

Money Marketing, 17 June 2010

Misbuying risk in non-advised route

Advisers have called on the FSA to ensure advised and non-advised platforms have a level footing for regulation.

Non-advised platforms are currently outside the scope of the retail distribution review, although the regulator has said it will keep non-advised services under review.

At a Money Marketing round table last week, Almary Green Investments senior consultant Roy Durrant said non-advised platforms could pose more of a risk. He said: "With the non-advised route, there is a risk of misbuying and clients have got to be protected from themselves to a certain degree. Non-advised firms can couch what they are telling customers in such a way that says 'these are great, which one do you want'. I think that is pretty dangerous. For non-advised platforms to be excluded from the process is very wrong."

Evolve Financial Planning managing director Antony Williams said: "Whether an organisation is selling its wares with advice or selling its wares without advice, it is still selling. I agree that consumers do need to be protected from not just advisers and platforms that advisers use but also other types of platforms in the market and possibly even more so."

Platforum managing director Holly Mackay said that most IFAs will protect clients from the kind of bias the FSA is looking to guard against with the RDR. She said: "I would argue that in the majority of cases, the IFAs will be there to protect the client from the bias surrounding things like guided architecture so I think there is more risk of abuse if you keep the rebate system as it is for the non-advised platforms. I cannot really see the logic of the FSA making that distinction."