

## Terms of Business Letter / Client Agreement

Last updated 15 February 2010 (v5)

1. This Terms of Business letter and Client Agreement sets out the basis on which we will conduct business with you and on your behalf. **It is an important document and we would ask you to read it carefully and if you are unsure of any of its terms please ask.**
2. The terms of this agreement come into force immediately on acceptance and remain in force until further notice.
3. **Lindsay Lockett Financial Guidance Limited is an appointed representative of Financial Limited, which is authorised and regulated by the Financial Services Authority. Our Registered Company Number is 6084668. Registered in England and Wales. Registered office Murray House 58 High Street Biddulph Stoke-on-Trent ST8 6AR. Our FSA Register number is 465580. You can check this on the FSA's Register by visiting the FSA's website, [www.fsa.gov.uk/register](http://www.fsa.gov.uk/register) or by contacting the FSA on 0845 6061234. The FSA can also be contacted at 25 The North Colonnade, Canary Wharf, London, E14 5HS.**

## FINANCIAL PLANNING OBJECTIVES

4. In order to provide you with personal advice and recommendations suitable for your particular circumstances we will undertake a 'fact find' to gather the appropriate information. We will then be able to set out clearly your financial planning objectives when providing advice or recommendations and any subsequent advice or recommendation offered will be based on your stated investment objectives, acceptable level of risk and any restrictions you wish to place on the type of investments or policies you are willing to consider. Details of your stated investment objectives will be included in the Suitability Letter we will issue to you to confirm our recommendation. Unless confirmed in writing to the contrary, we will assume that you do not wish to place any restrictions on the advice we give you. Our advice may be in the format of a full financial review or focused on a single area or a limited number of areas.
5. You hereby acknowledge that in the event of Lindsay Lockett Financial Guidance Limited assisting you in the completion of any investment application or policy proposal forms you will in any event continue to bear full responsibility for the accuracy and completeness of the information entered on such forms. Therefore you understand that inclusion of incorrect information or omission of any material facts may result in the investment or policy to which the application or proposal relates to being adversely adjusted, made void and/or any claim(s) made against it being refused.
6. Unless you inform us whether there are any restrictions as to the type of advice you want, we will only provide that advice on areas within our authorisation and that we believe are suitable for you. We will not provide any service relating to futures, options or contracts for difference.
7. We are an independent broker and adviser and offer products and advice from the whole market. We are permitted to provide advice on investments, pensions and insurance and arrange transactions in these products. We may also include unregulated collective investment schemes where these are suitable for you. For investment products, we will not provide any service relating to futures, options or contracts for difference.
8. When we have arranged any investments, pensions or insurance contracts for you we will not give you further advice automatically unless agreed with you in writing and subject to suitable remuneration agreed with you in advance. In conducting insurance mediation activity the firm does not act contractually on behalf of, or for, its customers and consequently the rules for distance non-investment mediation contracts do not apply.
9. The advice we provide to you on all contracts is on an INDEPENDENT basis on products from the whole market. The only exception to this is where we have previously advised an employer on the choice of employer funded Group or

Occupational pension scheme for its employees. In these circumstances when we are dealing with employees for the purpose of enrolling them into a pension scheme already selected for the employer in order to benefit from some form of employer pension contribution we will only advise on the merits of joining that scheme.

#### CUSTOMER CLASSIFICATION

10. The type of client category will determine the levels of protection afforded to you under the Financial Services and Market Act 2000. We propose to classify you, in accordance with FSA rules, as a Retail Client. As a Retail Client the regulatory protections available to you are the highest available.

#### PAYMENT FOR SERVICES

11. We will advise and make a recommendation for you after we have assessed your needs. **We offer new clients an initial discussion (without charge)** when we will describe our services more fully and explain the payment options. If you decide to go ahead, we will gather and analyse personal information about you, your finances, your needs and objectives and recommend and discuss any action we think you should take and, with your agreement, arrange relevant investment or insurance products for you.
12. When providing investment advice you will pay for our services on the basis of your choice of fee, commission (or product charges) or a combination of fee and commission (through product charges). We will discuss your payment options with you and answer any questions you have. We will not charge you until we have agreed with you how we are to be paid.
13. When **paying by fee**, whether you buy a product or not, you will pay us a fee for our advice and services. If we also receive commission from the product provider when you buy a product, we will pass on the full value of that commission to you in one or more ways. For example, we could reduce our fee; or reduce your product charges; or increase your investment amount; or refund the commission to you. If you wish to pay for our services by way of a fee we will agree the rate or amount we will charge before beginning work and provide you with a fee agreement in relation to any work we undertake in accordance with our Treating Customers Fairly culture. We will tell you if you have to pay VAT.
14. Our typical charges are £75 per hour for advice in connection with insurance needs, investment advice and most pension work, or £100 per hour for more complex work such as Inheritance Tax mitigation and advice on some types of pension transfer where we need to involve external analysis and/or actuaries. These fees will apply to all advice and service up to implementation. Future reviews are available on either a fee basis or, where asset management is required, fees are capped at 0.5% of assets under review.
15. You may ask us for an estimate of how much in total we might charge. You may also ask us not to exceed a given amount without checking with you first.
16. If any sum payable is not paid on or before the due date, we shall be entitled forthwith to suspend the provision of services to a client and charge to the client interest on invoiced sums outstanding for more than 30 days from the date of invoice. Interest is calculated on the amount unpaid at the fixed rate of 1% per month (compounding will apply) until payment in full is made (a part month being treated as a full month for the purposes of calculating interest). We will also be entitled to recoup the costs of any third party agents incurred should any action be undertaken to obtain settlement of the account. We will charge £40 to cover bank charges and administration costs in the event that any cheque submitted by the client fails to clear on first presentation or is subsequently returned dishonoured.
17. When **paying by commission (through product charges)** if you buy a financial product, we will normally receive commission on the sale from the product provider. Although you pay nothing up front, that does not mean our service is free. You still pay us 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, the product charges could be the same as when buying through an adviser, or they could be higher or lower. We will tell you how much the commission will be before you complete an investment, but you may ask for this information earlier.

The amount of commission we receive will vary depending on the amount you invest and (sometimes) how long you invest or your age. For example:

- If you invest £5,000 in an Individual Savings Account (ISA) we would generally receive commission of 3% of the amount invested (i.e. £150) and up to 0.5% of the value of the fund each year.
- If you pay £200 gross per month into a Personal Pension Plan or Stakeholder Pension Plan (are aged 40 and have a plan term of 25 years) then the average initial commission we could receive is £648.
- If you pay £20 per month towards a Level Term Assurance life policy over a term of 20 years then the average initial commission we could receive is £408. This example is based on a joint life first claim policy, insuring a male and female who are both aged 40, non-smokers and in good health.

We may not necessarily propose to take the maximum level of commission and will tell you how much the commission will be before you complete any proposal, but you may ask for this information earlier.

**The precise amount of commission we receive in each case will depend upon your circumstances at the time of any policy commencement, which we will establish in full prior to completion of any advice given.**

18. Generally any initial commission will cover (or contribute towards) the cost of initial advice and implementation of recommendations and any renewal or trail commissions will cover (or contribute towards) the costs of ongoing service such as a periodic or ongoing reviews.
19. When **paying by a combination of fees and commission (through product charges)** the actual amounts will depend on the service provided to you, but will be in line with the arrangements set out above in the sections headed “paying by fee” and “paying by commission (through product charges)”.

The fee will not exceed the rates shown in this document. We will agree the rate we will charge before beginning work and we will tell you if you have to pay VAT. The fee will become payable on completion of our work. You may ask us for an estimate of how much in total we might charge. You may also ask us not to exceed a given amount without checking with you first.

We may reduce our fee to offset any commission received and will tell you how much the commission will be before you complete any proposal, but you may ask for this information earlier.

20. Before providing advice for mortgages you will receive from us a “Services and Costs Disclosure Document”, detailing fee and commission options, in accordance with FSA rules. These documents set out how we will be remunerated either by fee, commission or a combination of both.
21. You will receive from the life office or operation in question information about the commission we receive. We will also tell you the amount of commission payable to us on all contracts. All trail or renewal commission payable by providers belongs to the company. We may share commissions with third parties who introduce business to us and assist us in advising you.
22. In respect of any commission paying contract or policy which we may recommend, should you subsequently cancel the contract, cease to pay premiums on the policy, surrender or transfer the benefits prematurely and in consequence we are obliged to refund all or part of the commission that has been paid to us we reserve the right to charge you a fee representing the amount we have had to repay, for a period of up to five years after commencement of the policy. Generally the amount of commission that we may have to repay will reduce to nil over a 5 year period from when the commission payment being paid, these terms vary by provider and product. Details of the commission payable will be notified to you in a specific key features illustration prior to any transaction proceeding.
23. We require our clients to give us instructions in writing, to avoid any possible disputes. This will usually be in the form of a proposal or application form. We will, however, accept oral instructions in certain instances provided they are subsequently confirmed in writing.

## CLIENT MONEY

24. For your protection WE DO NOT HANDLE CLIENTS' MONEY. In respect of premiums, we never accept a cheque made out to us or handle cash. The only exception will be made for cheques in settlement of our charges or disbursements for which we have sent you a fee invoice.

## ACCOUNTING TO YOU

25. Unless in exceptional circumstances, we will confirm to you in writing the basis of our reason for recommending the transaction executed on your behalf. We will make arrangements for all your investments/contracts to be registered in your name unless you first instruct us otherwise in writing.
26. We will forward to you all documents showing ownership of your investments/contracts as soon as practicable after we receive them. Where there are a number of documents relating to a series of transactions, we will normally hold each document until the series is complete. All such documents may be sent by post and is done so at the client's risk.
27. Unless you specifically request otherwise we may telephone or visit you during normal social hours to offer you further advice or inform you of products and services in which you may be interested. We may also contact you by mail or e-mail. If you do not want to receive such information, please let us know.

## FINANCIAL SERVICES COMPENSATION SCHEME

28. We subscribe to the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

### **Investment**

Most types of investment business are covered for 100% of the first £50,000.

### **Insurance**

Insurance advising and arranging is covered for 90% of the claim with no upper limit.

### **Home finance products, mortgages and home purchase plans**

Advising on or arranging house purchase finance is covered for 100% of £50,000.

Further information about compensation scheme arrangements is available from the FSCS.

29. Please note that some 'structured products' rely on counterparties and in the event of any counterparty failing to meet its financial commitment, you may not be entitled to any compensation under the FSCS.

## COMPLAINTS

30. In the unlikely event that you should have any complaint about the advice you receive or a product you have bought please write to the Complaints Officer at Financial Ltd, Unit 1, Andoversford Business Park, Cheltenham, Gloucestershire, GL54 4LB, Tel: 01242 820738. If following our subsequent investigation and response you are still not satisfied you may contact the Financial Ombudsman Service. Full details are contained within our internal complaints procedure, which is available to you on request at any time.

We reserve the right to seek reimbursement from you should a complaint be found to be vexatious or frivolous. If the complaint is not upheld we will recover whatever costs, if any, are allowed.

## CANCELLATION RIGHTS

31. The cancellation rights for each individual policy you have been advised on will be explained to you in any suitability reports we issue and product key features documents. You will not have any cancellation rights for ISAs which are not invested in packaged products. Nor will you have cancellation rights for execution only transactions in authorised unit trusts & OEICs whether or not in an ISA. The effect of cancelling the last component of an ISA has the effect of cancelling the entire ISA agreement & may also delay you from entering into another ISA agreement until the next tax year. Where the ISA results from a transfer you may also lose that ISA allowance.

## MATERIAL INTERESTS

32. We offer independent financial advice, but occasions can arise where we, or one of our other customers, will have some form of interest in business, which we are transacting for you. If this happens, or we become aware that our interests or those of one of our other customers conflict with your interests, we will inform you in writing and obtain your consent before we carry out your instructions. There may be occasions when we will be unable to act for one of the parties.
33. As a consequence of such potential conflicts arising, we have put arrangements in place to ensure our clients are treated fairly. We have also implemented a conflicts of interest policy to help us manage such risks, which you may access on request.

## RISK WARNINGS

34. The value of investments may go down as well as up, and you may not get back the amount invested. Levels of income from investments may fluctuate. We cannot be held liable for any depreciation in the value of investments arranged for you. Non-readily realisable investments will generally have a restricted market, and therefore it may be difficult to deal in that investment or to obtain reliable information about its value. For mortgages please be aware that your home may be repossessed if you do not keep up repayments on your mortgage. For insurance products, your insurance policy may lapse if you do not keep up to date with regular premium payments and you may not be covered if a claim is made. Relevant risk warnings will be advised to you throughout the financial planning process, in any your suitability reports we issue and product key features documents.

## TERMINATION OF AUTHORITY

35. You or we may terminate our authority to act on your behalf at any time, without penalty. Notice of this termination must be given in writing and will take effect from the date of receipt. Termination is without prejudice to any transactions already initiated which will be completed according to these terms of business unless otherwise agreed in writing. You will be liable to pay for any transactions made prior to termination and any fees which may be outstanding. Any fees outstanding for work undertaken that will not be covered by any expected commissions at the date of termination will be due within 30 days of the termination.

## DATA PROTECTION & ANTI MONEY LAUNDERING REQUIREMENTS

36. We are registered under the Data Protection Act 1998. It is understood that we keep personal and financial information with regard to your circumstances on file (electronic and/or paper based) as required to be able to advise you as to your financial planning needs. We confirm that this information will not be used, or transferred by us to any other firm or company with the exception of Financial Limited, apart for the purpose of processing your application or in the pursuit of providing you with advice. We may also provide information to the FSA/FSCS upon request.
37. We cannot be held responsible for the information held on your file becoming inaccurate due to your change of circumstances if you fail to inform us of those changes.
38. Where investment business services are provided to us by third parties then circumstances may arise which warrant the disclosure of more than just your basic contact details. On these occasions such as processing business, and obtaining compliance and regulatory advice you agree that personal information held by us may be disclosed on a confidential basis, and in accordance with the Data Protection Act 1998, to such third parties. You agree that this information may be

transferred electronically, e.g. email. You also agree that we, or any such company, may contact you in future by any means of communication which we consider appropriate at the time

39. We keep records of our business transactions for at least five years. You, or your appointed agent, have the right to inspect the records at a mutually convenient time and copies can be provided at your cost. Your original file remains our property.
40. We are required to verify your identity in accordance with the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007. We reserve the right to approach third parties to verify identity and to delay any applications until adequate verification of identity has been obtained.

**This is our standard client agreement upon which we intend to rely. For your own benefit and protection you should read these terms carefully before signing them. If you do not understand any point please ask for further information. We reserve the right to amend these Terms at our discretion where changes in regulation, law etc. necessitate, by giving you notice in writing. These Terms of Business shall be governed by and construed according to English/Scottish Law. Any disputes shall be determined in the English/Scottish Courts.**



## **TREATING CUSTOMERS FAIRLY – OUR POLICY**

We are committed to providing the highest standard of financial advice possible. As a firm, we take very seriously the requirements of our regulator, the Financial Services Authority; in particular, the requirement to treat our clients fairly.

- We strive to do this in all that we do.
- We undertake that all of our actions will be guided by the principle that the interests of our clients are paramount.
- Our systems and procedures are designed to place our customers at the heart of our business.

In our dealings you can expect that:

- We will show flexibility, empathy, consideration and not take advantage of you.
- We will offer you the best product that we can.
- We will communicate clearly with you and without the use of jargon.
- We will not place our interests above yours.
- We will strive to give you what you have paid for and inform you of charges before they are incurred.
- We will do our best to resolve any mistakes as quickly as we can.

As examples of how the principles and guidelines mentioned above work in practice in our business, we set out below details of what you can expect from us in various areas of our business.

### **When we give you advice**

- We will only recommend suitable investments and other products after finding out sufficient information about your circumstances to be able to advise properly.
- Our advice will be guided only by what is best for our clients.
- We will set out in writing and in clear, concise terms why we have recommended any particular investment or product.
- We will inform you in advance of our charges and how these should be paid. If any commission is paid because you invest in any product or investment then we will inform you of how much this is.
- In the event that there is a conflict of interest between us we will tell you about this as soon as possible after we become aware of this.
- We will keep comprehensive records of our dealings with you and will record your attitude towards risk.
- Where appropriate, and where agreed between us, we will monitor your investments and other financial products and contact you to let you know how they are doing.

### **When we deal with you**

- When you contact us you can expect that we will be polite and courteous.
- All of our staff are trained in dealing with our clients and in treating them fairly.
- When we write to you we will be clear and straightforward; we will try not to use jargon and technical terms. We will be happy to discuss or clarify any matter.
- You can expect that all our staff are trained properly for their roles. All of our advisory staff are qualified financial advisers and are fully trained in respect of the investments and products they advise on.

### **If things go wrong**

If you complain about any aspect of our service then you can expect that your complaint will be dealt with professionally, impartially and in accordance with the rules laid down by our regulator, the Financial Services Authority (FSA). We are insured as required by the rules laid down by the FSA. We will provide details of our complaints policy and procedure on request.

We hope that you find using our services a pleasant and straightforward experience. We always welcome comments and observations about the way in which we deal with our clients and would encourage you to contact us if you have any comments on the way we deal with you.