

## Client Agreement for Investments, Insurances & Mortgages

### This document must be read in conjunction with our Service Proposition & Engagement

This agreement is issued on behalf of KSM Associates Independent Financial Advisers Limited of 6 Beaumont Street, Hexham, Northumberland, NE46 3LZ, who can be contacted on 0191 2303358.

### **Authorisation Statement**

KSM Associates Independent Financial Advisers Ltd is Authorised and Regulated by the Financial Conduct Authority. The Financial Conduct Authority (FCA) regulates the financial services industry in the UK and their address is 25 The North Colonnade, Canary Wharf, London, E14 5HS. You can check this on the FCA's Register by visiting the FCA's website [www.fca.org.uk/firms/systems-reporting/register](http://www.fca.org.uk/firms/systems-reporting/register) or by contacting the FCA on 0800 111 6768.

### **Our services**

KSM Associates Independent Financial Advisers Limited is able to act on your behalf in advising you on investments, non-investment insurance contracts and mortgages. We offer products and services as follows:

- **Investments** - we offer an Independent advice service. We will recommend investments based on a comprehensive and fair analysis of the market. We will place no restrictions on the Investment Markets we will consider before providing investment recommendations, unless you instruct us otherwise. We will however only make a recommendation when we know it is suitable for you.
- **Non-investment protection contracts** - For Non-investment protection contracts we are an intermediary and will act on your behalf when providing advice and making our personal recommendation(s) to you. We will do this based on a fair analysis of insurers for term assurance, critical illness insurance, income protection, private medical insurance and accident, sickness and unemployment insurance.
- **Mortgages** - We offer an Independent mortgage service. This means we will not place any restrictions on the mortgages we have access to but we will not consider deals that can only be obtained by going direct to a lender. We will advise and make a recommendation for you on mortgages after we have assessed your needs. This will include a detailed assessment of affordability.

Where you are increasing your borrowing we will consider the merits of both a new first charge mortgage and securing this by an additional mortgage on a second charge basis. You may also have the option of a further advance from your existing lender or borrowing through an unsecured loan but whilst these may be more appropriate for you, we will not consider these when making our recommendation to you.

We offer you an initial discussion (without charge) at which we will describe our services more fully and explain the payment options. If you decide to go ahead, we will:

- Gather and analyse personal and financial information about you and your aims and objectives;

- Recommend and discuss any action we think you should take and, with your agreement, arrange relevant solutions for you.

### **Your aims and objectives**

Unless we notify you in writing to the contrary, we will be treating you as a "retail client" for investment business and a "consumer" for general insurance business. This means that you are afforded the highest level of protection under the regulatory system and should have the right to take any complaint to the Financial Ombudsman Service.

Any advice or recommendation that we offer to you, will only be given after we have assessed your needs and considered your financial objectives and attitude to any risks that may be involved. We will also take into account any restrictions that you wish to place on the type of products you would be willing to consider.

With very few exceptions, we will confirm to you in writing the basis of our recommendations along with details of any special risks associated with the products recommended.

Full details of the products we recommend to you including, for example, the minimum duration of the product, information on your right to cancel or whether no right to cancel exists, and any other early termination rights and penalties, will be covered in the relevant product disclosure information you will receive before conclusion of any contract.

We will issue any documentation/recommendations and any other communication to you in English (unless agreed otherwise).

In executing or transmitting applications on your behalf to third parties, we will take all reasonable steps to ensure that we obtain the best possible result for you in terms of best execution.

We may also, on occasion, advise on other financial products which are not regulated by the FCA under the Financial Services and Markets Act 2000. The Financial Services Compensation Scheme does not apply to any of these products.

### **Our Ethical Policy**

We are committed to providing the highest standard of financial advice and service possible. The interest of our clients is paramount to us and to achieve this we have designed our systems and procedures to place you at the heart of our business. In doing so, we will:

- be open, honest and transparent in the way we deal with you;
- not place our interests above yours;
- communicate clearly, promptly and without jargon;
- seek your views and perception of our dealings with you to ensure it meets your expectations or to identify any improvements required.

### **Our Investment Services and Costs (Including Structured deposits)**

We provide you with an initial consultation free of charge. This helps us to understand your financial objectives and will confirm how we can support you in working towards these. We will also discuss the cost, and levels, of our services both initially and throughout our relationship with you.

We charge our services by way of a fee. These fees are based on a percentage of the amount you invest.

### **Financial Review and Recommendation**

This can be a continuation from the initial discussion, where agreed, or a further appointment. This process covers the:

- gathering of information about your existing financial arrangements and full personal circumstances;

- understanding of your investment knowledge and attitude and tolerance towards investment risk;
- recommendation of an asset allocation model that matches your risk profile and the subsequent assessment and suitability of any existing holdings;
- preparation of our recommendations to you;
- arranging a second appointment to explain and discuss our recommendations in detail.

Our charge for this service is a fixed fee of £350 payable on provision of the report containing our recommendations to you. This fee will usually be waived wholly or in part should you decide to implement any of our recommendations.

For Example; if we arrange an investment on your behalf and our fee for arranging and implementing the recommended investment is £750 and you decide to effect the recommended plan then only the arrangement & implementation fee of £750 is payable.

However if you decide not to continue with our recommendations at this stage then the financial review and recommendation' fee of £350 would be payable.

### Policy Arrangement & Implementation

Should you instruct us to proceed with any of our recommendations we will act for you in the following ways:

- handle all fund and policy administration on your behalf;
- provide regular updates to keep you informed of progress;
- ensure all your documents are issued in line with your expectations;
- provide confirmation of all actions taken on your behalf in writing.

### Policy Arrangement & Implementation – Lump Sum Investments or Transfers

Our charge for this service is based on a percentage of the amount you invest and/or transfer. These charges are applied at 3% but are subject to a standard minimum of £500. However the minimum fee for the arrangement and implementation of the following products is £1,000.

Self Invested Personal Pensions (SIPP)  
 Small Self Administered Scheme (SSAS)  
 Income Drawdown Plans  
 Pension Transfers/Switches

The policy arrangement & implementation payment can either be taken from your investment upon receipt by the policy provider or paid directly by you.

Example 1; if we arrange an investment on your behalf for £10,000 our implementation fee would be £300. As this is less than the minimum fee of £500 the minimum implementation fee of £500 would be payable.

Example 2; if we arrange investments on your behalf totalling £50,000 our implementation fee would be £1,500. As this exceeds the 'minimum fee no other charges would be applied and therefore the total implementation fee payable would be £1,500.

Example 3 if we arrange a SIPP on your behalf totalling £30,000 our implementation fee would be £900. As this is less than the minimum fee of £1,000 the minimum implementation fee of £1,000 would be payable.

## ANNUITY CHARGES

When recommending a pension annuity then we charge the following.

### Annuity - Standard

1.5% of the fund value subject to a minimum fee of £350

### Annuity-Impaired

2% of the fund value subject to a minimum fee of £500

These payments can either be taken from the tax free cash element of your fund upon receipt by the policy provider or paid directly by you.

Example 1; if we arrange a standard annuity on your behalf for £10,000 our implementation fee would be £150. As this is less than the minimum fee of £350 the minimum implementation fee of £350 would be payable.

Example 2; if we arrange an impaired life annuity on your behalf totalling £50,000 our implementation fee would be £1,000. As this exceeds the 'minimum fee no other charges would be applied therefore the total implementation fee payable would be £1,000.

### Policy Arrangement & Implementation – Regular Premium Savings or Investments

Our charge for implementing a regular premium savings or investment plan is 25% of the first year's premiums; this is subject to a standard minimum of £500. However the minimum fee for the arrangement and implementation of the following products is £1,000.

Self Invested Personal Pensions (SIPP)  
Small Self Administered Scheme (SSAS)

You can pay this under either of the two options listed below:

#### Option 1

You can pay this directly on commencement of the policy.

Example 1; If your monthly contribution is £200 our implementation fee would be £600 ( $£200 \times 12 = £2,400 \times 25\% = £600$ ). As this exceeds the minimum fee no other charges would be applied therefore the total implementation fee payable would be £600.

Example 2; If your monthly contribution is £100 our implementation fee would be £300 e.g. ( $£100 \times 12 = £1200 \times 25\% = £300$ ). As this less than the minimum fee of £500 the minimum implementation fee of £500 would be payable.

#### Option 2

You can pay the implementation fee through your policy by paying four equal instalments throughout the 1<sup>st</sup> year i.e. in months 3, 6, 9 and 12.

Example 1; If your monthly contribution is £200 our implementation fee would be £600. This will be collected by deducting £150 from your plan in months 3, 6, 9 and 12. As this exceeds the minimum fee no other charges would be applied therefore the total implementation fee payable would be £600.

Example 2; If your monthly contribution is £100 our implementation fee would be £300. As this is less than the 'minimum implementation fee of £500, the minimum fee is will be payable. This will be collected by deducting £125 from your plan in months 3, 6, 9 and 12. giving a total implementation fee of £500.

Should you decide to pay this charge through your policy and payments to the policy subsequently cease, we will calculate the total payments received to date and charge you the balance against the minimum fee.

For example, if you invest £200 pm, we will deduct £150 in months 3, 6, 9 and 12. Should payments cease after month 6 (and £300 has been collected) the difference between this and the minimum fee of £500 would be charged i.e. £200.

#### Advice only charge

If we provide advice where we neither arrange or implement a product, for example provide pension advice where no product is necessary or provide taxation advice where no product is necessary or recommend a product which we neither arrange or implement e.g cash ISA and therefore no implementation fee is payable. We will in this case charge for this service provided based on an hourly rate as follows

Consultant	£245 per hour
Technical/Research	£110 per hour
Administration	£55 per hour

We will provide you with an estimate of how many hours we expect this to take and we will not exceed this without checking with you first.

Example 1 If you require advice concerning opting out of a Defined Benefit pension scheme it is anticipated to take 4 consultant hours, 3 hours technical/researching and 2 hours administration the total fee would be  $(4 \times £245) + (3 \times £110) + (2 \times £55) = £1,420$ .

Example 2 If you require advice concerning which the best place to deposit your cash ISA allowance it is anticipated to take 1 consultant hour and 0.5 technical/researching hours the total fee would be  $(1 \times £245) + (0.5 \times £110) = £300$ .

We will issue an Invoice within 7 days of providing you with the service, which is to be paid directly by yourself. We must receive full payment of the invoice amount within 30 days of issue.

#### Ongoing Reviews and Changes to Existing Investments

We will discuss the full range of our on-going services during our initial consultation. These services include, but are not limited to, providing you with:

- structured reviews to give you peace of mind;
- assessment of your circumstances and any changes to your plans that are needed;
- regular updates and information regarding your holdings;
- a choice of differing levels of support depending on your needs;
- ongoing support with correspondence and administration issues.

Details of these different levels of services are contained in our Service Proposition & Engagement. We will agree separately the level of on-going services at the time of, or prior to, making our recommendation(s) to you. Typically our costs range from 0.25% to 1.0% per annum (subject to minimum fees) and are based on the value of your investment(s) at each 12 month anniversary, and are paid pro-rata in arrears beginning in month 13. Therefore, if the value of your investment(s) totalled £100,000 our yearly fees would range from £250 to £1,000. The amount you pay will fluctuate with the value of your investment; if your investment increases in value the amount you pay us will also increase and if your investment falls in value the amount you pay us will reduce. Any change to the level of services throughout this agreement will result in pro-rata charge being applied.

The charges listed above can be deducted from your investments or paid directly by you. You should note that when paid through the investments it may reduce your personal tax thresholds and/or exemption levels. Where this happens we will discuss it with you and confirm it in your personal recommendation report.

It should be noted that if you choose any of our ongoing management services they are subject to a minimum fee per annum.

Transactional only £Nil

Gold £750 (min)

Silver £500 (min)

Bronze £250 (min)

Example 1; if your investments are valued at £50,000 and you have selected the Bronze option (0.25%) the ongoing management fee we would receive is £125. As this is less than the minimum ongoing service fee we would charge you £125 as the balance with a total ongoing management fee of £250.

Example 2; if your investments are valued at £100,000 and you have selected the Silver option (0.5%) the ongoing management fee we would receive is £500. As this is equal to the minimum ongoing service fee no other charges would be applied with a total ongoing management fee of £500.

Should you decide to cancel our agreement to provide on-going services you must provide written confirmation of your decision and we will cease payments for these services within 7 business days and after collection of any due proportion of any period charges.

### **Our Protection Services and Costs**

We will provide you with a personal and financial review prior to making our recommendation(s) to you. Should you accept our recommendation(s) we will arrange the implementation of this/these for you. The reasons for our recommendations will also be provided to you in a written report.

We do not charge a fee for our insurance and protection services as we will normally receive commission from the policy provider.

### **Our Mortgage Services and Costs**

We will provide you with a personal and financial review prior to making our recommendation(s) to you. Should you accept our recommendation(s) we will arrange the implementation of this/these for you. The reasons for our recommendations will also be provided to you in a written report.

We normally charge a standard fee of £495 for our mortgage services which falls due on provision of the advice provided to you. This is in addition to any commission we may receive from the lender.

If the fee is payable we will ask you to sign a fee agreement declaration and will be payable before your application is processed.

### **Cancellation rights**

In most cases you can exercise a right to cancel by withdrawing from the contract. In general terms you will normally have a 30 day cancellation period for a life, pure protection, payment protection or pension policy and a 14 day cancellation period for all other policies.

For pure protection policies the start of the cancellation period will normally begin when you are informed that the contract has been concluded or, if later, when you have received the contractual terms and conditions. In other cases, the cancellation period will begin on the day the contract is concluded or, if later, the day on which you receive the contractual terms and conditions. Instructions for exercising the right to cancel, if applicable, will be contained in the relevant product disclosure information which will be issued to you.

If you cancel a single premium contract, you may be required to pay for any loss you might reasonably incur in cancelling it which is caused by market movements. This means that, in certain circumstances, you might not get back the full amount you invested if you cancel the policy.

## **VAT**

Under current legislation our services are not subject to VAT but should this change in future, and where VAT becomes due, we will notify you before conducting any further work.

## **Client money**

KSM Associates Independent Financial Advisors Limited is not permitted to handle client money and we cannot accept a cheque made out to us (unless it is in respect of an item for which we have sent you an invoice) or handle cash.

## **Documentation**

We will endeavour to make arrangements for all your investments to be registered in your name unless you first instruct us otherwise in writing. All policy documents will be forwarded to you as soon as practicable after we receive them. If there are a number of documents relating to a series of transactions, we will normally hold each document until the series is complete and then forward them to you.

## **Instructions**

We prefer our clients to give us instructions in writing, to aid clarification and avoid future misunderstandings. We will, however, accept oral instructions provided they are confirmed in writing.

## **Material Interest**

We will act honestly, fairly and professionally known as conducting business in 'Client's best interest' regulations. Occasionally situations may arise where we or one of our other clients have some form of interest in business transacted for you. If this happens or we become aware that our interests or those of one of our other clients conflict with your interest, we will write to you and obtain your consent before we carry out your instructions, and detail the steps we will take to ensure fair treatment.

In accordance with the rules of our regulator, The Financial Conduct Authority, we are prohibited from accepting any payment (commission or other non-monetary benefits) which is likely to conflict with the duty of the firm to its clients.

## **Complaints**

If you wish to register a complaint, please write to KSM Associates Independent Financial Advisors Limited at 6 Beaumont Street, Hexham, Northumberland, NE46 3LZ or telephone 0191 230 3358.

A summary of our internal complaints handling procedures for the reasonable and prompt handling of complaints is available on request and if you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk) or by contacting them on 0800 023 4 567.

## **Compensation Scheme**

If you make a complaint and we are unable to meet our liabilities, you may be entitled to compensation from the Financial Services Compensation Scheme.

Further information about the limits applicable to the different product types is available from the FSCS at <http://www.fscs.org.uk/what-we-cover/products>

## **Anti-money laundering**

We are required by the anti-money laundering regulations to verify the identity of our clients, to obtain information as to the purpose and nature of the business which we conduct on their behalf, and to ensure that the information we hold is up-to-date. For this purpose we may use electronic identity verification systems and we may conduct these checks from time to time throughout our relationship, not just at the beginning.

## **Law**

This client agreement is governed and shall be construed in accordance with English Law and the parties shall submit to the exclusive jurisdiction of the English Courts.

## **Force Majeure**



KSM Associates Independent Financial Advisors Limited shall not be in breach of this Agreement and shall not incur any liability to you if there is any failure to perform its duties due to any circumstances reasonably beyond its control.

**Termination**

The authority to act on your behalf may be terminated at any time without penalty by either party giving seven days notice in writing to that effect to the other, but without prejudice to the completion of transactions already initiated. Any transactions effected before termination and a due proportion of any period charges for services shall be settled to that date.

**Declaration**

This is our standard client agreement upon which we intend to rely. For your own benefit and protection you should read these terms carefully before signing them. If you do not understand any point please ask for further information.

I/We are aware of the costs of the Financial Review and Recommendation(s), and where appropriate, the Policy Arrangement and Implementation services and agree to the method and timing of these.

I/We confirm that we agree to the adviser being remunerated on the basis selected below;

**Investment Products**

By deduction from the policy	
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By direct payment from ourselves	
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You should note that when paid through the investments it may reduce your personal tax thresholds and/or exemption levels. Where this happens we will discuss it with you and confirm it in your personal recommendation report.

**Protection Products**

Paid by Commission/ via product provider	
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**Mortgage Products**

Paid by Commission/ via product provider	
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Paid by combination of Fee and Commission	
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**Advice Only**

By direct payment from ourselves	
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Client 1 Name \_\_\_\_\_

Client 2 Name \_\_\_\_\_

Client Signature \_\_\_\_\_

Client Signature \_\_\_\_\_

Date of Issue \_\_\_\_\_

Date of Issue \_\_\_\_\_

Signed on behalf of KSM Associates Independent Financial Advisers

\_\_\_\_\_

Date \_\_\_\_\_

NB: In relation to your chosen ongoing service a separate Service Proposition & Engagement will be issued at the same time as this agreement.



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