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How to transfer clients from an acquired firm

By Iain Martin

Transact's legal dispute with AFH Wealth Management over the transfer of clients from an acquired firm has shone the spotlight on the impact that wrap use can have when IFAs buy up other firms. Advisers Carl Lamb explains the process of transferring client assets after an acquisition.

Carl Lamb, Managing director, Almary Green

Once you have closed the deal, you should settle the novation agreement as soon as possible. It is a big part of a deal and it can take a few weeks or more for the providers.

You should agree to take on the clients and the liability. If you agree to take on the liability, you need an agreement that the adviser will contribute costs that emerge after the sale. You always cover it off in that way.

We have not come across a problem at all with platforms asking for client signatures. Platforms sometimes wanted to see a copy of the letter sent to clients informing them of the deal, which we are more than happy to send.

Communicate with the clients

When we do a deal, we talk to all the clients and tell them what is going on. The other adviser should provide all the data and send a letter to [their] clients.

We also agree that the adviser will keep their account open until everything is completely wound up. When we do deals, we make sure the adviser has signed up for it because they need to provide a lot of internal data.

When we bought the last business, we took a risk and settled the novation agreement five or eight weeks before the deal was closed. The whole thing was seamless.