

## Client Agreement

This agreement is issued on behalf of Davidsons Independent Financial Advisers Ltd (Davidsons IFA) of 23 Fore Street, Okehampton, Devon, EX20 1AN who can be contacted on 01837 53855 or [advice@davidsonsifa.com](mailto:advice@davidsonsifa.com).

### **Authorisation Statement**

Davidsons IFA is Authorised and Regulated by the Financial Services Authority. The Financial Services Authority 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 FSA's Register by visiting the FSA's website [www.fsa.gov.uk/register](http://www.fsa.gov.uk/register) FSA No. 224407 or by contacting the FSA on 0845 606 1234.

### **Permitted Business**

Our permitted business is advising on and arranging savings and investment products, pensions, mortgages and non-investment Insurance contracts.

### **Client Classification**

Each client with whom the firm does business is categorised as to identify the level of regulatory protection. We propose to classify you as 'Retail Client' for Investment purposes.

### **Communications**

We will communicate with you in English, both verbally and written, for the purpose of sending and receiving instructions.

### **Scope of Service**

We operate independently and therefore provide investment services from the whole market.

### **Services to be provided**

With regards to investments which we have arranged for you, these will be kept under review with regular valuation statements being sent. This does not mean we guarantee in any way their performance, but merely monitor that performance and keep you informed. We will advise you on an ongoing basis upon your request. We may contact you in the future by means of an unsolicited promotion should we wish to discuss the relative merits of an investment or service which we feel may be of interest to you.

On issue of this letter any subsequent advice or recommendation offered to you will be based upon your stated investment objectives, acceptable level of risk and any restrictions you wish to place on the type of investments or policies you are willing to consider. We will issue you a suitability report to confirm our recommendation. Unless confirmed otherwise, we will not place any restrictions on our recommendations.

Davidsons IFA does not handle clients' money. We never accept a cheque made out to us unless the cheque is in settlement of charges or disbursements for which we have sent you an invoice or handle cash.

We will also make arrangements for all your investments to be registered in your name unless you first instruct us otherwise in writing. We will forward you all documents showing ownership of your investments as soon as practicable after we receive them. Where a number of documents are due involving a series of transactions, we normally hold each document until the series is complete, then forward them to you.

### **Paying for services**

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

We believe that fee-based advice is the way forward and indeed the best way to ensure you receive unbiased financial advice. However, we also believe that you, the client, should have the final say as to how you want to

pay for financial advice. We have therefore designed a fee/commission structure which we believe is fair to both you and us, is open and transparent. It gives you the option to choose fees or commission, depending upon your preference and makes it clear the true cost of either route. This is important because while most clients would still choose the commission route, many do not fully appreciate who pays this commission, and the fact that ultimately it comes out of your product charges. With commission, while you may pay nothing up front, that *does not* mean our service is free.

### Our fee option

We have two fees - a Transaction Fee and a Servicing Fee.

**Transaction Fee** - this is charged when we arrange or bring into being an insurance, pension, mortgage or investment contract on your behalf. It varies according to which type of business we are arranging for you.

Non-investment insurance:	150% of the annual premium
Mortgages:	
<i>New Mortgage:</i>	0.6% of the loan amount, subject to a minimum of £500. This is split; £250 payable upon application with the balance due upon completion.
<i>Re-Mortgage:</i>	0.6% of the loan amount, subject to a minimum of £500. This is split; £75 payable before we undertake our research, £175 payable upon application with the balance due upon completion.

- ❖ In addition, we are paid a Procuration fee by some lenders upon completion. If this is the case, this will be used to offset the balance due upon completion.

Commercial Lending:	0.75% of the loan amount, subject to a minimum of £500. This minimum is payable upon application with any balance due upon completion.
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- ❖ Unlike most commercial brokers, we do not accept commission from any lenders.

Pensions:	2.5% of annual contribution - subject to a minimum fee of £100 2.5% of single contribution or transfer amount.
Annuity/Drawdown:	2.5% of fund value before tax free cash is taken.
Savings/Investments:	2.5% of annual contribution – subject to a minimum fee of £100 2.5% of lump sum investment
Fund Switch:	0.5% of amount switched if remaining with same product provider 2.5% of amount switched if changing product provider

Initial commission generated by these transactions may be rebated back into the contract, thus increasing your allocation rate or reducing your charges/premiums. This will be discussed on an individual basis and confirmed before proceeding. For investments over £1,000,000 we can discuss discounts to these fees.

**Servicing Fee** – this is charged on an annual basis for ongoing advice, including the provision of valuations and fund information and analysis. It is relevant to pensions, savings/investments and drawdown only. The charge is 0.5% per year on the fund value.

Any renewal commission will be rebated back into the contract, thus reducing your annual management charge. Alternatively, you can offset any renewal commission against the servicing fee.

Some fee-based IFAs charge hourly fees. We do not feel this is in your best interests as the total fee is open-ended. However, if you wish to work in this way, we will offer an hourly fee at the rate of £100 per hour. However, this fee will be restricted to meetings only for which we will not conduct any preliminary research, apart from an appraisal of the client file and investments held to date. We will still write to confirm our discussions following the meeting, but this will not contain any advice or fund recommendations. Under this option, there will be no ongoing advice or valuations.

#### Our commission option

Amounts vary according to the type of product, the amount you invest, and (sometimes) how long you invest for or your age when you start the product. We will confirm the actual amount to you before you buy a product. The following table demonstrates our normal rates of commission. However if it is proposed that the amount to be charged is greater than this amount written confirmation will be provided.

#### ***Regular Contribution Contracts***

Product Type	Typical Commission	Based on payment by you of £100 per month	Our minimum
Non-Investment Insurance	170% of annual premium	£2,040	150% of annual premium
Whole of Life	170% of annual premium	£2,040	150% of annual premium
Personal & Stakeholder Pension	3% of annual contribution followed by 0.5% pa on fund value	£36 up front followed by 0.5% pa on fund value	£100 up front followed by 0.5% pa on fund value
Collective Investments	3% of each contribution followed by 0.5% pa on fund value	£3 per month followed by 0.5% pa on fund value	£100 up front followed by 0.5% pa on fund value

#### ***Lump Sum Contracts***

Product Type	Typical Commission	Based on investment by you of £1,000	Our minimum
Collective Investments, including ISA, PEP and OEIC.	3% upfront followed by 0.5% pa on fund value	£30 up front followed by 0.5% pa on fund value	2.5% upfront followed by 0.5% pa on fund value
Investment Bonds	4.5% upfront followed by 0.5% pa on fund value	£45 up front followed by 0.5% pa on fund value	2.5% upfront followed by 0.5% pa on fund value
Personal and Stakeholder Pension	3% upfront followed by 0.5% pa on fund value	£30 up front followed by 0.5% pa on fund value	2.5% upfront followed by 0.5% pa on fund value
Annuities	1.5% of fund value after withdrawal of tax free cash	£15 (based on £1,000 after withdrawal of tax free cash)	2.5% of fund value before withdrawal of tax free cash
Income Drawdown	3% of fund value after withdrawal of tax free cash followed by 0.5% pa on fund value	£30 (based on £1,000 after withdrawal of tax free cash) followed by 0.5% pa on fund value	2.5% of fund value before withdrawal of tax free cash followed by 0.5% pa on fund value

It is important to note that with the commission option there is a minimum amount which we must ensure is received by us to cover our costs. As you can see from the above table, in most cases this is covered by the commission. However, in some cases the commission payable falls below this figure, and in those circumstances we will invoice you for the difference. However, rest assured, we will confirm all these figures with you and agree them before proceeding

Our Mortgage and Commercial Lending charges are detailed under the fees option. There is no Commission Only option with Mortgages or Commercial Lending.

### **Material Interest**

We will act honestly, fairly and professionally. This is known as conducting business under the '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.

### **Rights to Cancel**

We will inform you of your statutory right to cancel. The Distance Marketing Directive normally grants you 30 days in which you may cancel a life or pension contract. However there will be occasions where no statutory rights are granted and this will be explained before any contract is concluded.

### **Complaints**

If you wish to register a complaint, please write to Davidsons IFA Ltd, 23 Fore Street, Okehampton, Devon, EX20 1AN or telephone 01835 53855.

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

### **Compensation Scheme**

We are covered by the Financial Services Compensation scheme (FSCS) if we cannot meet out our obligations. This is dependent upon the type of business and the circumstances of the claim. Most types of investment business are covered up to a maximum limit of £50,000. Insurance advising and arranging is covered for 90% of the claim, without any upper limit. Further information about this compensation scheme arrangement is available from the FSCS.

### **Data Protection**

The information you have provided is subject to the Data Protection Act 1998 (the "Act"). By signing this document you consent to us or any company associated with us for processing, both manually and by electronic means, using your personal data for the purposes of providing advice, administration and management.

"Processing" includes obtaining, recording or holding information or data, transferring it to other companies associated with us, product providers, the FSA or any other statutory, governmental or regulatory body for legitimate purposes including, where relevant, to solicitors and/or other debt collection agencies for debt collection purposes and carrying out operations on the information or data.

We may also contact you (including by telephone) with details of any other similar products, promotions, or for related marketing purposes in which we think you may be interested. We will not pass your details to other companies associated with us for marketing purposes without prior approval from you.

The information provided may also contain sensitive personal data for the purposes of the Act, being information as to your physical or mental health or condition; the committing or alleged committing of any offence by you; any proceedings for an offence committed or alleged to have been committed by you, including the outcome or sentence in such proceedings; your political opinions, religious or similar beliefs, sexual life; or your membership of a Trade Union.

If at any time you wish us or any company associated with us to cease processing your personal data or sensitive personal data, or contacting you for marketing purposes, please contact The Data Protection Officer on 01837 53855 or in writing at Davidsons IFA Ltd, 23 Fore Street, Okehampton, Devon, EX20 1AN.

You may be assured that we and any company associated with us will treat all personal data and sensitive personal data as confidential and will not process it other than for a legitimate purpose. Steps will be taken to ensure that the information is accurate, kept up to date and not kept for longer than is necessary. Measures will also be taken to safeguard against unauthorised or unlawful processing and accidental loss or destruction or damage to the data.

Subject to certain exceptions, you are entitled to have access to your personal and sensitive personal data held by us. You may be charged a fee (subject to the statutory maximum) for supplying you with such data.

### **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.

### **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.

### **Client consent**

By instructing us to act on your behalf, you understand and consent to the above terms and hereby authorise the transfer of information, as described above on a confidential basis when warranted between such third parties. This client agreement will come into effect from the date of issue.