

Which adviser?

You've seen the ads telling you not to use just any builder or plumber, etc. but a registered tradesperson. Similarly, Autosure tells you not all car dealers are alike. But what about financial advisers? How do you know who to consult and who not to?

Unlike doctors and lawyers, there are no statutory hurdles a would-be financial practitioner needs to pass. A doctor must have an approved medical degree and a lawyer a law degree. Both also have to pass various practical tests.

But it's not as straightforward with financial advisers. Some are stock brokers, some bank officers, lawyers or accountants, while others are financial planners, mortgage brokers, insurance advisers, and so on. Furthermore, there are just as many qualifications as there are career paths a financial adviser can have.

While practitioners from various professions have given financial advice in the past, the financial advisory profession itself is a relative newcomer. For example, 15 years ago there was no 'Financial Planners' section in the Yellow Pages.

So, given there is no one path into the industry or a single qualification that every financial adviser must have, how can consumers work out who's bona fide?

First, before you even sit down to talk to one, ask to see his or her disclosure statement. If they don't have one or say they'll have to post it but never do, don't go any further with them.

Endorsements from satisfied clients willing to be contacted are also worth asking for, and some advisers who use free seminars to attract new clients will often have one or two existing clients on hand for you to talk to.

Next, you want to see whether the adviser belongs to any professional association or body, such as the Law Society, Institute of Chartered Accountants, Mortgage Brokers Association, Stock Exchange or a recognised financial advisory association such as the Financial Planners & Insurance Advisers Association (FPIA). Membership of a recognised association – and that's not the same as being part of a large chain or franchise – shows an adviser is serious about standards and is willing to submit him or herself to external standards, a code of ethics and disciplinary/complaints process. It also means they are accountable to an external body for the quality of service and advice they give.

Unfortunately in business, disputes and differences of opinion can arise which the two parties are unable to resolve. That's why access to an independent third party is so important. If an adviser doesn't have the confidence in their own standards and procedures to submit themselves to external scrutiny and jurisdiction, you need to ask why not.

ENDS

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