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Boss of IFA welcomes shake-up in industry

Small independent financial planning consultants are likely to go to the wall, while major banks and building societies are expected to shut their service, it has been claimed.

But a major industry overhaul has been welcomed by Carl Lamb, boss of Almary Green Independent Financial Advisers, in Bury St Edmunds, who says it is 'long overdue' and will result in a better service from a smaller number of operators.

Only last week Norwich and Peterborough Building Society wrote to customers telling them it will no longer provide its own independent advice service, citing increasing costs and regulatory changes. Instead, its in-branch investment and pensions advice will be provided by Aviva.

And Barclays has also announced it, too, is to stop offering financial planning services.

Mr Lamb, managing director of Almary Green, said: "There are big changes on the way. The financial services industry is going to be more rigorously regulated from next year, making it far more expensive to practise."

He said he expected the industry to shrink by a fifth and had already been approached by five firms this year asking if Almary Green wanted to buy them out.

The shake-up will change the way financial advisers are paid for services. At the moment, advisers may be tied in to a provider which pays them commission for the products they sell. But in future the service would be far more transparent, said Mr Lamb.

"Increasingly people want to know that the advice they are getting is truly independent. The client needs to be sure it is the right product for their circumstances and that the price is right," he said.

Almary Green expects to top £2 million in turnover this year and is the only firm in East Anglia shortlisted for best small firm in the Professional Adviser Awards.