

September Update *for Professionals*

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Affinity Marketing

The Law Society has suggested that solicitors should seek to expand their client bases through affinity marketing – i.e. promotion via connected businesses - and has cited the example of the Co-op, which cross-sells its legal services from its funeral services database. Financial advisers are potentially a good source of new clients for solicitors and, subject to mutual due diligence, there is clearly scope for the reciprocal promotion of legal and financial services via web sites and marketing material. However, the firms involved would need to explain the services for which they were being promoted and to make clear their respective regulatory statuses.

OFR Compliance

The uncertainty created by the introduction of Outcomes Focused Regulation has prompted a surge in the number of firms seeking Lexcel accreditation and/ or subscribing to on-line compliance documentation systems such as Riliance. However, Lexcel does not address the requirements for COLP & COFA, while documentation systems could encourage a tick-box mentality and lead to the assumption that compliance can be left to COLP and COFA and that other members of the firm are not involved. Financial advisers, who for many years have worked under a the FSA's regulatory regime on which OFR is based, have come to appreciate that the bedrock of compliance is the establishment of effective management systems and controls which avoid the risk of individual members of a firm going off on a frolic of their own. A case in point is client referrals for financial advice, which must now be confined to IFAs who have been subjected to a central due diligence process.

CPD Year-End

As the end of the SRA's CPD year approaches, solicitors seeking to top-up their points can do so free of charge by attending SIFA's monthly webcasts or attending seminars arranged by SIFA Professional financial advisers. The next webcast will be on Wednesday 11 September at 1pm on the subject of "*Finance Act 2013 and its effect on pensions and investments*". Details are available from your Scrutton Bland Limited Independent Financial Adviser.

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Care and Support Bill

One step forward, two steps back! The joint committee on the draft Care and Support Bill has proposed that Local Authorities should be required to provide information on obtaining independent financial advice on the options for paying for care and support and where such advice can be found. Unfortunately, it is now being suggested that the reference to independent advice should be replaced by a requirement for regulated advice. This would enable the “partners” in financial services sales organisations to be recommended to vulnerable clients.

Pension Protection

Clients who may be affected by the reduction with effect from 6 April 2014 in the lifetime allowance for pensions savings from £1.5m to £1.25m are now able to retain their eligibility for the higher limit by registering with HMRC for “Fixed Protection 2014” and as from 5 April 2014 will have the further option of “Individual Protection 2014”.

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