



Insistent clients: good and poor practice

Find out more about what we consider to be good and poor practice when advising insistent clients

Advising an insistent client

Good practice

Information gathering was bespoke for the client, and not restricted by the limitations of a narrow process or template approach. Omissions, inconsistencies and anomalies were followed up, resolved and documented to create a full record of the facts on which the personal recommendation was based.

Poor practice

Although, from the fact find, it seemed likely that the client's liabilities were a key element in them opting to access the cash against advice, it appears the client was not given any information about how to get debt counselling or loan restructuring advice.

Rules when advising insistent clients

Good practice

Where clients indicated that they wanted to access cash, the adviser explored the clients' real need for the cash (and, if driven by the need for debt repayment, helped the client to make an appointment with the Citizens Advice Bureau for support in relation to non-cleared debts).

Poor practice

The advice was purely in respect of the suitability of the transfer itself (ie no consideration was given to the client's wider financial circumstances and transfers had to be to a default DC arrangement with no consideration of existing pension arrangements).

Suitability reports

Good practice

The personal recommendation was expressed in clear and unambiguous terms in relation to both the advice on whether or not to transfer and, if the client transferred, the receiving product and the funds into which the client was advised to invest.

For an insistent client, their reasons and the risks of not accepting the personal recommendation were discussed with the client. The reasons, the discussion and its outcome were documented in a separate document to the original personal recommendation.

Robust warnings were given and documented.

Poor practice

Template paragraphs were used in the personal recommendation which did not relate to the client's specific circumstances.

Communications with an insistent client did not contain sufficiently strong warnings about the risks of transferring against professional advice.

The language used to describe the recommendation left the client to decide between various options. For example, the suitability report recommended that the client should stay in the scheme but that the client should transfer if any other objectives were of greater importance to the client than maximising their income at retirement.

What to keep on file

Good practice

Contemporaneous records of discussions with clients were made and retained and used to check the client's understanding of the risks and implications of the recommendation.

Poor practice

- The file did not indicate why an insistent client decided to act against advice not to transfer.
- There was no documented process to show how the client was treated as an insistent client.

Client disclaimer

Good practice

The rationale for the insistence was captured in the client's own words.

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