

Independence is vitally important - Use an Independent Intermediary

Solicitor struck off after referring clients to Tied Adviser

A solicitor has been struck off for failing to refer clients to an Independent Financial Adviser, (among other failings).

The Solicitors Regulation Authority (SRA) brought a case to the Solicitors Disciplinary Tribunal against Andrew Field of Field & Co, based on 3 alleged breaches of the Solicitors Code of Conduct 2007.

It is alleged that Field failed to refer his clients to IFAs for investment advice, allowed his independence to be compromised and misled the County Court in failing to disclose certain loans from the tied adviser to which he referred his clients, as part of an individual voluntary loan arrangement.

For the first client - On the advice given by the tied adviser, Field invested £1.45m out of a total of £1.6m in the adviser firm's Unit Trust and International investment bond products.

In the second case, Field was joint Trustee and Executor of an estate with £300,000 for investment. The adviser recommended the full £300,000 be invested in the firm's investment bond.

In the third case, Field was Power of Attorney for a woman aged 101. The adviser again recommended the client's entire £300,000 fund be invested in the firm's investment bond.

The Tribunal found all 3 allegations proved beyond reasonable doubt.

IFA Solicitor referrals SIFA

The SRA issued guidance in July 2009, clarifying that when solicitors refer clients to financial advisers, such referrals must be to Independent financial advisers.

The guidance reads:-

"The SRA is aware that some law firms have been approached by multi-tied and tied advisers seeking to enter into restrictive arrangements to provide financial services to the law firms' clients. Firms must always act in the best interest of their clients. This means that they must refer clients to Independent Financial Advisers for investment advice."

The SRA's code of conduct states solicitors can only refer clients who need investment advice to "independent intermediaries" It defines an independent intermediary as an IFA who can advise on investment products from across the whole of the market and offers a fee option.

SIFA reports that they are aware that there are still firms giving regulated investment business to SJP salespeople and SJP is trying to keep this under the radar by suggesting they are not advising on regulated business. .

It seems there is still some way to go before St James Place, and certainly other firms not so well known, can be brought into line.

"It is vital that solicitors are aware of their duty to act in the best interests of their clients and refer to IFAs. This is particularly important after the RDR when advisers may describe themselves as restricted whole of market but are not truly independent."

It is in the hands of solicitors, who only need to remember that if they are referring their client for investment advice they must use

an Independent Financial Adviser

Scrutton Bland Ltd are Independent Financial Advisers and by referring your client to us you will be fulfilling your SRA duties in respect of referral to an independent adviser firm

Contact Neil Hewitt at our Ipswich office or Gary Riches at our Colchester office - addresses below

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