

Independence tag is being watered down: Standard Life

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Financial advisory businesses should seek to prove their professionalism by obtaining chartered status, according to Standard Life.

In a recently published paper the life provider has called for the FSA to tone down the complexity of its proposals under the retail distribution review. Standard Life wants firms to market themselves on their professionalism rather than on the fact that they are independent financial advisers, a tag which Standard Life said has been watered down.

In fact, Standard Life said partially qualified advisers within a chartered financial planning firm should still be described as independent as long as payment is done by customer-agreed remuneration or fees. They should also have unrestricted access to the whole of the market, which may include a range of providers or a 'panel', as long as it is regularly reviewed.

An IFA, according to Standard Life, should also consider the use of one or more platforms.

Peter Jolly, strategy manager for Standard Life and lead architect of the firm's response to the FSA, said: "One of our key messages is that you have to get value back into the IFA tag. It has been damaged by this debate.

"If you call everything in the market independent advice then you de-value some of the independent advice. Independent advice has to be a really important thing that the consumer seeks out.

"You can see a number of wealth management firms shunning the IFA tag and you also see a whole plethora of firms under the IFA tag."

Standard Life suggests that within a chartered firm, of which there are only 107 so far, there may be two or more services offered: non-advised purchases, general advice, and professional financial planning.

Customers may be referred to increasingly complex or simple solutions depending on their preference or the degree of complexity involved.

According to Standard Life, sole traders that cannot provide such offerings might choose to specialise or restrict their findings.

Mr Jolly, who described the FSA's proposals as being far too complex, said that the RDR would leave financial advisers with three choices: specialise; align to a larger service provider or network; or become more professional.

In its submission, Standard Life said that it welcomed the proposals that the Chartered Insurance Institute made to the FSA, including the call for a single framework of ethics and tiered technical and skills-based standards.

David Cox, managing director of financial services consultancy Suuqea, said that the challenges facing the intermediary market would grow as a result of the RDR.

He said the biggest challenge for most intermediaries was running and growing a profitable business while positioning it within the new regulatory landscape.