HA&W HunterAitkenhead&Walker CHARTERED FINANCIAL PLANNERS

Chartered Financial Planners

Free checklist | Choosing the right financial adviser

It isn't just the wealthy who benefit from financial advice. Working with a financial adviser can help most of us solve a specific financial problem or challenge, whilst making the achievement of your life's ambitions much more likely.

Whether you:

- Are seeking financial advice for the first time
- Already have an adviser, but feel now is the right time for a change
- No longer have an adviser because they have retired, or they have been closed down by the regulator

Choosing a new adviser from the over 30,000 in the UK is a daunting prospect. This checklist will help you find the right adviser for your circumstances.

First things first: build a shortlist

There are several ways to build your shortlist.

Asking friends, family members or work colleagues for recommendations is always a popular option and will also help you to understand the quality of the service they received from the adviser.

Alternatively, you could search one of the many adviser directories. These include:

The Money Advice Service: A directory of retirement advice services run by The Money Advice Service, a free and impartial resource set up by the government.

Your Money Adviser: A directory set up by the Personal Finance Society, of which many financial advisers are a member.

Unbiased: Perhaps the largest and most well-known of all adviser directories, this directory lists advice firms and allows you to search based on your own specific criteria.

VouchedFor: A directory of individual advisers, which again can be searched based on your criteria. Unlike the other directories, this site allows clients to rate and review their adviser, providing useful information to those looking for a new adviser.

AdviserBook: The newest of all the directories, but nevertheless a comprehensive listing of advisory firms, as well as individual advisers.

Once you have your shortlist, it's time to start working through our checklist until you narrow down your choice even further. Some of the information we recommend you collect will be available online via the adviser's own website, or through other sites such as the FCA Register.

However, other information can only be sourced by talking to the firm, or individual adviser, over the phone or by post. Alternatively, you could of course send them this checklist and ask them to provide their responses.

1 "Are you authorised and regulated by the Financial Conduct Authority?"

Financial advisers are authorised and regulated in the UK by the Financial Conduct Authority.

You should check that all the firms on your shortlist are suitably authorised, something which can be done by looking them up on the FCA Register, which you can find by **clicking here**.

You should never take financial advice from anyone who doesn't appear on the FCA Register; we recommend removing anyone who isn't authorised by the FCA from your shortlist.

2 "Are you independent or restricted?"

Independent financial advisers can choose products from the whole of the market. On the other hand, restricted advisers have opted to limit the types of product they can advise on or the product providers they can recommend.

The definition of a restricted adviser is extremely broad and captures many different types of firms. It is therefore impossible to say that all restricted advisers should be avoided. However, we recommend that you fully understand the nature of any restriction and how it will impact the advice you receive before you agree to work with the adviser.

3 "Are you qualified above the minimum standard?"

The minimum qualification level a financial adviser must have is known as QCF Level 4. However, many do not believe that this is enough and have undertaken further study and passed additional exams to achieve higher, and often specialist, qualifications.

We recommend working with advisers who have attained Certified or Chartered status.

4 "Does the adviser work for a Chartered firm?"

Financial advice firms, as well as individual advisers, can attain Chartered status, which in many respects represents the gold standard of financial advice. It demonstrates that advisers within the firm have achieved the highest levels of technical and professional knowledge through professional qualifications, they keep their knowledge and skills up to date through ongoing professional development and they adhere to an ethical conduct, which could be enforced through disciplinary sanctions.

You can learn more about the benefits of working with a Chartered Financial Planner by **clicking here**. Furthermore, you can confirm the Chartered status of a firm by searching the Chartered Insurance Institute Chartered Financial Planner directory, which you can find by **clicking here**.

We recommend only working with a firm of Chartered Financial Planners.

5 “Do you have specific qualifications?”

Most financial advice is delivered face to face and, in most cases, we believe that this is the most appropriate way to receive advice.

However, some people may prefer to receive advice remotely, using telephone, email and video conferencing. You therefore need to understand how your adviser tends to work and ensure it matches your requirements.

6 “Do you deliver advice in the format required?”

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However, some people may prefer to receive advice remotely, using telephone, email and video conferencing. You therefore need to understand how your adviser tends to work and ensure it matches your requirements.

7 “How do you charge?”

Many people dive into the subject of charges too early when considering which adviser to work with. We believe that is a mistake; there are at least half a dozen more important factors to consider. Nevertheless, eventually you will need to consider the fees you will pay to receive advice.

We believe that understanding how an adviser charges should come before understanding what they will charge. Many advisers have a ‘contingent’ charging model. That means they give their advice for free, only implementing a charge if you accept their recommendation and take out a financial product. Whilst ‘free advice’ might initially sound attractive, a contingent charging model such as this can lead to conflicts of interest; after all, the adviser only gets paid if they recommend a product to you.

We recommend you work with advisers who charge for their advice. That way, you can be sure it isn’t biased; the adviser does not have to recommend a product if they are to get paid. This is particularly important when working in complex areas such as Defined Benefit or Final Salary pensions.

8 What will I pay and what services will I receive?

Now’s the time to understand the fees an adviser charges and the services you will receive in return.

Comparing the charges made by advisers can be difficult, however it’s far from impossible.

We recommend asking advisers to provide written answers, explaining what they are likely to charge you and the services they provide. Often, this can only be done following an initial meeting, once the adviser has had chance to understand the complexity of your situation. However, other advisers display their fees online.

9 “Do you work with people with similar requirements or circumstances to mine?”

We recommend selecting an adviser who is experienced in working with people who are similar to you. That means they are more likely to have the experience and knowledge you need.

We recommend asking potential advisers about the types of clients they work with and only agreeing to work with the adviser if they can provide evidence of advising people with similar circumstances to your own.

10 “Do you have a support team in place?”

Financial advice can generate a significant amount of paperwork; ideally, your adviser should have a support team in place to assist them. In fact, the support team are often as important as the advisers themselves.

We recommend understanding the administrative support the adviser has in place and asking to be introduced; you need to get on with them as well as the adviser.

11 “What are your plans for the business?”

The most successful adviser / client relationships are those built on trust and long-term commitment. Therefore, it’s important to understand the plans your adviser has for their business.

If they are planning to sell up or retire soon, that might be a concern, especially if you will need advice for many years to come. Likewise, if they plan to expand the business, you should seek reassurance that they will build the support team and infrastructure to maintain their service standards as they take on additional clients.

12 “What should I expect from our first meeting, and is there anything I should bring with me?”

The aim of your initial meeting with an adviser should be to understand if they are the right adviser for you and whether you are the right client for them.

Consequently, the first meeting should be without cost or obligation.

We recommend that the first meeting should take place in the adviser’s office. This will give you an opportunity meet their support team and understand a little more about the environment in which they work.

Furthermore, we recommend avoiding any adviser who attempts to pressurise you in any way into becoming a client at that initial meeting. You should be left to make such important decisions in your own time and at your own pace.

And finally, once you have drawn up your shortlist, completed your online checks and then met with advisers, the most important thing to do next is trust your intuition.