



Client Agreement

Chelmsford Financial Management LLP

Independent Financial Advisers

Regulatory status

Chelmsford Financial Management LLP (CFM) is authorised and regulated by the Financial Services Authority (FSA), the independent watchdog that regulates the financial services industry in the UK. CFM's registration number is 461657. You can check these details on the FSA's register by visiting www.fsa.gov.uk/register or by contacting the FSA at 25 The North Colonnade Canary Wharf London E14 5HS ☎ 0845 606 1234.

Our services

CFM can arrange and advise on:

investment business: life assurance, pensions, investments;

insurance: home insurance (contents and buildings), income protection, payment protection, term assurance, critical illness, permanent health insurance and medical insurance;

equity release products: lifetime mortgages and home reversion plans.

Where appropriate we may also recommend an unregulated contract such as an unregulated collective investment scheme. Separate terms apply for such business.

We offer an initial discussion free of charge to explain our services and payment options. If you decide to go ahead we will:

- i discuss any restrictions you wish to place on the types of business you are willing to consider;
- i analyse personal information about you, your finances, your needs, objectives, acceptable level of risk;
- i access products from the whole market to find the most suitable for you (we only offer products from limited insurers for home insurance: both buildings and contents, income protection and payment protection);
- i recommend and, with your agreement, arrange relevant investments, insurance, equity release products for you.

We will confirm to you in a suitability report our understanding of your financial objectives, attitude to risk and any restrictions you wish to place on the types of business you are willing to consider. We will also set out in the report our reasons for recommending the transaction executed on your behalf. The suitability report will normally be issued before the post sale cancellation notice. We will only recommend a course of action if we believe it to be suitable for you.

If your preferred adviser is unable to conduct business, arrangements will be made for another adviser to carry out business on your behalf.

Alternatively, you may wish to proceed on an execution-only basis. This is where we carry out a transaction upon your specific instruction and where **we do not give advice** relating to the merits of the transaction. We will explain the implications of this basis of business to you.

We do not handle clients' money. Crossed cheques for premiums or investment monies can only be made payable directly to the product provider. No premiums or investment monies of any kind should be paid or made payable to anyone else unless it is a cheque in settlement of charges or disbursements for which CFM has sent an invoice.

Clients are responsible for instructing their banks or building societies to commence and cancel direct debit mandates and for checking that their instructions have been carried out.

How we act for you

We prefer clients to give us instructions in writing to avoid possible disputes. These will usually be in the form of a proposal form or application form of a product provider. We will accept oral instructions providing they are confirmed in writing. Your attention is drawn particularly to the importance of the declaration and signature on proposal forms. It is your responsibility to provide complete and accurate information to product providers when you enter into a contract, throughout the life of the contract and if and when you review it. You must ensure that all statements you make on proposal forms, claim forms and other documents are full and accurate. If you fail to disclose any material information to the product provider, you could invalidate your cover and part or all of a claim may not be paid, resulting in financial loss to you.

When we arrange the sale of financial products for you, we will register these in your name unless otherwise stated and agreed in writing and these will remain your property at all times. Additionally, we will ensure you receive either a contract note, documents of title, or certificates showing title. All such paperwork will normally be sent by post to your last known address as soon as possible after we receive them. Where several documents relating to a series of transactions are involved, we will normally hold each document until the series is complete and then forward them to you. We do not guarantee to undertake periodic reviews of any contracts arranged, unless required by regulation. However, in addition to contacting you at your expressed invitation, we intend to write to you annually to remind you of the services we offer and to provide you with an opportunity to review your circumstances and needs. We may also contact you in the future by means of an unsolicited promotion on either a direct offer basis (non-advised) or on an advised basis where we will discuss the

relative merits of a financial service/product which we feel may be of interest.

Client categorisation

Each client with whom we do investment business is categorised to identify the appropriate level of regulatory protection. We propose to classify you as a retail client which means that you will have the highest level of regulatory protection. You may elect in writing to be a professional client or an eligible counterparty. In doing so you will have fewer rights than a retail client. If you choose to change classification we will provide you with details of your rights.

Payment for our services

Not all firms charge for advice in the same way. We will discuss your payment options with you and answer questions you have. We will not charge you anything until you have agreed how we are to be paid.

1. Investment business

The payment options are:

(i) Paying by fee

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 several ways. For example, we could reduce our fee, reduce your product charges, increase your investment amount or refund the commission to you.

(ii) Paying by commission (through product charges)

If you buy a financial product, we will normally receive commission on the sale from the product provider. Although you pay nothing 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. We will tell you how much the commission will be before you complete an investment, but you may ask for this information earlier.

(iii) Paying by a combination of fee and commission (through product charges)

In some circumstances, we also charge a fee on top of any commission we might receive.

How much might our services cost?

(i) If you choose the fee option we will agree the rate we will charge in writing before beginning work. We will tell you if you have to pay VAT. Our typical charges are:

- i initial consultation and fact find ☐ free of charge;
- i for financial advice £150 per hour on a time cost basis, subject to a maximum fee of £625 (*where this maximum is likely to be exceeded we will contact you before proceeding beyond this figure*);

- i for administrative work and conversations by telephone, £100 per hour charged on a time cost basis (minimum period logged as fifteen minutes).
- i annual reviews and further meetings based on £150 per hour charged on a time cost basis (including travelling time).

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.

(ii) If you choose the combination of commission and fee option we will charge you a combination of fee 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].

(iii) If you choose the commission option for investments Tables One and Two show examples of the amounts of commission we could receive (or the equivalent we earn through product charges). The amount of commission we receive will vary depending on the amount you invest and (sometimes) how long you invest or your age. We will confirm the actual amount to you before you complete an investment, but you may ask for this information earlier.

There may be other costs, including taxes, that are payable through other parties (such as the product provider) that we may not be party to. Such charges are, normally, disclosed in relevant documentation.

Products	Our maximum commission
Collective investments (e.g. unit trusts, OEICs)	If you invest £100 per month into a collective investment, we would receive £3 at the outset, plus 0.5% of your fund value each year from month 13 (the actual amounts will vary in line with your fund value).
Whole of life insurance Age 40	If you invest £100 per month into a whole of life policy, we would receive £1629 at the outset, plus 2.5% of all payments from month 49.
Personal and stakeholder pensions 25 year term	If you invest £100 per month into a personal/stakeholder pension, we would receive £400 at the outset.

Table One: Commission if you invest £100 per month

Products	Our maximum commission
Collective investments (e.g. unit trusts, OEICs)	If you invest £10,000 into a collective investment, we would receive £300 at the outset, plus 0.5% of your fund value each year from month 13 (the actual amounts will vary in line with your fund value)
Investment bonds	If you invest £10,000 into an investment bond, we would receive £475 at the outset, plus 0.5% of your fund value each year from month 13 (the actual amounts will vary in line with your fund value)
Personal and stakeholder pensions 25 year term	If you invest £10,000 into a personal/stakeholder pension, we would receive £450 at the outset
Annuities	If you invest £10,000 into an annuity, we would receive £250 at the outset
Unsecured pension	If you invest £10,000 into an unsecured pension, we would receive £500 at the outset, plus 0.5% of your fund value each year from month 13 (the actual amounts will vary in line with your fund value)

Table Two: Commission if you invest a lump sum of £10,000

It is important to note that with the commission option there is a minimum amount that we must ensure is received by us to cover our costs. In most cases the commission covers our costs. However, where the commission payable falls below this figure we will invoice you for the difference. We will always confirm these figures with you and agree them before proceeding.

Personal pension schemes

Not all types of personal pension schemes are included in the information above about commission. Instead only the more common types are included and schemes such as SIPPs are not. Before we start advising you, we will inform you how much we could be paid if we do recommend one of these products to you. You can also ask us about commission we might receive on underlying investments we recommend you hold within a SIPP if not contained in the information above.

2. Insurance business

The payment options are:

- (i) a fee based on an hourly rate of £150 will be charged for home insurance (buildings and contents), income protection, payment protection, term assurance, critical illness and medical insurance; this fee is payable on completion of our research following the initial meeting; a further fee is payable when the application is made to the insurer and accepted; an example of a typical fee is £450; if an insurance that we arrange for you leads to the payment of commission from the insurer, we will offset that commission against our fees;
- (ii) no fee for home insurance (buildings and contents), income protection, payment protection, term assurance, critical illness and medical insurance; however we will receive commission from the insurer.

You will receive a quotation that will tell you about any other fees relating to any particular insurance policy.

3. Equity release business

The payment options are:

- (i) a fee based on an hourly rate of £150 will be payable on completion of our research following the initial meeting; a further fee is payable when the application is made to the provider; an example of a typical fee is £950; if an equity release product that we arrange for you leads to the payment of a procurement fee, we will offset that fee against our fees;
- (ii) a fee of £295 is payable at the outset; we will also be paid a procurement fee from the provider.

You will receive a key facts illustration when considering a particular equity release product that will tell you about any fees relating to it.

Refund of fees

If the provider rejects your application, you will receive a full refund. You will not receive a refund if you decide not to proceed.

Right to cancel

Where any recommendation we make, or transaction we undertake for you, results in a right to cancel the policy under certain conditions, we will advise you of this right. We will also inform you if you do not have a right to cancel the arrangement.

Investment risk



You are advised that because investments can fall as well as rise, you may not get back the full amount invested. **Past performance is not a guide to future performance.**

Mode of communication

Our communication with you will be in English. We will enter into communication with you through whatever means are convenient to you and us, including face-to-face, telephone, email and other acceptable electronic communication methods.

What to do if you have a complaint

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

-  **in writing** write to Chelmsford Financial Management LLP 81 Springfield Road Chelmsford CM2 6JL
-  **by phone** 01245 283594

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

The Financial Services Compensation Scheme (FSCS)

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.

Cash deposits

Cash held on deposit is covered for 100% of the first £85,000 per person per firm.

Investment

Most types of investment business are covered for 100% of the first £50,000 per person per firm.

Insurance (e.g. pension, general and life assurance)

Non-compulsory insurance advising and arranging is covered for 90% of the claim with no upper limit. Compulsory insurance is protected in full.

Equity release products

Equity release advising and arranging is covered for 100% of the first £50,000 per person per firm.

Further information about the compensation scheme arrangements is available from the FSCS or by visiting www.fscs.org.uk.

Message from the Financial Services Authority

Think carefully about this information before deciding whether you want to go ahead. If you are at all unsure about which equity release product is right for you, you should ask your adviser to make a recommendation.

Verification of identity

Where we are required to verify your identity in accordance with the FSA Rules and Joint Money Laundering Steering Group Guidance Notes, no investment will be made until such verification has been obtained.

Data protection and records

CFM is registered under the Data Protection Act 1998. We keep personal and financial information about your circumstances on file (electronic and/or paper based) as required for the provision of financial planning and ongoing servicing and administration of your files. We confirm that this information will not be used or sold, or transferred by us to any third party, other than for the completion of the transactions agreed. In the normal course of processing business, these firms will collect data on clients and they may use this for general business purposes, including direct marketing. You or your agent has the right, upon payment of a fee, to access copies of contract notes, vouchers and other records relating to your transactions. We will treat all client records as confidential so we reserve the right to give you or your agent copies of your particular records rather than allowing access to files containing details about other clients. We cannot be held responsible for the information held on your circumstances if you fail to inform us of any changes. We keep records in compliance with our financial services responsibilities.

We will seek to reclaim costs and expenses reasonably incurred by the firm as a result of defending any frivolous or vexatious complaints through the Financial Ombudsman Service.

Conflicts of interest

We will make you aware of any conflict of interest that may exist between the work we are doing for you and any other of our clients or ourselves. We will write to you about the extent of any conflict of interest that exists or that may arise and, if necessary, make arrangements for another organisation to act as your agent.

Termination of authority

You or CFM may terminate our authority to act on your behalf at any time, without penalty. Notice of this termination must be given in writing and will take effect from the date of receipt. Termination is without prejudice to any transactions already initiated that will be completed according to this Agreement unless otherwise agreed in writing. You will be liable to pay for any transactions made prior to termination and any fees that may be outstanding.

Client consent

This Client Agreement comes into effect on the day you receive it and will continue until it is superseded by any new agreement that may be presented to you. The Client Agreement sets out the basis on which we will conduct business with you and on your behalf. It is an important document and you should read it carefully and if you are unsure of any terms, please contact CFM immediately for an explanation.

Professional indemnity insurance

CFM maintains professional indemnity insurance for all business, full details of which are available upon request.