

# Clients will demand quality and value

## Financial advice: Qualification bar being raised

BY GORDON WILSON

The retail distribution review (RDR) is about to turn the financial advice industry on its head.

From the end of this month, the qualification bar for those working in the industry will be raised and payment by commission is barred.

This is great news for anyone seeking financial advice, as the remaining advisers should be more knowledgeable, resulting in better advice, and the conflict of interest caused by them being paid by commission will be gone.

In place of commission will be adviser charging. The customer pays the adviser, not the product provider. Advisers will

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need to make clear the service they are providing, and consumers will have to agree to the fee for the adviser to be paid. Instead of advisers negotiating commission rates with product providers to determine what they are paid, the negotiation will be between the adviser and customer.

Customers will all of a sudden become much more discerning; so they should if they are being asked to pay hundreds or even thousands of pounds



WELCOME CHANGE: Consumers should be able to access proper advice

for advice. They will demand higher levels of qualification, experience and service and will be asking many more questions of their advisers before they proceed.

I fully expect customers to shop around to find the best deals. The days of the hard-sell, product-flogging adviser are numbered.

Quality firms with highly-qualified advisers, who are well resourced, will be the real winners as customers will gravitate towards them. There is a fear that people of modest means will be the losers in

all this, but I disagree. For the first time they should be able to access proper advice instead of being sold a product to meet the adviser's commission target.

Yes they will have to pay, but this will be open and up front which is much better than being saddled with a high-cost product with hidden charges to cover the commission.

So what kind of qualifications should consumers paying fees look for in advisers? The minimum standard is the diploma in financial planning, but if I was paying fees for advice

I would be looking for an adviser who was either a chartered or certified financial planner.

Added to qualifications, I would be requesting a CV, because I would want to know the experience and track record of the individual concerned. I might also request a copy of their company's accounts, so I could make a judgment about its financial standing.

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