

Submission on Options Paper Review of Financial Advisers Act 2008 etc.

Having read through this I would like to make the following observations/submissions.

#### Observations

Firstly I have been a loan and mortgage broker since 2005 and have not noticed any improvement since regulation in the quality of advice that is being given to clients/customers by either mortgage brokers, insurance brokers or people working under QFE such as bank staff. In fact I have been appalled at some of the advice and/or lack of it, especially that given by bank staff who don't seem to be as responsible under all this regulation as RFA and AFA people are.

All regulation has done is say if you follow a process then whether the advice is good, bad or indifferent it is ok as you have followed the process set down. There are many advisers both in the mortgage sphere, insurance sphere and in the financial planning sphere who seem to direct clients to the place that will most benefit the adviser in terms of remuneration, especially where trail commissions are involved.

My submissions on the Options Paper are as follows:

Chapter 3 page 15 & 16. Consumers are completely mystified as to what constitutes an RFA, AFA and someone working for a QFE

Page 16 the paragraph beginning "We hear that many consumers want relatively simple personalised advice etc." This is absolutely correct in my experience

Page 17 the paragraph beginning "The introduction of competency requirements" This is completely erroneous. Being an AFA does not in any way improve the "quality of advice". It just says that if they use the required process then they are clear to give advice which in most cases is likely to be more beneficial to the adviser than the client.

Also on page 17 in italics the paragraph beginning "For financial advice to facilitate good outcomes". My comment on this is that where it can be shown that an advisor favours one insurance or lending entity then serious questions have to be asked who the adviser is working for?

Page 18 in italics the paragraph beginning "Making good financial decisions is important". How is any member of Joe Public able to do this when they don't understand the different categories RFA, AFA, QFE and even if they did, how does any of that guarantee good quality unbiased financial advice to the client. It is patently obvious when meeting with mortgage clients for the first time that the advice (or lack of it) that they receive from QFE's staff such as bank staff is in the majority of cases simply woeful.

Yet there does not seem to be any clear cut way clients can get compensation or issues resolved in anywhere near the same manner as dealing with RFA's and AFA's.

## Chapter 4 – Discrete Elements

4.4 Passing exams in no way demonstrates competency, it just means an adviser can pass exams. Ditto CPD requirements. They are a complete waste of time and the only beneficiaries are education/training providers who seem to have a very vested interest in all this.

4.6 The current Disclosure Document (as prescribed) is woefully inadequate and disclosure was far better covered before all this regulation.

### Page 25 Ethical and client care obligations

Under Current Situation last paragraph starting “RFAs are not required” They should all (RFA and QFE) be obligated to put consumers interests first which would put QFE employees in a “no win” situation as the employer wants them to put the employers needs first yet supposedly giving financial advice of any kind should put the consumer first.

### Page 32 Option 2B

The Code Committee should not have any representative from any training organisation as they are there only to promote and push their commercial interests.

That is the end of my submissions.

Kind regards

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