

Video 2 – Mandatory information/choosing an adviser

Welcome to the second of our series of videos, looking at our expectations of financial advisers when they provide pension transfer advice, such as leaving a defined benefit scheme.

In this video, we are going to look at the information advisers should give you about the scope and cost of their services before you choose to proceed with the advice process.

Before you take advice, the adviser should provide you with information setting out specifically what type of firm they are, the services they can and will offer, and the cost of these services. I just want to reiterate here that you should receive this information prior to any advice being given to you.

Let's look at this information in a bit more depth.

Type of firm – financial advisers can offer independent advice, which means they can consider products and providers from the whole market, or restricted advice, which means they are limited to certain products or providers. This limitation may apply to a number of products or providers or may be to a single firm's products.

The information you receive should state if the firm are independent or restricted. And if they only offer restricted advice then the adviser has to clearly explain what and who they are restricted to. In the event of a transfer, this affects the product you could be advised to invest in.

Services that can and will be delivered - the information you receive should be clear about what the adviser will do on your behalf. For example, some advisers may provide advice on every part of your financial life.

Many advisers may also offer an ongoing service. These services vary but often include a regular meeting and review of your investments.

We will talk about this in a later video but if a firm offers an ongoing service, then in the disclosure information provided, they have to clearly explain what that service will look like and how much it will cost, including examples in monetary terms.

One very important point here is that some advisers may not be permitted or have the necessary qualifications to advise on pension transfers, so they may outsource this work to another firm which does. If that's the way the adviser operates, then they should make you aware of that.

Also, if you take advice and a firm advises you not to transfer, they may not help you if you insist on transferring – they should tell you if that is the case before you take advice.

Cost of services – it's important to understand what fees and charges you will pay for advice and when you will be expected to pay them

Financial advisers have to tell you upfront how much their services will cost in pounds and pence. This means that you will know how much the advice will cost you before any work takes place. And it gives you the opportunity to decide if the services are affordable to you.

In most cases, you will need to pay the same amount for full advice, whether the transfer goes ahead or not.

In some circumstances however, such as limited life expectancy or if you are in serious financial difficulty, it's possible that a firm may only charge you only if a transfer proceeds.

Alternatively, if the cost of full advice seems high, advisers can offer you a short form of advice known as 'abridged advice' to confirm that you are not suited to a transfer.

However, there may be situations where you go through the abridged advice process and it's not clear whether you would be suited to a transfer or not.

If this is the case, the adviser must state that they cannot make any kind of recommendation on the best course of action unless you take full advice and then provide you with details of what that would entail.

Also, if you only go through the abridged process, then an adviser cannot give you confirmation that you have taken transfer advice, even if **you** want to transfer.

Again, this confirmation can only be provided following the full advice process.