


Choosing a financial adviser – how can help you



FSA®


Financial Services
Authority

This factsheet is from the Financial Services Authority (FSA), the independent watchdog set up by government to regulate financial services and protect your rights. The FSA regulates the sale of investment products. This factsheet tells you about the new  information you should get on your first contact with FSA-authorised firms which sell investments that 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 saving schemes, and some other investments based on stocks and shares.


What information will you get?

On your first contact with a firm you will usually get one or two documents giving you important information. You will recognise them by the  sign. The documents will give you:

- information about the *service* the firm is offering you;
- information about the *cost of the service* the firm is offering you.

Use this information to help you shop around to choose the level of service you want and the firm you want to deal with. And remember, as with any goods or services you buy, the cheapest isn't necessarily the best.

Information about a firm's services


You will get details about the service the firm is offering you in a document called  *about our services*.

The document should give you the following facts:

- Whether the firm offers products from:
 - the whole market;

- a limited number of companies; or
- a single company or group of companies.
- Which of these services the firm will provide:
 - **Advice and a recommendation** for you after it has assessed your needs.
 - **No advice.** The firm will ask you some questions to reduce the number of products it gives you details of, but you take the final decision about what you buy.
 - **Basic advice.** The firm will ask questions about your income, savings and other circumstances so it can give you basic advice on **stakeholder products** only. Stakeholder products have to meet certain standards set by government. The firm will not conduct a full assessment of your needs or consider whether any other products outside the stakeholder range offered may be more suitable.
- The firm will either tell you its charges before it does business with you or it will give you another keyfacts document explaining them.
- What business the FSA has given the firm permission to do, and that you can check on the FSA website to see that it is authorised to do this.

Information about the cost of a firm's services

You will usually get details about the cost of the service the firm is offering you in a document called  *about the cost of our services*.

The document will show you the payment options the firm provides and will tell you the following facts:

- That there will be an initial discussion with the firm when it will describe its services and explain its payment options.
- Whether you can choose between paying the firm:
 - by fee;
 - by commission; or
 - by a combination of fee and commission.
- What the firm's services could cost you if you choose to pay by fee or by commission.

If the firm gives you the option of paying by fee, the document will tell you:

- what the cost may typically be; and
- that you can ask for an estimate of the total charges.

If the firm gives you the option of paying by commission the document will give you:

- a comparison of the firm's maximum charges and the market average charges; and
- an example based on an investment of £100 a month or a £10,000 lump sum.

Finally...

When a financial adviser recommends products, you may get other documents in addition to the keyfacts information, such as a **Key Features document**. It is important that you read all documents you get to make sure you understand the aims, benefits and risks of any product you are interested in. **Ask the firm to explain anything you don't understand.**

Remember... it's your money!

Further information

See the *FSA guide to financial advice* for more information, available from the FSA Consumer Helpline or FSA Consumer website. See below for contact details.

The FSA's consumer publications aim to give consumers information to help them make financial decisions and to promote consumer understanding of the financial system. This includes understanding the risks and benefits of different kinds of financial products. They provide a general guide only and are no substitute for you thinking about your own particular circumstances. This publication does not constitute financial or other professional advice. You should consult a professional adviser if you need financial advice about your personal circumstances.

June 2005

