

Introduction

Throughout our history the fair treatment of customers has been central to our corporate culture. We have been based in the same large village of Cranleigh in Surrey for over 18 years, developing close links with a large number of customers, employees and former employees.

Consumers can be confident that they are dealing with a company which has a family at its heart, a family which has put the interests of the company's customers at the centre of its business for nearly two decades.

Some years ago we started using the following vision statement:

Our training, processes and procedures are all designed to provide a creative and client-centred independent financial planning service supported by an environment in which our advisers and support staff earn a living in an ethical, fulfilling and financially rewarding way.

Whilst, therefore, we have always striven to treat our customers fairly **it is useful to define what we mean by that** and how we measure our success or failure at doing so, in each area of our business.

Our regulator, the Financial Services Authority (FSA) has moved to a system of principles based regulation and FSA Principle 6 requires that regulated firms such as ours "pay due regard to the interests of its customers and treat them fairly".

The FSA has laid down six 'Consumer Outcomes' which should follow as a result of a financial services firm treating its customers fairly:

1. Consumers can be confident that they are dealing with firms where the **fair treatment of customers is central to the corporate culture**;
2. Products and services marketed and sold in the retail market are **designed to meet the needs of identified consumer groups and are targeted accordingly**;
3. Consumers are provided with **clear information and are kept appropriately informed** before, during and after the point of sale;
4. Where consumers receive advice, the **advice is suitable** and takes account of their circumstances;
5. Consumers are provided with products that perform as firms have led them to expect, and **the associated service is both of an acceptable standard** and as they have been led to expect;
6. Consumers do not face **unreasonable post-sale barriers** imposed by firms to change product, switch provider, submit a claim or make a complaint.

Our services

We provide independent financial advice, in the main to individuals and families, although we have a small but growing number of corporate clients. **Our clients have tended to be a cross section of the community** rather than concentrating on a particular sector.

We have taken steps, however, to identify certain types of customer so that we can provide them with a more specialist and targeted approach.

By segmenting our customers in this way **we can hone our services to meet the needs of identified consumer groups**. This will help us to make sure that the advice we provide is suitable and takes account of our customers' circumstances.

At the same time we have developed a number of specialist areas within our team of advisers. These cover **investment advice, pensions advice, care fees planning, inheritance tax planning, equity release and income protection**.

In May 2008 we completely updated our Business Plan which we called *Leading Arch into rude health*, so that the principle of treating customers fairly was seen to be embedded into every aspect of our marketing and operational strategy.

Clarity

It is our policy to attempt to make all correspondence and promotions with customers clear, concise, simple, fair and not misleading. We attempt to make the suitability reports which contain our recommendations as easy to understand as possible.

We market ourselves widely through **our main website and seven single topic micro sites** and consistently obtain high ranking on search engines such as Google.

Our company gets several mentions in the financial trade press in most months of the year without any need to pay for advertising space.

In evidence that we are achieving this to some measure we were the inaugural winners of the *Professional Adviser / Baillie Gifford Financial Education Award 2008*.

The award was launched to mark the great steps made by financial adviser firms around the country to improve the knowledge of both their customers and the general public of financial services.

Advice

We will at all times ensure that advice is appropriate and that due account has been taken of the customer's specific profile, needs, knowledge and attitude to risk.

When assessing our customer's attitude to risk we will do our best to ensure that they understand what this means. We will always obtain sufficient customer information to understand their circumstances, needs and requirements.

By carrying out full and/or regularly updated Confidential Questionnaires, where possible, we will structure a programme over time to protect a particular customer in terms of their exposure to risks and capitalise on opportunities via good financial planning. We will then give our customers the option to act upon these needs or reject them if they wish, without pressure to proceed.

We will always ensure that we disclose information in a way that is understandable to our customers whilst complying with FSA rules and requirements. This particularly applies to the potential risks customers take when investing.

If any policy exclusions or charges apply, we will bring these to our customer's attention without prompting and explain their effects either at a customer meeting, or where requested in writing.

Our Role as IFAs

It is important that you understand our role concerning your financial and investment planning and the foundational principles on which we base our advice. If these principles are understood and accepted, it will be easier to decide at any time whether changes need to be made.

- **Principle 1** - Whilst it might seem self evident, our role is to provide financial planning advice. Although this will often involve recommending the most suitable financial planning products for your circumstances we are not limited in this to simply selling products.
- **Principle 2** - Our aim is to assist you to achieve your long term financial goals. Our skills are more about the 'big picture' of your investment planning commensurate with your age, attitude to risk, capital growth/income needs and tax position rather than the day-to-day detail of investment management. We have no expertise in day-to-day tactical asset allocation and no more ability than the next man in making short-term profits for our clients.
- **Principle 3** - We will strive to be ethical in all our dealings with you. This simply means that we will try to deal with your financial affairs as though they were our own. In circumstances where there might be a conflict between your needs and our personal financial advantage we will put your needs first.
- **Principle 4** - We will only advise you within our areas of expertise and experience. We are constantly seeking to expand our knowledge and experience; however, if our advice needs to go beyond our current level of competence in any area, we will seek the help of another adviser within the company to assist us in the process.
- **Principle 5** - We acknowledge the simple fact that the world in which we live is constantly changing. Such changes will inevitably mean that some of our decisions with hindsight were wrong. Our role at such times is to admit our mistakes and make the necessary changes for you on the most favourable terms that we can arrange.
- **Principle 6** - Every investment has an element of risk. It is an unavoidable part of the investment process. Our job is to identify the risk, match the risk to your requirements and attitude to risk and explain clearly that risk to you.
- **Principle 7** - Even though risk is unavoidable we will seek to reduce the risk to your portfolio as much as we can by using diversification of investment types, markets and market sectors, products and product providers to avoid you having all your 'eggs in the wrong basket' at the wrong time.
- **Principle 8** - When giving investment advice to you we will take account of your tax position and the tax treatment of the investments. This will hopefully enable you to avoid paying unnecessary tax.
- **Principle 9** - No single type of investment is right for everyone. Each carries different risk profiles and personal needs and preferences also vary widely.
- **Principle 10** - We will want to make sure that you have sufficient money on deposit or otherwise readily accessible for emergencies so that you do not have to remove capital from long term investments at an inappropriate time.

Information

It is important that customers understand the nature of the services being offered by the firm and how they pay for them.

The firm is a fee and commission practice and we will always agree any fee charged before commencement of the work. If additional charges are to be incurred, then we will agree and explain these to the customer before carrying out the actual work. We will maintain adequate records to account for customer monies and invoices raised.

We will always be open with our customers and will, if relevant, communicate with them on any matters that might affect them.

Record Keeping

It is important that we keep accurate and adequate records of customer needs and instructions at each stage of the sales process. It is also important that the administration of a customer's transaction is carried out efficiently.

Accurate records are kept to record all advice and information given and received.

If a customer requires information, we will be open and responsive to their request, replying in a timely manner. We will be mindful of the need to review customer information to ensure its accuracy and to comply with the Data Protection Act. This will enable us to respond fairly to our customers in the unfortunate event of a customer dispute.

At all times we will ensure that customer data remains confidential.

Our use of Platforms

We were an early user of investment platforms as we could see **the benefits for our clients in terms of consolidation, convenience, choice, control and cost savings**. Since 2001 we have used various platforms including the Cofunds Fund Supermarket on which we placed a large proportion of our customers' investments.

Building on this experience of other platforms and our most recent research, we made the decision in the autumn of 2007 to join with twenty or so other firms and start using the Nucleus Wrap as we believed that this would offer outstanding value for our customers going forward. At the time of writing there are now over 60 IFA firms who are members of Nucleus and **the Nucleus Wrap has become a central feature of our service to investment customers**.

Complaints

We have in place a written complaints procedure that every member of staff has read and understood. It is important that disputes are handled sympathetically and that the firm is open and honest about its mistakes.

We recognise that a well-handled complaint can prevent a potentially difficult situation escalating and can ultimately retain customer loyalty.

We will be open in our complaint handling procedures and inform customers of areas outside of their complaint, if applicable, where we may have discovered errors of which they may not be aware. Customers readily accept that errors occur and in many cases are gratified that a firm will accept that they are fallible and keen to rectify the situation.

Staff and Adviser Training

We acknowledge that the dealings of all staff affect whether customers are treated fairly. Having members of staff who are adequately trained and mature enough to acknowledge whether a task is outside their expertise is important in this regard.

From the moment a new adviser or member of the support team attends our **intensive series of Initial Training Workshops** they know that we are serious about the business that we are in and attaining the highest standards of knowledge and competency.

Our advisers undergo a system of **continuous professional development (CPD)** which is vital so that we all maintain our skills and competence. At any one time a number of our advisers will be seeking to obtain further professional qualifications.

Each month our advisers meet for a morning to discuss current issues which may affect our customers. The **Advisers' Team Meeting** will invariably include an outside speaker from one of the investment houses or product providers.

Our Support Team is the hub of our business and is essential in sustaining and improving the service that we are able to provide to our customers. We not only put new support team members through our initial training workshops for advisers but we include them from time to time in our advisers team meetings. In this way they have the greatest understanding of the needs of our advisers and customers. Support Team members are also encouraged to take appropriate external examinations.

Information from Product Providers

It is important that staff understand and consider documentation supplied by insurers, to ensure that they fully understand the features and risks associated with the product being recommended. Staff should also be in a position to make an informed judgement on the content and opinions expressed in any product provider's literature.

Keeping up to date

We will continue to monitor further FSA guidance, to ensure that treating customers fairly is consistently built into the overall culture of the business, at all times.

External Consultants

We do not just rely on our own assessment of whether we are treating our customers fairly, or even that of our regulator.

On an ongoing basis, we use external consultants who assess our strengths and weaknesses in terms of treating customers fairly. These are:

- **threesixty services LLP** which was established in March 2003 and offers a fully comprehensive range of high quality support services to directly regulated firms. threesixty delivers a bespoke, menu-based service to each client to meet their unique needs. A flexible contract arrangement enables clients to alter these services as their businesses develop. threesixty's team of experts regularly produces in-depth market research, keeping clients up to date with industry events and product development.

threesixty is building on the success of its support for its clients in meeting the FSA's Treating Customers Fairly (TCF) requirements by providing more hands on assistance in 2008, including TCF Health Checks. Through its workshops, ongoing updates and risk visits threesixty has assisted its clients in progressing towards their TCF objectives. threesixty also provided its clients with a tool called the TCF Monitor to help them assess and demonstrate compliance with the FSA's TCF initiative. Many of the threesixty clients visited by the FSA in the last 12 months received positive commendations on their approaches to TCF.

- **CEI Compliance Limited** - this is a specialist Financial Services compliance outsourcing facility. We have used the services of Lee Werrell of CEI Compliance Limited to assist us with some of the practical aspects of our compliance with financial services regulations. In particular CEI Compliance Limited was engaged to help us with a Gap Analysis and recommendations for treating customers fairly.

For personal advice

If you would like to discuss whether our services might be appropriate for you please contact us via one of the following:

Tel: 0845 3700 661
Email: enquiries@arch-fp.co.uk
Online: www.arch-fp.co.uk

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