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FIRST FOR INTERMEDIARY NEWS

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Woolwich fees do not treat customers fairly: Jannels

Woolwich has come under fire from an IFA for charging customers a £150 fee when applying for a mortgage application even if they fail to get a home loan.

Liz Holloway, media relations manager of Barclays, said the bank decided to implement withdrawal fees to make the system more equitable.

The fees are paid on residential and buy-to-let main advances where the application is withdrawn or the mortgage does not complete for purchases, remortgages from another lender or from within Woolwich. Ms Holloway explained that, for various reasons, 20 per cent of applications are withdrawn.

Victor Jannels, group executive chairman of West Sussex-based mortgage broker Atom, said Woolwich was using a sledgehammer to crack a nut and added the charge was not in keeping with treating customers fairly. He said: "How is it fair that a lender will penalise a customer for events which are often out of their control?"

Mr Jannels said if Woolwich wanted to take a fee of this kind it should charge it upfront with the application on a transparent basis and refund it on completion, which would be in line with treating customers fairly.

He said: "This charge also applies to existing Woolwich customers remortgaging internally if they do not proceed.

"This seems like a desperate attempt to grab money from every possible avenue and is certainly not in the best interests of the consumer."

Ms Holloway said the charge did comply with treating customers fairly, was simple, transparent and fair as it covered the cost of the application.

She said Woolwich would also charge customers if the client did not disclose adverse credit on their application, if it was unable to offer a mortgage because the client could not substantiate the information they provided in the application and if the mortgage offer expired, which was usually six months after the document was completed.

The Fos is bracing itself for a rise in general corporate bond-related complaints

Public 'unclear' about corporate bond risk

INVESTMENT
by David Pawsey

The former head of regulatory risk for HBoS has predicted the Financial Ombudsman Service could be facing a flood of complaints regarding the way some HBoS products were sold.

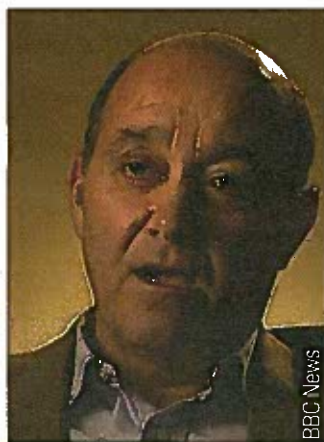
In February, Paul Moore, the former head of regulatory risk for HBoS, wrote to the Treasury select committee stating he had raised concerns back in 2004 about customers of the bank being switched from deposit accounts to corporate bonds without properly understanding the risks.

Mr Moore said following his concerns, affected customers were contacted to make clear the capital risk involved and given the opportunity to switch back to cash deposit accounts.

One customer, Jane Pringle of Cambridgeshire, now claims she was mis-sold one of the corporate bonds.

Ms Pringle said her call for compensation was turned down by HBoS after being "mis-sold" a corporate bond Isa and collective plan in 2006.

After being made redundant at the age of 58, after 20 years of service, Ms Pringle said she was



Moore: customers affected

left in a situation where she had no certainty of being able to find other work and was not due her state pension for another 18 months.

As a result she was reliant on a small pension from work, a pension lump sum and a redundancy payment for income.

When visiting a branch of HBoS to withdraw funds to invest in a cash income bond the branch manager suggested Ms Pringle speak to a HBoS adviser.

Ms Pringle, who later spoke to a St James's Place intermediary about the advice she received from HBoS, said she did not

have any understanding of corporate bonds but felt pressured by HBoS staff and was assured she would not lose money.

As a result of investing in corporate bonds, Ms Pringle claims she has lost almost £1400.

She said: "I live on my own and it is a huge amount of money for me. What they said to me was totally untrue."

Heather Scott, spokesman for HBoS, said: "Unfortunately we are unable to investigate this case further or provide comment without the individual customer's details."

Mr Moore said while he could not comment on whether the changes in selling practices he had recommended had been adopted following his departure, it was "not impossible" that people were mis-sold.

He said: "I would guess there would be a lot of complaints about a lot of things, particularly payment protection insurance and maybe other types of products including the overselling of credit products."

HBoS is remaining tight-lipped on how many complaints it has received from customers who believe they were mis-sold corporate bonds.

Ms Scott of HBoS said: "It is not appropriate for us to comment beyond the Treasury select committee investigation."

The Fos confirmed it has had to handle twice the number of complaints about corporate bonds that it did a year ago but was unable to comment on how many of the 70 cases it had received in the financial year up to 31 March had been complaints about the way HBoS had transferred clients into corporate bonds.

When asked how many complaints it had received and if it was expecting more in the light of the ombudsman seeing an increase and if funds had been put aside in the event of complaints being upheld, HBoS declined to comment.

Martyn James, spokesman for the Fos, said: "In the financial year ending 31 March 2008 we received 41 cases about corporate bonds, this compares with 70 cases in the current financial year due to end 31 March this year."

The Fos revealed the number of complaints it received about such products has doubled in the last year.

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