



about our services and costs [Note 1]



[Note 2]

[Note 3]
[123 Any Street
Some Town
ST21 7QB]

1. The Financial Services Authority (FSA)

The FSA is the independent watchdog that regulates financial services. This document is designed by the FSA to be given to consumers considering buying certain financial products. You need to read this important document. It explains the service you are being offered and how you will pay for it.

2. Whose products do we offer? [Note 4] [Note 7]

We offer products from the whole market. [Note 5] [We offer our own product(s); you can ask us for a list but our recommendation will be made following an analysis of the whole market.] [Note 6]

We [can] [Note 8] only offer products from a limited number of companies.

[These include our own product(s) but our recommendation will be made following an analysis of our entire range of products.] [Note 9]

Ask us for a list of the companies whose products we offer. [Note 11]

We [can] [Note 8] only offer [a] product[s] from [a single group of companies] [name of single company]. [Note 10(1)] [Note 12]

[or] [Note 10(2)]

We only offer our own products.

[free text [Note 13]]

3. Which service will we provide you with? [Note 4]

We will advise and make a recommendation for you after we have assessed your needs.

You will not receive advice or a recommendation from us. We may ask some questions to narrow down the selection of products that we will provide details on. You will then need to make your own choice about how to proceed.

We will provide basic advice on a limited range of stakeholder products and in order to do this we will ask some questions about your income, savings and other circumstances but we will not:

- conduct a full assessment of your needs;
- offer advice on whether a non-stakeholder product may be more suitable.

[Note 5]

[free text [Note 14]]

4. What will you have to pay us for our services? [Note 14A]

[non-advised sales [Note 14B]]

[You will pay for our services on the basis of [Note 15][Note16]. We will discuss your payment options with you and answer any questions you have. We will not charge you until we have agreed with you how we are to be paid.]

[Paying by fee [Note 17]]

[free text [Notes 18-19]]

[Paying by commission (through product charges) [Note 17]]

[free text [Notes 20-22]]

[Paying by a combination of fee and commission (through product charges) [Note 17]]

[free text [Notes 23-24]]

[Other benefits we may receive [Note 25]]

[free text [Note 25]]

5. Who regulates us? [Note 26]

[ABC Financial Services] [123 Any Street, Some Town, ST21 7QB] [Note 27] [Note 28] is authorised and regulated by the Financial Services Authority. Our FSA Register number is []. [Note 29]

Our permitted business is []. [Note 30]

[or] [Note 31]

[Name of *appointed representative* or *tied agent*] [Note 2] is [an appointed representative or a tied agent] of [name of *firm*] [address of *firm*] [Note 27] [Note 28] which is authorised and regulated by the Financial Services Authority. [Name of *firm*'s] FSA Register number is [].

[Name of *firm*'s] permitted business is [] [Note 30] [Name of *appointed representative* or *tied agent*] is regulated in [an EEA state or the United Kingdom] [Note 29]

You can check this on the FSA's Register by visiting the FSA's website www.fsa.gov.uk/register or by contacting the FSA on 0845 606 1234. [Note 29]

6. Loans and ownership [Note 32]

[[XXX plc] owns [YY]% of our share capital.]

[[XXX plc] provides us with loan finance of [YY] per year.]

[[XXX] (or we) have [YY]% of the voting rights in [ZZZ].] [Note 32][Note 33][Note 34][Note 35]

7. What to do if you have a complaint [Note 26]

If you wish to register a complaint, please contact us:

...in writing Write to [ABC Financial Services], [Complaints Department, 123 Any Street, Some Town, ST21 7QB].

... by phone Telephone [0121 100 1234]. [Note 36]

If you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service. [Note 37]

**8. Are we covered by the Financial Services Compensation Scheme (FSCS)? [Note 26]
[Note 38] [Note 39]**

We are covered by the FSCS. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

Most types of investment business are up to a maximum limit of £50,000.

Further information about compensation scheme arrangements is available from the FSCS.

The following notes do not form part of the *services and costs disclosure document*.

Note 1 – permission to use the keyfacts logo: the *Financial Services Authority* has developed a common keyfacts logo to be used on significant pieces of information directed to *clients*. The keyfacts logo and the text ‘about our services and costs’ may only be used and positioned as shown in the *services and costs disclosure document* (see *COBS 6.3.4R*). The logo may be re-sized and re-coloured. It may only be used if it is reasonably prominent and its proportions are not distorted. A specimen of the keyfacts logo can be obtained from the *FSA* website http://www.fsa.gov.uk/pubs/other/keyfacts_logo.

Note 2 – insert the *firm’s* or *appointed representative’s* or *tied agent’s* name (either the name under which it is *authorised* or the name under which it trades). A corporate logo or logos may be included. If an individual who is employed or engaged by an *appointed representative* or *tied agent* provides the information, the individual should not put his or her own name on the *services and costs disclosure document*.

Note 3 – insert the head office or if more appropriate the principal place of business from which the *firm*, *appointed representative* or *tied agent* expects to conduct business (this can include a *branch*) with *clients*. (An *appointed representative* or *tied agent* should include its own name and address rather than those of the *authorised firm*)

Section 2: Whose products do we offer?

Note 4 – the *firm* should select, for example by ticking, one box which is appropriate for the service which it expects to provide to the *clients*. This needs to be done only in relation to the service it is offering to a particular *client*.

Note 5 – if a *firm* indicates that it will be providing *basic advice* on *stakeholder products* then the first box in section 2 should not be ticked as the *firm* will not be doing so on the basis of *personal recommendations* from the whole market.

Note 6 – a *firm* should only include these words if it offers whole of market advice and it owns or operates products that fall within the relevant market (e.g. a *SIPP*). *Firms* that are conducting cross border business and holding themselves out as whole of market, should include such free text as is necessary to explain in a way that meets the *fair, clear and not misleading rule* and the *clients best interest rule*, what whole of market means in that context.

Note 7 – if the *services and costs disclosure document* is provided by an *appointed representative* or *tied agent*, the service described should be that offered by the *appointed representative* or *tied agent*.

Note 8 – insert “can” if the *firm*’s range of products is determined by any contractual obligation. This does not apply where a *product provider, insurer, lender* or company is selling its own products.

Note 9 – a *firm* should only include these words if it offers limited range advice and it owns or operates products that fall within the relevant range (e.g. a *SIPP*).

Note 10 – if the *firm* selects this box, it will be offering the products of one provider to the *client*. It should therefore follow the format specified in (1) below except when offering its own products, in which case it should follow (2) instead. If the *firm* does not select this box, then the text should follow that set out in Note 12 below.

- (1) Insert the name of the provider. For example: “We can only offer products from [name of *product provider*]”. If the provider has only one product, the *firm* should amend the text to the singular – for example: “We can only offer a pension from [name of lender]”.
- (2) If the *firm* is a *product provider* offering only its own products, or is part of a *product provider* offering only the products sold under that part’s trading name, it should use this alternative text.

Note 11 – this sentence is required only where a *firm* selects this service option. The list of products will be the range of *packaged products* that is appropriate having regard to the services that the *firm* is providing, or may provide, to the *client*. For services provided in relation to *non-investment insurance contracts*, this is the list required by *ICOBS* 4.1.6R(2).

Note 12 – if the *firm* does not select this box, it should alter the wording to say “a single group of companies”. For example: “We only offer the products from a single group of companies” should replace the text in the specimen *services and costs disclosure document*.

Note 13 – the explanation of whose products the *firm* offers under this section should be fair, clear and not misleading. A *firm* should therefore enter, as free text, such further explanation as is needed of any additional factors that it considers to be relevant.

Section 3: Which service will we provide you with?

Note 14 – a *firm* may include here a list of its services or the products on which advice is offered, but if it chooses to do so the list should be *fair, clear and not misleading* and consist of only a factual description in summary form.

For example

“We offer a full financial planning service or alternatively can provide specific advice on:

- savings and investment,
- protecting yourself and/or loved ones in the event of death, serious illness or disability,
- retirement planning.”

Section 4: What will you have to pay us for our services?

Note 14A - any reference in this section to “commission” means *commission* and *commission equivalent*.

Note 14B - *firms* that are not proposing to give *personal recommendations* on *packaged products* can amend this section accordingly. Those *firms* need not provide information regarding payment options but should provide at this section at least a statement explaining that the *client* will be told how much the *firm* will be paid before the *firm* carries out any business for the *client* and honour that undertaking. For example, “We will tell you how we get paid and the amount before we carry out any business for you.”

Note 15 - *firms* should disclose all of the payment options that they will offer to the *client*, from the alternatives of *fee*, commission and/or a combination of both *fee* and commission.

Note 16 - *firms* holding themselves out as independent in accordance with COBS 6.2.15R are reminded that they are required to offer the *fee* option.

Note 17 - *firms* should include the headings: “**Paying by fee**”, “**Paying by commission (through product charges)**” and “**Paying by a combination of fee and commission (through product charges)**” that are relevant to the actual payment options being offered. In addition, in accordance with the reference notes, a *firm* should provide an explanation in its own words relating to each option offered.

Additional text to be included under the heading “Paying by fee”

Note 18 - the text for describing a *firm’s fee* charging arrangements is not prescribed, but should be clear and in plain language. This should commence with an explanation of the arrangements relating to the payment of *fees*, including any specific provision as to the timing for the payment of *fees*, the circumstances when *fees* will or will not be payable, (including where relevant payment of any “contingent” *fee*) and the arrangements for any commission paid in addition to *fees*.

For example

“Whether you buy a product or not, you will pay us a fee for our advice and services, which will become payable on completion of our work. If we also receive commission from the product provider when you buy a product, we will pass on the full value of that commission to you in one or more ways. For example, we could reduce our fee; or reduce your product charges; or increase your investment amount; or refund the commission to you.”

Example alternative text for the contingent *fee* – “If you buy a financial product, you will pay us a fee for our advice and services but if you do not buy a financial product, you will not have to pay us anything.”

Note 19 - a *firm* should provide numerical statements of the amount or rate of its *fees* and these should be expressed in pounds sterling or another appropriate currency, where relevant. A *firm* may describe actual hourly rates where possible or typical hourly rates. If a *firm* describes typical rates it should undertake to provide the actual rate in writing before providing services (and honour that undertaking).

For example:

“Hourly Rate

We will confirm the rate we will charge in writing before beginning work. Our typical charges are:

Principal/Director/Partner £[XX-YY] per hour

Financial adviser £[XX-YY] per hour

Administration £[XX] per hour

We will tell you if you have to pay VAT.”

“Lump sum

We will confirm what we will charge you in writing before beginning work. Our typical charges are:

Investments up to £[XX : YY]

Investments above £[XX : ZZ]

We will tell you if you have to pay VAT.”

“Reviews

We will confirm what we will charge you in writing before beginning work. Our typical charges are:

Initial review : £[XX]

Annual review : £[YY]

We will tell you if you have to pay VAT.”

“We may charge from £[XX] to advise and arrange a personal pension for you. We will confirm what we will charge you in writing before beginning work.”

“We will confirm the rate we will charge in writing before beginning work and we will tell you if you have to pay VAT. You may ask us for an estimate of how much in total we might charge. You may also ask us not to exceed a given amount without checking with you first.”

Additional text to be included under the heading “Paying by commission (through product charges)”.

Note 20 - the text for describing a *firm’s* commission payment arrangements is not prescribed, but should be clear and in plain language. This should commence with an explanation of the arrangements relating to the payment of commission.

For example

“If you buy a financial product, we will normally receive commission on the sale from the product provider. Although you pay nothing to us up front, that does not mean our service is free. You still pay us indirectly through product charges. Product charges pay for the product provider’s own costs and any commission. These charges reduce the amount left for investment. If you buy direct, the product charges could be the same as when buying through an adviser, or they could be higher or lower.”

Note 21 - the *firm* should provide details of typical commission that might be received by the *firm* that reflect its actual business, together with an undertaking (which the *firm* should honour) to confirm the actual commission that will be received from any investments before the investment is completed. For example, a *firm* that does not have a significant weighting of business in any one area may provide examples showing commission for lump sum investments, whole life and pensions, whereas a pensions specialist may want to illustrate commission based purely on pensions.

For example:

“The amount of commission we receive will vary depending on the amount you invest and (sometimes) how long you invest or your age.”

For example:

- “If you invest £[XX] in an individual savings account (ISA) we would receive commission of [Y]% of the amount invested (£[ZZ]) and [AA]% of the value of the fund (roughly £[BB] every year).
- If you pay £[XX] a month into a personal pension (with a term of 25 years) then we would receive commission of £[YY].
- If you pay £[XX] towards a whole life policy then we would receive £[YY].

We will tell you how much the commission will be before you complete an investment, but you may ask for this information earlier.”

Note 22 - *firms* should indicate whether the commission includes payment for any ongoing service such as a periodic or ongoing review.

Additional text to be included under the heading “Paying by a combination of fee and commission (through product charges)”

Note 23 - the text for describing a *firm’s* arrangements for paying by a combination of *fee* and commission is not prescribed, but should be clear and in plain language. This should commence with an explanation of the arrangements relating to the payment of *fees*, including any specific provision as to the timing for the payment of *fees*, the circumstances as to when *fees* will or will

not be payable, (including where relevant payment of any “contingent” *fee*) and the arrangements for any commission paid in addition to *fees*, together with an undertaking (which the *firm* should honour) to confirm the actual commission that will be received from any investments before the investment is completed.

For example:

“We will charge you a combination of fee and commission. The fee will not exceed the rates shown in this document. We will agree the rate we will charge before beginning work and we will tell you if you have to pay VAT. The fee will become payable on completion of our work. You may ask us for an estimate of how much in total we might charge. You may also ask us not to exceed a given amount without checking with you first. We will tell you how much the commission will be before you complete an investment, but you may ask for this information earlier.”

“We charge a consultation fee of up to £[X], and, if you buy a financial product, we will also retain commission within the amounts set out in the section headed “**Paying by commission (through product charges)**”.”

“We will charge you a combination of fees and commission. The actual amounts will depend on the service provided to you, but will be in line with the arrangements set out in the sections headed “**Paying by fee**” and “**Paying by commission (through product charges)**”.”

“We charge an annual fee as described in the fee information set out above. If we arrange for you to purchase a financial product, then we will also retain commission which will be in line with the arrangements set out in the section headed “**Paying by commission (through product charges)**”.”

Note 24 - if *firms* offer a combination of fee and commission they can either:

- (a) provide the detailed information relating to fees and commission, in which case *firms* should ensure that the information is provided in accordance with the guidance at the relevant Notes; or
- (b) include an appropriate statement that refers the reader to the information provided under the headings of “**Paying by fee**” and “**Paying by commission (through product charges)**”.

Note 25 - in order to comply with *COBS* 2.3.1R as qualified by 2.3.2R, *firms* receiving non-monetary benefits may wish to disclose such benefits in summary form here, under the heading “**Other benefits we may receive**”. If a *firm* does so, it should provide the undertaking described in *COBS* 2.3.2R(1) (to provide further details on request) in writing, in this section and honour that undertaking. However, it is not the purpose of this section to provide significant or extensive explanation of non-monetary benefits such that it distracts from the wider purpose of the document.

For example:

“We advise on a range of products from a variety of firms; some of these firms provide us with annual training, which allows us to offer you a better service. This year we expect to receive in total [XX] hours worth of training from XYZ, ABC and DEF firms, predominantly from ABC. Some of the cost of this training may be passed to you as part of the total charges you pay should you chose a product provided by XYZ, ABC or DEF. Further information regarding these arrangements is available on request.”

“ABC firm provides us with a specialised software CD-ROM and accompanying [XX] hours worth of training per annum. We use this software in processing your details when you apply for an investment product. Some of the cost of this software may be passed on to you as part of the total charges you pay ABC firm. Further information regarding this arrangement is available on request.”

Section 5: Who regulates us?

Note 26 – the *firm* may omit this section for services relating to *packaged products* if the *firm* has, on first contact with the *client*, provided the *client* with its *client* agreement which contains that information. If this section is omitted, the other sections of the *services and costs disclosure document* should be renumbered accordingly.

Note 27 – if the *firm's* address on the *FSA Register* differs from that given on the *services and costs disclosure document* under Note 3, the address on the *FSA Register* should be given in this section. If the address is the same as that given under Note 3 it should be repeated in this section.

Note 28 – where the *authorised firm* trades under a different name from that under which it is *authorised*, it should include the name under which it is *authorised* and listed in the *FSA Register*. It may also include its trading name(s) if it wishes.

Note 29 - an *incoming EEA firm* will need to modify this section if it chooses to use the *services and costs disclosure document* (see *GEN 4 Ann 1R(2)*). A *tied agent* that is regulated in an *EEA State* other than the *United Kingdom* will similarly need to modify this section.

Note 30 – insert a short, plain language description of the business for which the *firm* has a *permission* which relates to the service it is providing.

Note 31 – where the information is provided by an *appointed representative* or *tied agent*, the *appointed representative* or *tied agent* should use this text instead. The *appointed representative* or *tied agent* should give details of the *authorised firm(s)* that is its

principal(s) for each type of service that it is providing to a particular *client*.

Section 6: Loans and ownership

Note 32 – omit this section where there are no relevant loan or ownership arrangements under the following notes. If this section is omitted the other sections of the *services and costs disclosure document* should be renumbered accordingly. Where the information is provided by an *appointed representative* or *tied agent*, it should cover loans made to or by that *appointed representative* or *tied agent*, or holdings in or held by that *appointed representative* or *tied agent*, as appropriate.

Note 33 – insert, in the *firm's* own words, a short description of any direct or indirect holding of more than 10 per cent in the capital or voting power of the *firm* which is held by a provider or *operator* of a *packaged product* or by the parent of the provider or *operator*.

Note 34 – insert, in the *firm's* own words, a short description of any direct or indirect holding of more than 10 per cent in the capital or voting power of a provider or *operator* of a *packaged product* which is held by the *firm*.

Note 35 – insert, in the *firm's* own words, a short description of any *credit* provided to the *firm* by a *product provider* (other than *commission* due to the *firm* in accordance with an indemnity claw-back arrangement) or by any *undertaking* in the *immediate group* of the *product provider* where the amount of the *credit* exceeds 10 per cent of the share and loan capital of the *firm*.

Section 7: What to do if you have a complaint

Note 36 – if different to the address in Note 3, give the address and telephone number which is to be used by *client* wishing to complain.

Note 37 – if the *firm* is carrying on an activity from an establishment which is outside the *United Kingdom* it should make clear that the *Financial Ombudsman Service* will not be available. The *firm* may refer to any similar complaints scheme that may be applicable.

Section 8: Are we covered by the Financial Services Compensation Scheme (FSCS)?

Note 38 – when an *incoming EEA firm* provides the *services and costs disclosure document*, it should modify this section as appropriate.

Note 39 - when a *firm* which is not a *participant firm* provides the *services and costs disclosure document*, it should answer this question 'No' and should state the amount of cover provided (if

any) and from whom further information about the compensation arrangements may be obtained.