

## **Firms still need to improve Tcf practices**

**23 August 2006**

Financial adviser firms still need to improve their 'treating customers fairly' (Tcf) practices, according to the Financial Services Authority (FSA).

The [FSA](#) has published further [details](#) about the quality of the advice process in firms offering financial advice, together with examples of good and bad practice as a follow-up to its initial report in July.

It found just over a third of the 50 firms in its mystery shopping sample had no or very limited examples of practices which focused on treating their customers fairly throughout the advice process.

Those firms also had elements of the sales and advice process which had a negative impact on the way advice was given.

Just over a quarter of the firms (14 out of 50) demonstrated significant evidence of Tcf across all areas, but the FSA says the majority of firms (36 out of 50) need to improve their Tcf practices.

It says an "unacceptable number", or 21 out of 50, need to improve their practices to eradicate non-Tcf elements from their advice process.

The report adds: "It is recognised that the results of each mystery shop may not be indicative of a culture within a firm. However, we believe that they do provide an indication of whether a specific advice process results in customers being treated fairly in the 'live' environment, and collectively they provide an indicator of issues prevalent in the market."

The FSA says areas requiring the most improvement are the assessment of customer needs and the impartiality of advisers.

Just under a third of firms did not offer customers a genuine option of paying by fee but held themselves out as being independent, while just over half clearly explained their menu or cost of their services.

Further, in almost half of the mystery shops there was evidence advisers gave advice before any relevant or in-depth fact-finding, while just over a quarter established customers' attitude to risk ambiguously and a handful (4 out of 50) did not establish it at all.

Other findings reveal only one-third of firms were able to fully demonstrate a fair sales process and adequate recommendation, according to the FSA, and just under three-quarters provided customers with an initial disclosure document (IDD) and menu.

*If you have any comments you would like to add to this story or would like to speak to its author about a similar subject, telephone Emily Perryman on 020 7968 4554 or email [emily.perryman@incisivemedia.com](mailto:emily.perryman@incisivemedia.com).*

Source: **IFAonline**

© Incisive Media Investments Ltd 2005

[View Source](#)