difference between guidance and advice so that people are clear on the difference between guidance/help and advice/recommendation

- Provide clear definitions of guidance and advice, ideally with clear water between them
- Guidance to focus on specific financial needs including debt management, everyday savings, retirement accumulation and retirement de-accumulation that will help people make informed choices
- Guidance outcomes to cover a restricted set of regulated products
- Reduce peoples' confusion by revisiting the branding of Government backed bodies that provide guidance but include advice within their title (MAS and TPAS)

Define a kitemarked guidance framework that can be adopted by financial services firms, Government backed organisations and the third sector

- Create a kitemark that can be applied to a guidance framework that underpins scope, terminology, decision trees and outcomes
- Create a framework that is designed to support low and middle income financial guidance needs

[6] Available on TISA's website - http://www.tisa.uk.com/research-publications.html

- Allow the framework to be adopted by financial services firms, independent information providers, Government backed organisations and the third sector so that people have a consistent experience regardless of where they seek guidance
- Permit Rules of Thumb to be included in the framework to provide people with benchmarks against which they can consider their own circumstances – this could involve the use of "people like you" case studies to help people make sense of their own personal circumstances
- Limit the scope of guidance to non-complex, regulated products, including protection, cash, collectives that include bonds and equities plus tax efficient vehicles such as ISAs and pensions
- Incorporate some default options for short, medium and long-term saving objectives that encourage people to use a range of asset types including cash, UK bonds and UK equities

Permit human guidance support within the guidance framework

- It is assumed that guidance for the mass market will primarily be offered online, however people still want human support when making complex decisions
- Expert human support should be permitted to accompany people through the guidance framework, helping people to understand key concepts and the options available to them, whilst remaining within the rules for guidance

Target audience

One of the key objectives of the FAMR review is to "examine how to stimulate the development of a market that provides affordable and accessible financial advice and guidance for everyone, at all stages of their lives."

With all products, including financial services, there are essentially three types of purchaser:

- Individuals who know what they want to buy – for financial services products, these tend to be execution-only clients who are clear on their requirements and purchase accordingly
- Individuals who are "buyers", these clients know that they have a need but are unclear how to solve the need. Within our industry, these individuals have tended towards advisers
- Individuals who are sold products, i.e. they are unaware of a need, rather they buy because someone else persuades them of that fact. Several decades ago, this was colloquially known as the "man from the Pru"

Since the advent of RDR, the adviser community have ceased to be sellers but are now buyers of financial products on behalf of their clients, by whom they are remunerated directly. This was the right direction of travel and is increasingly being taken forward across Europe under MIFID II. It does however come against backdrop highlighted above of falling saving rates and an ageing population unlikely to have the pension pots of their predecessors. Respondents to the Call for Input to FAMR also indicated that low levels of consumer demand for advice were contributing to the advice gap.

We believe that the individuals who wish to buy products are well-catered for. They are either comfortable self-directing or are sufficiently motivated to seek support from a professional. It is the individuals who were previously "sold" products for whom a gap exists. It is this gap which needs to be considered in light of spelling out the difference between advice and guidance.

It is difficult not to describe the target audience without applying generalisations. However, we are all aware of the so-called "advice gap" and there has been some talk that RoboAdvice could be the panacea solution. It is unlikely that RoboAdvice on its own can be such a panacea alone as individuals who are unaware of a need are unlikely to seek advice/products. It is unrealistic to assume that education alone can alert this body of individuals to their planning needs. Purchasing financial products can feel complicated and intimidating and human intervention is vital for this group. Some generic characteristics might be:

- Concerns regards the future and need for saving versus day to day demands on income
- A very high level awareness of the financial products available, e.g. cash, pensions, tax efficient wrappers etc.
- Low brand awareness outside of the large retail banks, building societies or insurance companies
- Appetites for risk can vary but are difficult to quantify without proper questioning and assessment against like-minded individuals. In particular risk aversion often translates into a tendency to hold excessive amounts of cash without considering the dilutive effects of inflation over the medium to long term.

The baby boomers who are in retirement or nearing retirement need to consider the long-term nature of their time out of work, or in many cases working part time. The income demands in the near term, i.e. immediately following retirement will likely be dwarfed by the income needs as care requirements increase.

The Generation Xers have likely benefited from some house price increase, but are unlikely to benefit from DB pensions enjoyed by their parents. Their need for a significant increase to savings levels is immediate and vital to avoid deep poverty in old age.

The so-called millennials are a much discussed demographic. Due to a number of macro-economic and political decisions based on the realities of that time, this generation are significantly less wealthy than the generation that precedes them. They also have higher expectations and have higher demand propensities than the generations that have preceded them. Saving for the future in our “on demand” and instantaneous world are not necessarily compatible. Saving for 50 years hence seems like a very long way away.

This target audience, the individuals for whom financial products used to be sold to, do have important savings needs and yet they are unaware of their future needs and are not being supported by the financial services groups that could offer guidance services. The savings rates per month are necessarily low and the cost of fully personalised advice is too high as an absolute percentage. The regulatory risks associated with working with this target audience are simply too high. This target audience do absolutely need convincing they have a need in order to feel compelled to save.

Definition of advice and guidance

TISA support the adoption of the MiFID definition of advice. However, given that the focus of our response relates primarily to the definition of guidance we also wish to comment on some of the complexities related to the provision of guidance that are not covered by the consultation questions.

In Appendix 1, we have set out a framework that provides greater detail on what the differences between advice and guidance might be as experienced by the end consumer. This builds upon the concepts of tailored recommendations versus information to help individuals make informed financial decisions.

We have also explored the potential ways that guidance might be offered and are very keen to ensure, that to the degree possible, that the consumer continues to have some element of protection when receiving such services. Specifically, we seek to protect consumers from unscrupulous firms who attempt to use a more flexible framework to encourage consumers into inappropriate savings / investment solutions, or worse still commit fraud. We also wish to balance this with not creating unnecessary barriers that might discourage firms from offering the mass market guidance services that are currently in short supply.

We therefore propose that firms that intend to provide guidance and are not regulated to provide advice be required to register with the FCA and that they are obliged to conform to basic standards in the way guidance is offered. These standards would be in the form of a kitemark and would ensure that firms adhered to some basic rules including:

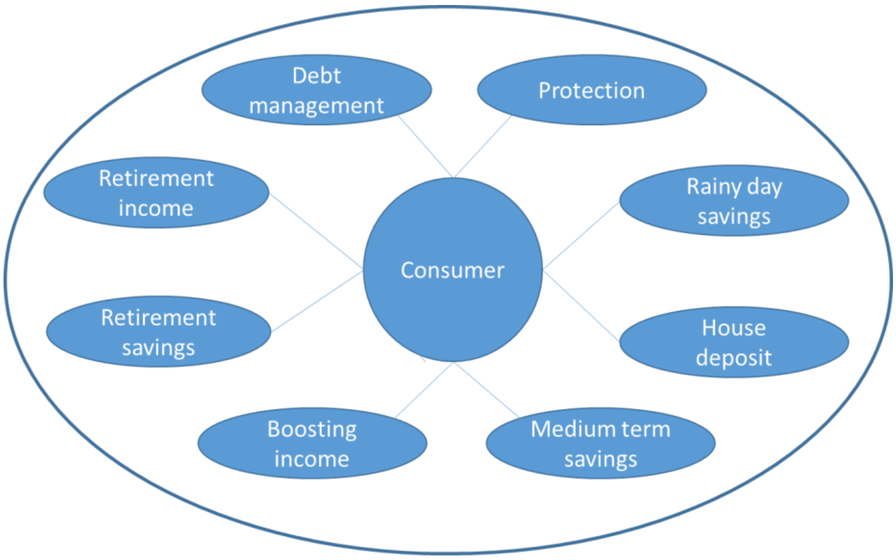
- Disclosure to the consumer that they are neither authorised nor regulated
- Disclosure regarding any commercial arrangements they may have as an introducer to parties that can arrange execution of a transaction (MoneySavingExpert.com is an example of such a service)
- Disclosure if you have an execution proposition that is linked to the guidance offered
- Ensuring the consumer is aware they are responsible for making their own decisions and the consequences of those decisions
- Limiting the guidance to cover basic consumer needs and regulated products
- Disclosure on the use of kitemarked guidance to provide comfort to the consumer that guideline and standards are being followed

The kitemark and its application needs to be kept simple so that there is an appropriate balance between providing some standards whilst not creating obstacles that discourage firms from offering guidance services.

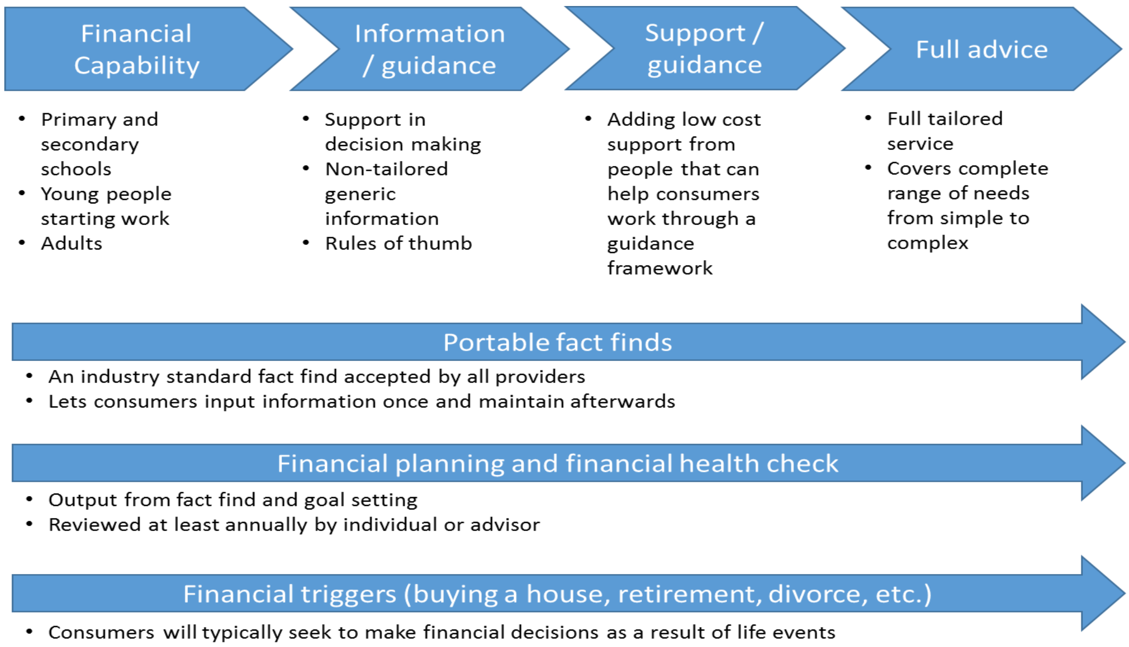
We recognise that guidance may be provided by an authorised party, for instance an introducer or financial adviser. Similarly, there needs to be clarity for the consumer about the service that is being provided, with suitable disclosure, especially where the guidance might transition into advice where a tailored recommendation becomes appropriate for the consumer. We are supportive that links to execution and advice are provided and would like to ensure that the client is clear about the services they receive and how these fit together.

There should also be boundaries to the areas that guidance covers. The illustration below sets out some example areas that would cover the bulk of low and middle income consumer needs. Parties providing guidance would not need to cover all the areas below, rather they would be allowed to select which aspects of guidance suit the needs of their target consumers.

We are keen to promote including wealth within the home as part of the guidance provided as the lack of retirement savings is already resulting in large numbers of individuals who have under prepared for retirement seeking to use the wealth tied up in their home. A recent TISA report “Can housing save the day?” provides evidence that points towards millions of individuals that are under-saving today, that will be retiring between now and 2030, many of whom may turn to housing wealth to boost retirement income. 70% of consumers surveyed wanted housing included within both guidance and advice. We would strongly advocate that guidance and advice support consumers in making adequate provision for retirement without needing to use equity within their home. For those that adopt this option, however, we believe they should receive support in considering all their wealth so that they can make informed financial decisions and direction towards specialist advisory services.



We propose that work on defining the difference between advice and guidance take into consideration the broader context of how a consumer might experience different stages of being prompted to take action and how this leads from information and guidance into taking advice, where this is appropriate. Many of the triggers that encourage an individual to take action, plus the information that they should compile to help make an informed decision or receive advice will have considerable overlaps and it would be helpful for consumers to have a joined up experience when navigating how to meet their needs.



TISA would also like to extend an offer to the Treasury and FCA to support the work on the definition of guidance, including scope and rules of thumb, plus we would be delighted to help in defining a straw man kitemark. We would undertake this work with the benefit of input from TISA members.

Monetising guidance

The ultimate objective is to increase the level of consumer savings and build greater financial resilience. Consumers will benefit from quality guidance propositions and these services will have a cost to provide them to the public. We therefore think that guidance should be monetised in some form (i.e. allowing the provider of guidance to make money) to attract the investment required and encourage multiple that between them with provide mass market access. We are also keen to ensure that the provision of guidance in a monetised form does not distort the authorised verses unauthorised market.

Potential risks

The purpose of the proposed change to the definition of financial advice is to give investors easier access to different levels of information and guidance, but falling short of a personal recommendation, and thereby alleviate the advice gap. It will also give financial advisers greater certainty of what is the regulated activity of investment advice, with everything that goes with that, and what is outside the regime. The current lack of clarity in the definition has meant that firms are unwilling to provide detailed guidance allowing investors to take informed investment decision for themselves. This paper concentrates on the risk questions 4 through 7 asked in the Consultation Paper.

The proposal in the Treasury consultation is that any advice not falling within the MiFID definition of advice will not be regulated.

This leads to three options:

- unauthorised firms providing guidance which is not a regulated activity and for which no particular standards apply beyond the Consumer Rights Act 2015;
- authorised firms providing guidance which is not a regulated activity but operates in an overarching regulated environment;
- a light quasi-regulatory environment where participants can gain a Kitemark

There is a proposal that the FCA should provide guidance, presumably relevant for both authorised and unauthorised firms, on how to treat customers fairly. This does not make the guidance service a regulated activity but does inform an appropriate standard of care for guidance service providers.

Currently it is possible to provide generic financial information not amounting to investment advice and to effect introductions, or arrange deals with or through authorised persons, without the need to be FCA authorised. There are no proposals to change the application of the RAO in relation to arranging deals under Article 25.

Regulated product

The Consultation Paper refers to regulated products. The concept of a "regulated product" is unclear. Currently investment advice covers securities (e.g. shares, debentures, collective investment scheme units, government and public securities, personal pension schemes and warrants) and relevant investments (e.g. general insurance, life insurance, options, contracts for differences, pure protection contracts). The restrictions arising from RDR apply only to retail investment products (a subset of securities and relevant investments); by contrast the rules around inducements relate to the wider remit of designated investment business, and covers all investments falling within the RAO. The inducement payment restriction applies only to regulated firms paying the inducements. The proposed change in the definition does not appear to impact on the range of investments covered.

Possible commercial benefit by an unauthorised entity

There appear to be four ways in which an unauthorised entity can create a commercial benefit from the provision of guidance services:

- the unauthorised entity receives payment from the guidance user e.g. through membership fees or through payment for an app
- the unauthorised entity receives payment from product providers or distributors for clicks through to the product provider's or distributor's website where payment is not linked to the sale of any product or service. This may be significant
- the unauthorised entity receives revenue from advertising on its website. This could be significant
- indirectly: an unauthorised entity could introduce an investor to an authorised company in the same group who will receive fees

COBS rules otherwise prevent the payment of inducements by a regulated firm to a third party in relation to "designated investment business" (see COBS 2.3.1) and further under COBS 6.1B and E product providers and platform service providers are restricted in making payments under RDR.

The ability to create a commercial benefit, while restricted, is therefore possible. One example of a commercial entity is MoneySavingExpert.com which operates at a profit. Its income appears to be primarily from click-through revenue. However it seems most likely that a significant number of unauthorised guidance providers will be those operating from altruistic or from journalistic motives. An example of the former would be Citizen Advice Bureaux. (In fact many CAB are authorised in relation to debt counselling and certain other consumer credit activities.)

In relation to journalism, Art 54 RAO provides an exclusion for newspapers provided that the principle purpose of the publication is not the provision of regulated investment advice. In case of doubt it is possible to apply for a certificate from the FCA. (Note, MSE states that is it a journal).

The dichotomy between unauthorised and authorised guidance providers has a very real risk to create an uneven playing field between these two groups, and providing investors who essentially could receive the same guidance with different protection.

Kitemark

Under section 139A FSMA the FCA is empowered to give guidance to persons generally as well as to FCA regulated persons. The HMT consultation in Section 2 states that the FCA will produce new guidance to support firms offering services that help consumers to make their own investment decisions without a personal recommendation and set out the FCA's view on what guidance providers need to do in order to treat customers fairly. The status of FCA guidance for authorised firms is clear (essentially evidential only); however, for unauthorised firms it is not clear what weight should be given to FCA guidance. Presumably it will be used on an evidential basis if an action is brought under section 89 Financial Services Act 2012 for making a misleading statement. It may also be evidential for an action brought under the Consumer Rights Act 2015.

Following the FCA guidance could be identified by use of a kitemark.

Currently there is no requirement to state that a person is not authorised or regulated. Part of the kitemark could include the need to make a statement regarding the regulated status of the guidance service provider and the unregulated nature of the guidance.

In relation to unauthorised firms providing guidance services the Financial Ombudsman Service would not be available. Similarly the Financial Services Compensation Scheme would not be available as against the guidance provider. There is a risk that investors may not appreciate this lack of cover. Use of the kitemark would need to include reference to this.

It seems unlikely that the change to the definition of regulated investment advice to bring it into line with MiFID will increase the likelihood of fraud for those investments covered by RDR. Due to the lighter regime that applies to inducements there is more risk for investments that are not retail investment products but it seems unlikely that fraud will increase as a result.

A possible benefit is that it does seem likely that fewer firms will be at risk of being in breach of the general prohibition and caught by section 27 FSMA which makes it an offence to enter into an investment agreement via the actions of an unauthorised person who should have been authorised.

Unregulated guidance provided by authorised firms

It is unlikely that consumers will appreciate the difference between unregulated guidance by an authorised firm and regulated investment advice. COBS needs to make absolutely clear what type of risk warnings need to be given so that a consumer following unregulated guidance from an authorised firm is warned that he will not have the full protection of the FCA rules as he would for investment advice. In addition there needs to be clarity as to whether the authorised guidance provider is operating on an independent or restricted basis. Also on current rules the Financial Ombudsman Scheme would not cover guidance and the FSCS would not be available either.

Risk conclusions

- financial guidance including first step click-throughs to product sites is already possible by unauthorised persons
- the most likely genuine unauthorised providers will be altruistic or journalistic
- risk for the consumer arises from where the line is drawn for FOS and FSCS cover which is relevant for both unauthorised and authorised providers
- the weight to be applied to FCA guidance needs to be clarified especially for unauthorised providers. Following the guidance could be awarded with a kitemark

- the use of a kitemark will assist in ensuring that basic information is provided
- simply changing the definition of advice and allowing more unauthorised entities to provide guidance will create an unlevel playing field with authorised entities providing guidance

APPENDIX

Framework for Evaluating Guidance and Advice

	Guidance	Advice
Summary	Guidance will provide you with suggestions and solutions relating to "*typical*" customers who may have similar circumstances to you You may be asked a limited set of question to help narrow the options available, but it will not make a personal recommendation It will also provide factual information relating to areas that are interest or concern you	Disclosure about the services being provided and the relevant costs Advice will provide you with a **personal recommendation** of the best course of action for you to take given your **personal circumstances (MiFID definition is assumed)** It may also provide you with guidance and factual information as part of the process
It is	Generic information and options for you to consider and take action on It will be based on a limited amount of personal information	A personalised recommendation based on your personal situation, objectives and needs
It isn't	A personalised recommendation tailored to your specific circumstances to follow a particular course of action	Generic information and factual information only (although this may be included as part of the advice)
What is involved?	Typically this requires providing very little information about your circumstances, objectives or needs However, some guidance providers may ask a limited set of questions to help make the guidance more relevant to your objectives	You will need to provide information about your circumstances, objectives and needs during an information gathering process. Other aspects will be explored such as your risk appetite and capacity for losses with regards to investments Personal recommendations will be tailored to your situation in order to ensure they are suitable and include the reasons for the recommendations
What to expect?	Accurate, up to date, relevant information and 'rules of thumb' based on 'people like you'; simple, sensible things to consider doing	A written report or letter describing the personal recommendation(s) covering specific products, providers and sums of money that outlines why it/they are suitable for

	That any actions you chose to take (or not take) will be your own responsibility	your personal situation, objectives and needs with a clear reason for that recommendation The cost of the advice will be confirmed and how it can be paid (or what you have already agreed regarding payment)
When might each option be more relevant?	Various occasions including • Early in your deliberations about your situation • For smaller decisions or ones that can easily be reversed • When you are comfortable in your own expertise to make final product/investment choices but want to check facts or understand options • You are comfortable implementing and taking responsibility for your own decisions	Various occasions including • Complex situations for example: if you are a higher rate tax payer, if your estate might be subject to inheritance tax; if you work and or live aboard; if you have multiple existing arrangements (Pensions, ISAs, savings etc) • Large (or otherwise significant) sums of money or with longer term considerations • Where you require help on specific courses of action taking into account all your relevant circumstances • Where you would like the adviser to take responsibility for giving and implementing the personal recommendations that result •
What are the costs?	Normally no explicit charge for a guidance service If your guidance provider is charging you should be explicitly informed up front in the process If your guidance provider is being paid to provide introductions this should be made clear to you	Initial and, if an ongoing service is required, and ongoing fee. All charges are to be agreed with you before any action is taken. Any changes must also be agreed (e.g. if a situation is more complex taking more time than anticipated) Some advisers will charge based on a % of your investment and others on an hourly rate or a fixed fee
What happens if I'm not happy?	If guidance was inaccurate or misleading you should complain to your guidance provider in the first instance • If the guidance was provided by an authorised (regulated) adviser and you are unhappy with the response you can take this up with the Financial Ombudsman Service • If your guidance was from an unregulated source you cannot go to FOS	You should complain to your adviser or adviser firm in the first instance They must independently assess if the advice given was suitable or not and this will result in the complaint being rejected or the matter being put right, possibly with compensation

	If you just didn't like the outcome of the actions you took following the guidance, there is no route for complaint	If you are unhappy with the response you can take this up with the Financial Ombudsman Service
Delivered by	Government Charities Independent guidance bodies Journalists Product providers (banks, investment platforms, life cos) Some regulated advisers	Qualified financial advisers who have passed minimum exam qualifications laid out by the financial regulator They may offer an independent or restricted advice proposition, Independent advisers must consider every product type and provider of those products when making each recommendation. Restricted advisers may not cover all areas (e.g. not advice on complex or higher risk products) or narrow the range of Providers products they will select from No adviser can be paid directly or indirectly by a provider to influence ether their decision making All advisers must meet the same qualification standards All advisers must follow the same rules regarding suitability or recommendations and treating customers fairly
Examples	• Information on HMRC tax limits associated with different tax wrappers (ISAs, Pensions, EIS and VCTs etc) • Information on investment fund performance • Best buy tables • Options to consider based on limited information about your position • Product information e.g. charges, eligibility criteria, product features • Provides a reduced set of options from a broader starting point through understanding some basic personal information e.g. tax wrapper applicability, fund types (such as Multi Asset vs Single Strategy; UK vs oversees equities)	• A written recommendation on which investment wrappers to use, through which provider or platform and how much to invest in which investment funds/products • A written recommendation on how much and when to withdraw your money from a product • A written recommendation not to change or take out a product • Illustrations to show how your investment might perform (as standard rates) given the costs and charges involved

Definition example from MAS:

"If you have a lump sum you want to save, someone giving guidance would tell you what your saving options are in broad terms. They may tell you about the pros and cons of regular savings accounts, ISAs and investments. They won't tell you about specific products offered by named companies or what option might suit you best. A financial adviser would look at specific savings accounts, investments and ISAs offered by various companies and recommend a specific one that best suits your personal circumstances."