

# **Principles and Code of Practice for giving generic advice – Draft Adam Samuel**

## **The Principles**

Generic financial advice and guidance must at all times be

1. impartial from the Government and the financial services industry.
2. supportive; it must support and guide individuals to help them to make better decisions, take action and change their behaviour so as to make positive steps towards improving their finances.
3. preventative where possible; the service should help people budget and plan for both today and the future, to be able to withstand financial shocks, to avoid crisis and to fulfil their aspirations.
4. universal: available to all, free to the user
5. sales free; the service is not a product sales channel it cannot recommend a product from a specific provider or that the user varies or disposes of an existing product.

## **Requirements of advisers**

### **1. Introducing generic advice to the user**

- 1.1. Introduce yourself to the user and explain what generic financial advice is.
- 1.2. Explain any preparatory work that the user will need to do before a formal meeting or telephone call with you.
- 1.3 Explain where possible how long a formal meeting or telephone call is usually expected to last.
- 1.4. Explain what the user can and cannot expect from, and at the end of, the generic financial advice process.
- 1.5 Explain that information gathered will be completely confidential and only passed to any third party with the user's prior agreement.
- 1.6 Identify and agree with the user their objectives and agenda for the meeting or telephone call.

### **2. Obtaining information from the customer**

Establish with the user his or her key financial concerns and gather as much relevant information as is appropriate from them so that the user is more readily able to identify and discuss these concerns and to agree what may need to be addressed.

#### **2.1 The Process**

- 2.1.1 Establish if the advice is for the immediate user or a third party

- 2.1.2 Encourage the user to express the nature of his or her financial concerns
- 2.1.3 Help the user to identify and express any urgent concerns they may have.
- 2.1.4 Help the user to clarify their wants and needs
- 2.1.5 Enable the user to prioritise their needs.
- 2.1.6 Understand the user's needs and motivations for seeking advice
- 2.1.7 Help the user to describe their financial circumstances including financial assets, liabilities and other entitlements and obligations that they may have.
- 2.1.8 Gather, manage and record information efficiently, accurately and effectively while observing all confidentiality and data protection requirements.
- 2.1.9 Ascertain whether the user anticipates any changes in the foreseeable future that may affect the area of advice concerned, particularly where those changes will have an impact on entitlement to state benefits.
- 2.1.10 Point out to the user where additional information may be needed or sought in order to help with further advice.
- 2.1.11 Where the user confirms that the advice or information is for a third party, check and confirm that the user has permission from or Power of Attorney for the third party on whose behalf the advice is being sought.

### **3 Approaches to generic advice**

- 3.1 Use communication forms and styles that are appropriate to the user you are dealing with and which foster a two-way discussion
- 3.2 Establish how the user may want the information to be provided to them (e.g. electronically, paper based)
- 3.3 Acknowledge points raised and made by the user.
- 3.4 Display an interest in the user's needs by tone of voice, verbal and body language as appropriate.

### **4. Giving generic advice**

#### **4.1 Advice content**

- 4.1.1 Act within the limits of your competence.
- 4.1.2 Address needs identified in the generic financial advice process, having regard to the information given to you by the user including any existing provision the user has disclosed to you.
- 4.1.3 Focus on the main categories of need: budgeting, debt and borrowing, protection, savings and investment.
- 4.1.4 The user's needs must be their own and any priorities and options presented to the user should reflect their particular needs.
- 4.1.5 The options presented should reflect the users own aspirations and goals rather than only presenting the user with options that the adviser thinks are appropriate for the user's circumstances.
- 4.1.6 Identify under the categories: income and budgeting, debt and borrowing, protection and savings and investment, the potential options available to the user which could address their needs.
- 4.1.7 Agree with the user if any immediate action is required what that will be.

## **4.2 Communicating advice**

4.2.1 Have due regard to your organisation's policies and procedures, including those covering health and safety at work.

4.2.2 Explain to the user that your advice is based solely on the information they have been able to provide for you.

4.2.3 Check that the user understands their current financial circumstances and what areas of need you have agreed are to be addressed.

4.2.4 Discuss the key features, advantages and disadvantages of the options identified, including the use of any existing provision the user has disclosed to you.

4.2.5 Present information clearly, concisely, accurately and in an understandable way.

4.2.6 Make clear to the user what will happen next.

4.2.7 Check and confirm user understanding so far.

4.2.8 Explain to the user where the advice they require is outside of your competence.

## **5. Referring customers to others**

Where a user needs personalised or generic advice beyond the adviser's competence (such as advice on specific financial products; claiming specific benefits; specialised debt advice; tax or legal advice), the adviser will be expected to assist the user to find appropriate specialised advice by referring them on.

5.1 Identify where appropriate the need for a suitable referral in cases outside your competence.

5.2 Provide as appropriate information about other service providers that are more appropriate for the client need at this stage.

5.3 Help them find specialised advice by referring them on.

5.4 Identify and offer the user the information they need to access providers of services that could address their needs.

5.5 Make clear under what circumstances the user is likely to incur costs either by fees or through product charges and that these can vary from provider to provider.

5.6 Give equal weight to all equally appropriate choices.

5.7 Referral could include explaining to the user the different types of services available from the financial services industry, particularly the types of adviser in the marketplace. However, referral must be all be made to an independent financial adviser except as regards a matter relating to an existing product held by a provider.