

## One more week to go!

One week to go before the Budget.

When the Treasury announced FAMR; their Budget deadline looked very ambitious. If FAMR is really a detailed Review into the regulation of all financial services distributions 4 months seemed very short. Let's face it - The regulator took 6 years not to find out what happened to RBS!

Cynics have suggested that all this consultation is just a front and the results of FAMR were decided before it was announced. If that correct advisers better get ready to fight for their livelihoods.

However, we may take some comfort from an announcement last week from Economic Secretary Harriett Baldwin *"We will be looking at how to make financial advice more affordable and more available, and also at how to get the right kind of regulatory balance for smaller firms"*.

So we are about to get a lighter load for advisers – who would have thought it! When Libertatem met with FAMR last year; it became clear that the prime thrust of FAMR was to find new ways of giving advice. There seemed to be little consideration to be given to existing advisers. There were new exciting shiny new Robo-Advisers to be encouraged.

Our contribution was that FAMR should work from the established and proven advice sector and put in place a suitable regime for that; before moving on to the unproven and shiny. If we take her quote above on face value maybe that message has got through. Who says representation doesn't work!

But let's wait and see because there are many well placed vested interests pushing in the opposite direction.

Firstly: Regulation has built up its role into a £1bn industry with 100's of employees earning more than the Prime Minister. These well-fed turkeys will want to avoid Christmas. It is not just the immediate staff employed by the 3F's. There is a whole circus of consultants, lawyers, policy wonks and ambulance chasers who are now highly dependent on the current system.

Secondly: since FAMR was launched, we have seen a number of pro-bank initiatives. The sacking of Martin Wheatley, the dropping of the Banks' culture review and the long awaited HBOS Report. All point to the influence banks have at the Treasury. You do not need to be Mystic Meg to realise that we now have a two tier system. If the banks get their free pass who is going to take up the villains' mantle? The Advisers?

Thirdly and finally: We get to the purpose of regulation. Is it as currently an undertaker, a device to absolve the powerful from blame or does it exist to protect the public? Think about that. If it existed to protect the public; we would not have had RDR. Conversely, if it really existed to protect the public would the Chancellor have had the confidence to announce his completely unsorted pension freedoms?

This is not an esoteric discussion. If the purpose is to absolve the powerful; the regime must claim to be independent, so no one powerful can be blamed when it fails. FOS must be divorced; both from regulation and the law, so it can dump issues away from where the blame should be. Witness Connaught and Keydata – profound regulatory failures dumped on the advisers.

So you have read this what are you going to do? Wander back to work in the hope that it will all go away?

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