

From: Richard Harry <richard.harry@bestpricefs.co.uk>

Sent: 02 May 2019 15:23

Subject: Latest Retail Distribution Review and Financial Advice Market Review - published yesterday (1 May 2019)

Good Afternoon

Latest Retail Distribution Review and Financial Advice Market Review - published yesterday (1 May 2019)

<https://www.ftadviser.com/regulation/2019/05/01/fca-concerned-about-driving-too-many-people-to-seek-advice/>

<https://www.fca.org.uk/publication/call-for-input/call-for-input-evaluation-rdr-famr.pdf>

Forgive the intrusion but, as a business, we follow your commentary closely where it's clear that you endeavour to identify 'value and benefit', producing quality outcomes to consumers of financial products, so we certainly regard you as leaders and influencers in your specific 'space'.

Our company's vision was clear, in the years leading to RDR, that consumers required choice, quality and value; not only of the products they select but also in relation to the service they purchase – leading to regulatory protection being provided when buying 'Advice' services, or when products are purchased 'DIY' with 'appropriateness' – as available by certain product/plan providers (I can further expand in relation to 'appropriateness' if required).

A number of considerations were driving my/our thinking at the time where we were in the depths of the GFC which we were in, focusing our vision on consumers expecting 'cost, value and quality' to be a primary focus, along with that of financial journalists, as consumer champions. (We didn't expect the latter to be so resistant and biased in their views and commentary!)

I certainly expected an easier route to becoming a recognised brand based upon our values, vision and offerings as a whole.

Forgive me for trying to appear as altruistic, I am a true capitalist with a conscience, believing that by providing 'quality with value and benefit, scale and commercial benefit will develop over time.... Maybe our time is now approaching....?

Best Price Financial Services Limited was established in order to provide a choice of services and products to a national audience of financial consumers at a price point that attracts attention, with products that 'add value' to all.... "a single-stop financial shop'.

Our vision is for financial consumers to be able to be able to visit our website, gathering information, education and products and advice services as a 'Single-stop financial shop'. BPFS focus on quality and price point with both advisory and DIY consumption of financial products. We hold, and value, our status as Independent Financial Advisers and Distributors as an essential ingredient for broad ranging, unbiased product and service distribution at value point that is 'no doubt' market leading.

FYI

Tax Products

We are currently building a number of new investment product solutions to our website including VCT/EIS (tax products) which will be available at the Bestprice with either 'advised service' or 'non

advised' – which will be subject to product provider governance and distribution instruction (meaning that a number of product manufacturers will only enable investor consumption having taken advice). Our advised proposition will (in many cases) be priced similar to DIY services where consumers gather no regulatory protection so value and benefit will be clear

I'll not name names but it's clear that some distributors will be disturbed/disrupted in relation to the price and value they offer investors – which are often written about very positively by some journalists.

Distribution Greed

Motor 'add ons', such as GAP and Alloy Wheel and Tyre, Windscreen, Refuelling cover etc., will also be available to quote and buy on line at a fraction of the cost of other online distributors; comparing against 'dealer distribution' the cost will create huge value add.

An example of the cost of quality GAP cover online is costed at around £250 over a 3-year term, like for like cover with a Motor dealer costs £500 plus. We are going to offer like for like cover at £185. Motor dealers are clearly becoming extremely 'greedy' – maximising their income from selling the physical car, along with the financial products as they have a 'bum on a seat'. Hopefully a reality check is around the corner for motor dealer distribution.

We work extremely hard to agree distribution terms with providers, build the products to the website, with the complexity of coding and all the regulatory considerations that development and promotion requires. This note was not intended to identify and promote our products and services to you, other than provide a flavour of our business vision and product solutions that offer incredible quality and value for money against the marketplace for comparable product benefits and cost. An example of quality and value is: Motor Legal Protection or Uninsured Loss Recovery cover. Our Motor Legal Protection contracts are priced at £9.99 p.a. against a general market price of £25-30 p.a. Clearly, we must develop large scale distribution in order to maintain our distribution value to consumers nationally, as our margins are extremely slim.

Our communication focus

Today's regulatory publication leads us to a point that we have been very aware of for many years And why the vision for the business was progressed.

As with all 'new business visions' scale is the Holy Grail that we continue to search for, so we have been focused on developing quality product solutions, along with an improvement to our digital marketing, moving towards our first baby steps with PR... It's clearly unfortunate that the barriers to mass market consumer awareness of our business vision are so large, and therefore consumption, is controlled by the hugely resourced distributors/manufacturers supported by what is exposed to consumers by journalists.

We are now becoming better placed to disrupt poor value and add value to consumers (we have cut ourselves many times along the journey to get to this point). We are the 'good guys' and can honestly say that value, quality and service is our focus and commitment to hopefully a truly national audience.

Our regulated advice services are market leading in quality and value (I would say this, wouldn't I?). A simple fact is that over the decades of advice being provided no complaint in respect of advice has ever been accepted or upheld (this is not to say that investors do not become concerned when

investment markets deliver major reductions in value) but suitability is never in question, nor have we/I ever used a product that has failed ever!

Experience counts.... Structure and diligence of process is essential.

Today the FCA stated *"While regulatory costs can be seen as the cost of doing business well, we are also aware that our actions can have a negative impact on the market and, by extension, on consumers"*. Wow Tell us something we didn't know already.... We welcome being able to provide feedback to the 24 questions asked, although 33 days, inclusive of weekends/holidays must be extended! I'm sure substantial coverage of this recognition will develop over the coming days and weeks.

Without being critical of the regulator and of financial education generally, the general population would be well served if a clearer understanding of what the FCA's regulation does and doesn't deliver.... Leading to the delivery of adjudication by FOS – if ever required by consumers - pointing out that 'suitability' does not mean protection from capital loss. An expansion of what 'suitability' means to financial consumers should be 'common knowledge' but we all know this isn't the case!

The FCA must communicate 'FACTS' to financial consumers so they can decide for themselves if 'advice' is of value to them personally and set clear to follow 'rules based' regulation in respect of how regulated businesses must engage with consumers who wish to DIY – so the process is consistent and fully transparent..

Society understands the bigger picture of governance, conduct and how this leads to consumer protection from criminals, fraudsters and so on; but the simple, practical regulatory oversight of the financial process from 'Know your Customer', risk profiling, leading to suitable advice outcomes is not widely understood, so the value of professional advice is often not valued, but then again this can be priced at a point of greed for the work and business risk being carried out with some distributors. The RDR certainly addressed many points but an 'advice gap' and customer confidence and knowledge could be increasingly improved, with a clear distinction between what is simple for consumers to understand – it's either advice with regulatory protection or DIY without... in my view.

Best Price Financial Services

We provide products to be purchased on a non-advised basis, where plan managers enable, via 'appropriateness' – confirming upon receipt that no advice has been provided so the process of KYC would not have been engaged with, therefore no FOS adjudication protection in respect of 'suitability' is available. We confirm this to our consumers, so no grey area exists.

We have become slick with our process, using Ecommerce to ensure efficiency and effectiveness. We provide 'advice services' electronically, regularly for those who wish to engage in this way, so a full audit trail of communication is clear.

Over time, we have learned that there are 3 types of consumers:

- (i) Those who will only ever 'buy' products using advice services.
- (ii) Those who will only ever 'buy' products on a DIY basis. They wouldn't engage with advice – even if they were paid to do so. (Maybe it is this sector that the FCA recognise that they 'need protection from themselves'!)
- (iii) Those who focus on cost, rather than risk and benefit ... so are open to understanding what and how advice can 'add value' and how access to advice products can be of benefit.

We have learned to understand who our clients and consumers are and how to deliver value to them....

We are therefore well placed to offer products and services to financial consumers as they wish to 'buy' products and services, with complete clarity and transparency of product, cost and service expectation. (of course, some consumers expect the world and want to pay nothing for the service but we have learned how to express the value in what we can and do deliver).

We firmly believe that quality Independent Financial Advice is the Gold Standard but fully respect and recognise that consumers want choice of services and products, while it's the business's requirement to engage in a regulatory compliant way, pointing out what protection a consumer is provided with. We are pushing our own boundaries in order to streamline product and service costs, while maintaining quality.

We would welcome providing clarity of value of our products and services to you and your team so, as a consumer champion, so you are able to vet the solutions, quality and price point for yourselves We will be communicating with all of the leading financial commentators and journalists to explain what we do, so we welcome your input and questions.

We certainly feel that our vision is the 'future' of financial distribution – providing advice to financial consumers where required and needed; enabling a consumer to DIY where applicable and where 'appropriateness' is required, along with competence and experience, both services at a value and benefit price point.

I am not sure if writing this communication will do anything to prompt you to take a deeper look at the business vision, ethical motivations and ultimate consumer benefits but I thought a heartfelt note may prompt a glance so your thinking may be triggered as a consumer influencer, with both our general business processes of good practice and of specific product distribution, based around quality, value and service.

We welcome any questions you may have.

Best Wishes.

Richard

Richard Harry
Director

Best Price Financial Services Limited - Independent Financial Advisers
Registered Office & Correspondence Address: Best Price Financial Services Limited, The Tythe Barn,
Eglwys Nunydd, Margam SA13 2PS

Telephone: **01639 860111**

Mobile: 07977 470661

Email: richard.harry@bestpricefs.co.uk

WEB: www.bestpricefs.co.uk

Best Price Financial Services Limited is Authorised and Regulated by the Financial Conduct Authority. The information in this email is confidential and may be legally privileged. It is intended solely for the addressee. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance of it, is prohibited and may be unlawful.



Best Price Financial Services is Authorised and Regulated by the Financial Conduct Authority.