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New way needed to apportion FSCS costs: Lamb

IFAs are still shouldering an unfair share of the costs of the financial services compensation scheme, Carl Lamb, managing director and IFA of **Almary Green Investment** Limited, has said.

According to the Norwich-based adviser, intermediaries could face another interim levy of up to GBP70m to pay for the costs arising from mis-selling sagas such as Keydata, Arch Cru and MF Global.

He said the FSA should step in to devise a different way of apportioning the costs of the FSCS, as many IFAs, who had nothing to do with these firms or their products, are having to shoulder an unfair share of the costs of these disasters.

According to Mr Lamb the fault lies with the regulators who allowed these firms to continue selling inappropriate products and services for far too long.

Mr Lamb said: "It is time the FSA got a grip on this issue before more IFAs are driven out of the industry due to soaring regulatory costs.

"The FSCS simply cannot keep turning to IFAs, who have never sold these products, to shell out indefinitely for every financial failure."

Mr Lamb's comments followed warnings published in November last year in an FSCS newsletter.

Mark Neale, chief executive of the FSCS, warned that the cost of claims for the investment intermediation sub-class in relation to Keydata, Wills & Co and other stockbroking firms would be higher than expected.

The Outlook newsletter quoted Mr Neal saying: "Our current projection is that we may face a deficit of at least GBP40m on investment intermediaries before the next levy becomes available."

Mr Neale also said payment protection insurance claims have been a major driver of the FSCS's work over the last six months, but are in line with its assumptions.