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‘If you didn’t write it, it never happened’: How 3 IFAs evidence ongoing service

After the FCA’s review of the 20 biggest advice firms, and SJP setting aside £426m for advice fee refunds, three IFAs explain how they evidence ongoing advice.

BY VICTORIA BELL

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It’s one of those things where if you’re offering financial planning, it’s self-evident. The general stats are that 80% of revenue is ongoing, and that certainly matches our experience, possibly more so because we’re quite a mature business.

This has been a story for as long as I’ve been in the sector. With the retail distribution review [RDR], the rules are that you have to do something to earn the ongoing fee you’re being paid. I’m always scratching my head thinking: ‘What are people doing otherwise?’

We have a prescribed financial planning process on the same date every year, with a meeting that [produces] an actionable, headlines-based output report.

We have also revamped our review documents and have a succinct outcomes review document. That is the service. You’ve got to do what you say you’re going to do.

The slightly less self-evident thing – and this is something I’ve always struggled with – is where people say they have a reactive service. That doesn’t make sense to me. What is the cost of being available when needed?

We use Intelliflo for our back-office, which gives us all the automated workflow stuff, and we auto-track a bit more centrally with an advice and transactional log, which we use to cross-reference and get more actionable, manageable information.

Thankfully, we don’t get many clients saying they don’t want an annual review; that is not our service. We have high engagement and there is an active decision to pay a meaningful fee for that engagement.

We have good internal chasing procedures with clients. It’s rare we don’t get to see somebody. We have a strict compliance rule internally that says that on the second year of a missed review, services are ended formally and fees are closed off. We send a letter to those clients saying they need to engage. We have only had to do that once, but when we sent the second-year letter, it garnered a response quite quickly.

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Adam Walkom

Permanent Wealth Partners, London

We see every client at least once a year. We use Xplan for our CRM [customer relationship management] process, which alerts us to when the last client meeting was and books in the next meeting automatically.

We have massive engagement with our clients. The yearly review covers the financial planning update, investment strategy and risk analysis. We meet clients, write notes, then issue the client a copy of those notes with a confirmation of suitability letter, which effectively says that based on the current discussion we believe their current financial plan is suitable, and ask them to sign.

We evidence that we have produced these materials, send clients the letter, they sign it and send it back.

Before every meeting, we’ll email the clients to see if they want to change anything. Most of the time, clients don’t respond to those emails because they have busy lives. We have the meeting and then we update the financial model, they get sent the copy of that. If you didn’t write anything down, it didn’t happen.

If clients don’t want an annual review for whatever reason, we avoid them. We don’t do one-off work. You either join the club or you don’t.

A lot of advisers moan about consumer duty but ultimately the more transparent your business is, the fewer hoops you’ll have to jump through in the first place. For once, I’m applauding the FCA, I don’t think I’ll ever say that again.

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Scott Gallacher

Rowley Turton, Leicester

We have a back-office system called Iress, Xplan. All of our active clients are on that system under a particular category, and we run regular reports on those reviews.

All clients are on a review schedule that Xplan provides as standard. You can record what type of review clients might have gone through, whether telephone, face-to-face or postal.

At the start of every month, the team will pull out information on who needs an annual review or telephone review. We send the clients a report after the review confirming whether they want any changes made, or just confirming ongoing suitability, and that is recorded on Xplan.

We also run an old-school Excel spreadsheet as a manual check of that. Between those two systems, we double-check that nothing is missed.

Pre-RDR, the general compliance rule of thumb was not to commit to annual reviews, but advisers did them because of commission. Once RDR came in, our understanding was that you had to provide an ongoing service, which had to be more than giving people a statement.

We’ve always been aware since RDR that clients can effectively sack you without notice; the fees should then be turned off immediately. Some firms take a different reading on that, but that’s our reading.

On consumer duty, we don’t see it as a game-changer because everyone should be doing it.

If a client is unresponsive, we send out a review based on the information we held previously, we will then invite them to contact us.

Typically, clients are not unresponsive for long; they might miss one review. That’s typically because they are busy and happy. You might ring a client who will ask if everything’s OK. We’ll give them information on the investment and we commit to catching up later when they aren’t so stretched. Generally, clients do want to sit down and catch up.