

## Advisers label Transact's FSA fine as 'disturbing'

Advisers have described wrap platform Transact's £3.5m FSA fine for failings in protecting client money as a 'disturbing' development.

---

By Rebecca Clancy and John Kenchington

---

The advisers said the fine would make them "worry" about using the platform in future, although they were confident that the issue had been rectified.

"It's a bit disturbing. It's a bit of a worry and it would make you think very carefully about using them," said Kevin Morgan, managing director at Consilium Financial Planning.

The FSA yesterday said Transact's parent company Integrated Financial failed to perform any client money calculations for a nine-year period up to 2010, when the regulator visited the firm and uncovered the error.

As a consequence, the platform "failed to identify or fund any shortfalls in its client money bank accounts", the FSA said. "This meant that money belonging to one client was used to cross fund other clients and resulted in clients' money being at risk if Integrated Financial became insolvent."

"The fine would make me think twice about using that platform," said Mike Pendergast, an IFA at Zen Financial Services.

"I don't know the full reasons and I would need to look further into them before I made a decision."

**Roy Durrant**, a senior consultant at **Almary Green Investments**, is not currently a Transact customer.

"[The FSA fine] would make me worry in the future about using them, but having read the stories Transact has rectified the issue.

"The reason I don't use them is a cost reason rather than any regulatory failings but this is something that has added to why I wouldn't use them."

However, not all advisers who spoke to Investment Adviser magazine were alarmed by the fine

"Many big organisations have received huge fines from the FSA over the years and that doesn't stop most IFAs using them," said Ashley Clark, chartered financial planner at needanadvisor.com.

"I cannot see it changing the market. I don't currently use Transact but that doesn't mean that I wouldn't in the future."

Transact has told Investment Adviser its existing clients are giving no indication they will pull their assets off the platform due to the failings.

Malcolm Murray, head of marketing at Transact, said the group was contacting the top 500 clients on the platform, which represent roughly 80 per cent of total assets.

"Not one of the clients we have spoken to so far has said they will pull their business," he said.

"It is clearly a time of concern for advisers who use Transact. Some of them have said they are concerned but none of them, since the nature of the fine was explained, are worried."