

# IMPORTANT INFORMATION ABOUT OUR SERVICES

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## WHO ARE WE AND WHAT DO WE DO?

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Our dedicated financial advisers can help you make informed decisions about your financial future, by working with you to build a tailored plan based on your financial goals and needs. We aim to offer more than simply advice on financial products. Our aim is to develop a long lasting relationship with you and provide advice through the changing circumstances in your life.

Prosperity Financial Management Ltd is authorised and regulated by the Financial Conduct Authority (FCA). The FCA is the independent regulator of financial services in the United Kingdom. Prosperity Financial Management Ltd is entered on the FCA register ([www.register.fca.org.uk](http://www.register.fca.org.uk)) under reference FRN 1006940.

## WHAT CAN WE DO FOR YOU?

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Our mainstream service is to act on your behalf for the purpose of arranging and advising on the following:

- Investments & Pensions, for example an ISA or Personal Pension Plan;
- Personal & Family Protection, for example a Life Assurance or Critical Illness Plan;
- Mortgages, including Buy-to Let;
- General Insurance, for example Buildings, Contents or Private Medical.

For all the services described above we will complete a detailed fact find so we can understand your circumstances, specific needs and objectives to determine if these services are suitable for you. We will then undertake research in order to provide a personal recommendation(s) and related information relevant to your individual circumstances. If, after due consideration you would like to accept any or all of our recommendation(s), we will then implement them and arrange any products and/or related services on your behalf.

Once your financial plans are in place it is important to keep them under review. Subject to the type of services you require from us, we can continue to act on your behalf through one of our service packages. Alternatively, for those who prefer a more transactional or ad-hoc 'pay as you go' service, we are also happy to provide our services as and when you need them. Ultimately, whichever type or level of service you require from us we will act in your best interests at all times.

**Further details about these and other related services we provide are contained in the pages below. This also confirms the typical cost and how you can pay us for them.**

### IMPORTANT INFORMATION

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Before you consider our services in more detail we would like to draw your attention to the following important information:

When we have discussed and agreed with you the services that we are to provide we will confirm this to you in a Client Agreement. This will describe the scope and specific services to be provided, including any on-going services, the cost and how it can be paid for. A copy of our standard Client Agreement is available on request.

Under the terms of Financial Conduct Authority (FCA) regulations we will classify you as a retail client for investment and pensions business. As a retail client you have the right to request re-classification as an elective professional client. This may be generally or in respect of a particular service, type of transaction or product, and is subject to the following:

- All requests for re-classification must be made in writing;
- We will consider such requests on a case by case basis against the criteria set out in FCA rules.
- We will confirm the scope of any re-categorisation along with the consumer protections you will lose as a result.
- You must keep us informed of any change to your circumstances that could affect your classification

We will not advise you if you are experiencing difficulties managing debts. Free help and advice about managing your debts is available by contacting the Money and Pensions Service via its website;

[www.moneyandpensionsservice.org.uk](http://www.moneyandpensionsservice.org.uk)

## **INFORMATION ABOUT OUR INVESTMENT & PENSION SERVICES**

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We offer a range of services to help you meet your investment and/or retirement objectives. We provide independent advice which means that our recommendations to you will be based on the following

We will determine which, if any, of the following types of investment or pension products are capable of meeting your needs, along with any associated 'tax wrappers' available (e.g. an ISA):

- Open Ended Investment Company Funds (OEICS) including Exchange Traded Funds (ETFs), Unit Trusts and Investment Trusts;
- Personal Pensions, Stakeholder Pensions, Self-Invested Personal Pensions (SIPPs) and Annuities;
- Insurance Based Investments, including Capital Investment Bonds and Endowments;
- Structured Capital at Risk Products (SCARPS) and Structured Deposits;
- Certain Specialist Investments suitable for retail clients, including Venture Capital Trust (VCT) Investments and Enterprise Investment Schemes.

We will then consider a broad range of different providers of these products from a fully researched panel that is representative of the whole of the market available to financial advisers and which we review on a regular basis using factors such as the risks, costs, complexity and their competitiveness in the market place.

### **Related Service Providers**

Subject to your individual needs and objectives, we may also recommend that you hold and trade your investments and/or pensions in one place via a Platform Service. We may also recommend that some or all of your investments and/or pensions are managed by a Discretionary Investment Management Service (DIMS).

We will consider a broad range of these service providers from a fully researched panel that is representative of the whole of the market and which is also reviewed on a regular basis as described above.

We may recommend products or services related to your investment and pension needs which are not regulated by the Financial Conduct Authority. For example, cash deposits, National Savings & Investment Products (NS & I), or Inheritance Tax Planning (IHT).

### **What can you expect to pay for our investment and pension advice?**

A description of our initial and ongoing services, their associated costs and payment terms, is provided below.

The amount we charge and the basis of the payment will depend on the service you choose and your individual circumstances.

We will discuss your payment options with you and answer any questions that you may have. We will let you know if you have to pay VAT on the cost of our service.

It is possible that other costs, including taxes related to the business we conduct and products we arrange for you, may arise. These costs will not be paid by our firm but borne by you.

Our typical fees for advice and arranging an investment or pension on your behalf are set out below. Where hourly rates are stated, these are the actual hourly rates that will apply. There is an additional charge should you purchase one of our on-going service packages. The typical cost of our ongoing services and what they include is also set out below. You can cancel our on-going services at any time.

### Initial Advice Services

Initial Service Description	Initial service Fee
<p>Advising on and arranging lump sum investments, including advice on what to do with your pension arrangements (at retirement) and advice on using pension funds to provide you with a suitable income and capital solution to meet your needs (your living in retirement options).</p>	<p>Pensions / Pension Drawdown / Guaranteed Annuity / Investment Linked Flexible Annuity</p> <p>3.00% of the first £200,000 of any investment, 2% on an investment between £200,001 and £500,000. 1% on an investment amount exceeding £500,000, used to purchase your retirement income if you go ahead with our recommendations.</p> <p>For example; if the invest £50,000 we charge you 3.00%, your Adviser Charge would be £1,500 (exc. VAT)</p>
Initial Service Description	Initial service Fee
<p>Advising on and arranging lump sum investments</p>	<p>3.00% of the first £200,000 of any investment, 2% on an investment between £200,001 and £500,000. 1% on an investment amount exceeding £500,000, if you go ahead with our recommendations</p> <p>For example; if you invest £250,000, your Adviser Charge would be £6,000 + £1,000 totalling £7,000 (exc. VAT)</p>
Initial Service Description	Initial service Fee
<p>Advising on and arranging regular premium contribution investments or pension plan, including a top up to an existing arrangement.</p>	<p>An amount equivalent to 25% of the first years premiums, if you go ahead with our recommendations.</p> <p>For example; if you invest £200 per month (£2,400 per annum) your Adviser Charge would be £600 (exc. VAT)</p>

### On-Going Advice and Review Services

We offer an on-going service package. Once you have purchased an on-going service package you may cancel it at any time, without charge, by writing to us at the above address.

We also recognise that an on-going service package is not suitable for everyone and that some of our clients would simply like to use our services when they need them. For this purpose, we are also happy to undertake future 'ad-hoc' or one off reviews of an investment and/or pension portfolio we arranged on your behalf.

Annual Review Service	Annual Review Fees
<p>Our annual review service is typically suitable for those who prefer more involvement and contact with their adviser.</p> <p>The service includes:</p> <ul style="list-style-type: none"> <li>- Face to face fact finding &amp; holistic review meeting on an annual basis;</li> <li>- Annual Statement</li> <li>- Access to your adviser should you need us in the meantime</li> <li>- Online Access to portfolio valuations – where available</li> </ul>	<p>Our review service is available for 0.75% of the value of your portfolio per year and is usually charged on a monthly basis at the rate of 1/12th of 0.75% per month.</p> <p>For example: If your portfolio was worth an average of £100,000 over a 12 month period, the average monthly charge would be £750 / 12 = £62.50 per month.</p> <p>Please note: The exact amount we charge each month will depend on the value of your investment and will increase if the value of your portfolio goes up.</p>

### Ad-Hoc or One-Off Review Service

This service is typically suitable for those who don't want to pay for regular reviews by their adviser and prefer to monitor things themselves. Upon request, we are happy to offer one off or 'ad-hoc' reviews of an investment/pension we set up for you should the need arise.

The cost of this service will vary depending on the complexity of the work and how long it takes to complete. Our adviser charge for this service is **£150 per hour exc. VAT**.

#### A typical review will include:

- **Updating the information we already hold about you;**
- **Re-confirming your objectives and risk profile;**
- **Providing you with recommendations regarding the on-going suitability of your portfolio, and;**
- **Subject to your agreement, implementing any adjustments to your portfolio we recommend e.g. fund switches.**

#### Example cost:

For a portfolio containing 2 separate arrangements (for example a personal pension and an ISA) we would expect a typical review to take approx. 3 to 4 hours calculated in 15 minute intervals.

For example, if it took us 3 hours and 30 minutes to complete a review, our fee would be **£525 (exc.VAT)**.

#### What are your payment options?

- We accept direct payment by cheque, debit card, or bank transfer.
- We do not accept cash or credit cards.
- We will tell you if it is possible to settle our fees through a deduction from your investment/pension.
- For new investments and pension plans funded by regular contributions only (e.g. monthly by direct debit), you can choose to pay our fees by instalments.
- We will allow you to settle our fee in up to 4 monthly payments. Credit facilities falling under the Consumer Credit Act 1974 are available to clients over the age of 18. Written quotations available on request.
- If you choose this option we will not provide you with any further services until all the instalments have been paid in full.
- If you choose to pay instalments as a deduction from your investment/pension, although you pay us nothing up front this does not mean our service is free. You are still paying us indirectly through deductions from the amount you pay into the product.
- These deductions will go towards settling our fee and will reduce the amount left for investment. An example of how this payment plan works in practice is set out below.

Investment Frequency	Contribution Amount	Fee Deduction (adviser charge)	Amount Invested
Month 1	£200.00	£150	£50
Month 2	£200.00	£150	£50
Month 3	£200.00	£150	£50
Month 4	£200.00	£150	£50
<b>Month 5+</b>	<b>£200.00</b>	<b>N/A</b>	<b>£200</b>

- You can also choose to pay the fee instalments due to us directly from your bank account by standing order. For example a fee of £1,500.00 paid over 4 payments would mean 4 monthly instalments of £375.00 are collected from your bank account. Standing orders are normally collected on or around the 15<sup>th</sup> of the month
- Please note that if you cancel your investment or pension product before our fee is settled in full, including cancellation during a statutory cooling off period, you will need to make alternative arrangements to pay our fee.

### **Other benefits we may receive**

If we take over the servicing rights of your existing arrangements that were arranged by another firm, we may be entitled to receive an on-going payment as a result. These payments are commonly referred to as 'trail commission'. Where this is the case we will offset the amounts received against our on-going service fees. For example, if our on-going service fee is £250.00 and we receive £50.00 trail commission from existing arrangements retained as part of your portfolio, the net fee due to us would be £200.00 (exc. VAT).

Some of the firms whose products we recommend provide us with access to training and software which allows us to offer you a better service. Some of the costs of these benefits may be passed onto you as part of the total charges you pay, should you choose to purchase a product from one of these firms. Further information regarding these arrangements is available on request.

We are not otherwise permitted to receive or retain any financial inducements, significant gifts or hospitality from investment product providers, for arranging investments.

## **INFORMATION ABOUT OUR INSURANCE SERVICES**

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### **Personal and Family Protection**

We are insurance intermediaries who offer products from a range of insurers based on a fair and personal analysis of the market for, Life Assurance, Critical Illness Cover, and Income Protection Insurance.

### **How much do we charge for our insurance services?**

We do not charge a fee for advice and arranging an insurance product. We will receive commission from the insurer and this is reflected in the premium amount you pay to them. The amount of commission we receive will vary depending on the type of contract, term of the cover and the premium amount.

We will tell you how much commission we expect to receive before we transact business for you. You will receive a quotation, which will tell you about any other fees relating to any particular insurance policy we arrange for you.

We are not otherwise permitted to receive or retain any financial inducements, significant gifts or hospitality from insurance product providers, for arranging insurance contracts on your behalf.

## **INFORMATION ABOUT OUR MORTGAGE SERVICES**

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### **Whose products do we offer?**

We offer a comprehensive range of mortgage products from across the market for first charge mortgages only. We do not offer deals that you can only obtain by going direct to a lender. To review the list of lenders we offer mortgages from, please refer to the appendix attached.

For those seeking to increase their existing borrowing, alternative finance options may be available and more appropriate for your needs. For example, a further advance from your existing lender or an unsecured loan (e.g. a personal loan). For those seeking a 'Retirement Interest Only Mortgage', a 'Lifetime Mortgage' may be available and more appropriate for your needs.

### **How much will you have to pay for our mortgage services?**

For establishing your needs, undertaking research and making a recommendation, we charge a total fee of £395.00 with £195.00 paid upfront and £200.00 paid on completion.

For more complex cases we charge a fee of £500.00 for the above. This will be agreed with you in advance.

Our fee becomes payable when we provide you with our recommendation(s).

If you choose to proceed with our recommendation and the mortgage goes ahead, we will also be paid commission from the lender for arranging the mortgage on your behalf.

## Important Information about Our Services

The amount of commission we receive varies from lender to lender. Information about the range of commissions available to us from the mortgage products we recommend is available on request.

If you apply for a mortgage that does not go ahead, you will receive no refund in these circumstances.

You will receive a personalised illustration when considering a particular mortgage. This will highlight the key facts about the mortgage product, including any fees relating to it and the amount of any commission due to us from the mortgage lender.

## **INFORMATION ABOUT OUR INSURANCE SERVICES**

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### **Personal and Family Protection**

We are insurance intermediaries who offer products from a range of insurers based on a fair and personal analysis of the market for, Life Assurance, Critical Illness Cover, and Income Protection Insurance

### **General Insurance**

We are insurance intermediaries who only offer products from the limited number of insurers listed below for, Buildings & Contents, Accident Sickness & Unemployment and Private Medical Insurance. We use PaymentsShield and Source who provide insurance through the following underwriters - Ageas, Alliance, Alpha Insurance, Aviva, AXA, Cigna, Covea, E-Underwriting, Legal & General, Landlords Choice, Liverpool Victoria, Modus, Plum, Royal & Sun Alliance, Sentinel, Tower Gate, UK General and Zurich.

### **How much do we charge for our insurance services?**

We do not charge a fee for advice and arranging an insurance product. We will receive commission from the insurer and this is reflected in the premium amount you pay to them. The amount of commission we receive will vary depending on the type of contract, term of the cover and the premium amount.

We will tell you how much commission we expect to receive before we transact business for you. You will receive a quotation, which will tell you about any other fees relating to any particular insurance policy we arrange for you.

We are not otherwise permitted to receive or retain any financial inducements, significant gifts or hospitality from insurance product providers, for arranging insurance contracts on your behalf.

## **INFORMATION ABOUT OUR OTHER RELATED SERVICES**

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### **Non-Advised Services**

We will tell you how we get paid and the amount before we carry out any business for you.

### **Credit Broking**

We are also Credit Brokers. This means that if you require a loan other than a mortgage (e.g. a personal loan) we can refer you to a specialist third party who can discuss your specific needs with you. We will not advise you on this type of borrowing and you will need to make up your own mind whether to go ahead with it or not.

## WHAT HAPPENS IF YOU HAVE A COMPLAINT?

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If you are unhappy with the service you have received or a product we have arranged on your behalf, a copy of our complaints procedure, which sets out how we will handle your complaint, is available upon request.

If you would like to make a complaint please contact us either in writing to: **Complaints, Prosperity Financial Management Ltd, 195 High Street, Northallerton, North Yorkshire, DL7 8LF**; or by e-mail: [enquiries@prosperity-ifa.co.uk](mailto:enquiries@prosperity-ifa.co.uk); or by telephone: **01609 778877**.

If we are unable to settle your complaint or you are unhappy with our response, the Financial Ombudsman Service may be able to help. We will explain how at that point.

If you require further information about the Financial Ombudsman Service you can contact them directly:

**Tel: 0800 0234567**

**Website:** [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

## ARE WE COVERED BY THE FINANCIAL SERVICES COMPENSATION SCHEME (FSCS)?

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Yes, we are covered by the FSCS. You may be entitled to compensation from the scheme if we are unable to meet our obligations. This will depend on the type of business and the circumstances of the claim. The FSCS only pays compensation for financial loss and the limits are per person per firm, and per claim category, as listed below:

### **Investments:**

Arranging and advising on most types of investment (e.g. an ISA) is covered up to a maximum limit of £85,000 per person per firm.

### **Long Term Insurance Contracts:**

Arranging and advising on long term insurance contracts (e.g. a life insurance policy) is covered for 100% of the claim without upper limit.

### **Mortgage Products:**

Arranging and advising on mortgage products is covered up to a maximum limit of £85,000 per person per firm.

Further information about the FSCS is available from their website: [www.fscs.org.uk](http://www.fscs.org.uk)

### **General Insurance Contracts:**

Arranging and advising on compulsory classes of insurance (e.g. employers liability), professional indemnity insurance, and general insurance contracts that pay out on death or incapacity due to injury, sickness, or infirmity (e.g. an accident & sickness policy) is covered for 100% of the claim without upper limit.

Arranging and advising on other types of general insurance contracts (e.g. Building and Contents) is covered for 90% of the claim without upper limit.