

## Face to Face with Carole Nicholls: Out with a bang from the PFS

By Michelle McGagh | 07:00:00 | 21 November 2007

Carole Nicholls, outgoing president of the Personal Finance Society (PFS), has done much to raise the profile of the organisation and the level of professionalism in the industry. However, she has not gone quietly and has made it clear there are many issues that require urgent attention.

Having handed over her Personal Finance Society presidency to Robert Reid, Carole Nicholls hopes she leaves a legacy of professionalism stamped on the body and the retail distribution review (RDR).

Professionalism was the theme that Nicholls chose for her presidential year. She is positive about the inroads that have been made in raising standards in the industry in the past 12 months but is still concerned about the consumer attitude towards financial services and the transparency of the market.

Speaking at the PFS annual conference last week, Nicholls made sure that her presidency would not be quickly forgotten by telling adviser attendees that 'the consumer does not trust us, they prefer to spend their money rather than give it to us to invest'.

She made a personal plea to advisers and providers to be transparent in their contracts but said that some still have a way to go. A dedicated pure-fee adviser, Nicholls made it clear that disclosure and the remuneration around life insurance contracts work against advisers like herself and cause suspicion in consumers.

Giving the example of £50,000 being invested in an insurance bond, she noted that the client would then receive a cooling off notice saying £53,000 had been invested before receiving a separate notice referring to 'commission sacrifice'.

'When I look at the contracts we face they are anything but transparent,' she said. Nicholls thinks that factory-gate pricing or customer agreed remuneration (CAR) could be the solution but whatever the route 'consumers need to know the true costs'.

Her own strong profile has rubbed off on the professional body and she believes that people now know what the PFS is about.

'Last year, the PFS felt like a secret society but in the last 12 months we have really tried to market ourselves and put our head above the parapet. Now I feel like we are a very open professional body,' she said.

'I wanted my year of presidency to be about professionalism and I would like to think that I have focused on what I said and helped raise the standards and qualifications.'

Much of Nicholls' presidency has been taken up with the retail distribution review and she has helped fashion the society's response which focuses on qualifications and professionalism, something which she takes seriously as a fellow of the PFS and CII and author of a number of exams.

However, she highlighted one of the industry's main failures was the consumer confusion about the qualifications that advisers hold.

To solve this, the society is now working with other professional, trade and educational bodies to develop a framework that incorporates the vast 'alphabet

soup' of qualifications.

Of the society's 24,000 members, 9,000 are qualified to diploma standard and 1,090 are chartered. However, the society is keen to raise standards of qualifications as expressed in its RDR response and is introducing a Qualifications Pathway.

Advisers wishing to take further exams or reach a certain level will be given a 'qualifications passport' which records the exam already taken and sets out the examinations steps that need to be taken to reach the required level.

'The Qualifications Pathway is in an embryonic stage but later on the passport may tie in with our e-learning facilities,' said Nicholls.

Although the society is pushing on qualifications, it has been accused of dumbing down the level of qualification needed to reach the professional level in its response to the review. The Financial Services Authority's discussion paper proposed that professional advisers should be chartered or certified but the society believes the benchmark should be lowered to the diploma.

'I think we have to be realistic about qualifications,' she said. 'In an ideal world every professional adviser would be chartered or certified but there are only just over 1,000 chartered advisers at the moment and it is not enough.'

Despite the work that the body has done to gauge members' reaction to the RDR, Nicholls is 'horrified' that only 6% of its members have responded.

Addressing the conference delegates, she said: 'We have got to change our attitude and that needs the FSA, professional bodies, providers and you and me to take part.

'The regulator wants to work with us and I am horrified by the lack of feedback. More people should be responding; this is your profession, your businesses and futures.'

Nicholls believes that a challenge to the industry is working together. She has kick-started this by easing the tensions between the Institute of Financial Planning (IFP) and the PFS by accepting an invitation to the IFP annual conference in October and similarly inviting IFP president Jane Wheeler to the PFS get-together.

'There is a lot of squabbling in the industry between advisers and providers. It is also unfortunate that there have been tensions between us and the IFP. There is a place for a number of professional bodies and some people will want to be members of both and some will not because they feel happy in their communities and that is fine.'

After passing the baton to Robert Reid, director of Syndaxi Financial Planning, Nicholls is looking forward to getting back to her clients at her Bristol-based business, Nicholls Stevens Financial Services. It has £68 million of funds under management much of which has been built up with five acquisitions of adviser firms.

However, other advisers can be sure that they haven't seen or heard the last of Nicholls and her views.

