

Terms of Business Letter

1. The Financial Services Authority (FSA)

The FSA is the independent watchdog that regulates financial services. This document has been designed to be given to consumers considering buying certain financial products. Use this information to decide if our services are right for you.

2. Our Services

HFS Milbourne Financial Services Ltd is able to act on your behalf in advising you on investments, mortgages and non investment insurance contracts. We offer products and services as follows:

- We offer investment products from the whole of the market.
- We offer non investment products from a range of insurers.
- We also offer mortgage products. Where we propose to do so we will provide you with a separate Initial Disclosure Document detailing the services we offer and the costs of those services.

We offer you an initial discussion (without charge) when we will describe our services more fully and explain the payment options. If you decide to go ahead, we will:

- gather and analyse personal information about you, your finances, your needs and objectives;
- recommend and discuss any action we think you should take and, with your agreement, arrange relevant investments for you.

3. Your Aims and Objectives

Unless we notify you in writing to the contrary, we will be treating you as a “retail client”. This means that you are afforded the highest level of protection under the regulatory system and should have the right to take any complaint to the Financial Ombudsman Service.

Any advice or recommendation that we offer to you, will only be given after we have assessed your needs and considered your financial objectives and attitude to any risks that may be involved. We will also take into account any restrictions that you wish to place on the type of products you would be willing to consider.

With very few exceptions, we will confirm to you in writing the basis of our recommendation in a Suitability Report, which we will issue to you following our recommendation, along with details of any special risks associated with the product recommended.

Full details of the products we may recommend to you including, for example, the minimum duration of the product, information on the right to cancel or whether no right to cancel arises, and any other early termination rights and penalties, will be covered in the relevant product disclosure information you will receive before conclusion of any contract.

We will issue any documentation/recommendations and any other communication to you in English (unless agreed otherwise).

In executing or transmitting orders on your behalf to third parties, we will take all reasonable steps to ensure that we obtain the best possible result for you in terms of best execution.

We may also on occasion, advise on other financial products which are not regulated by the FSA under the Financial Services and Markets Act 2000. The Financial Services Compensation Scheme does not apply to any of these products.

Under the terms of this agreement, we may if appropriate advise you on investments which are not readily realisable. We would draw your attention to the risks associated with these investments as there is a restricted market for them. In some circumstances it may therefore not be possible to deal in the investment or obtain reliable information about its value.

Our services may also include advice on investments relating to, or executing transactions in units in unregulated collective investment schemes. Accordingly, you should carefully consider whether such investments are suitable for you in light of your personal circumstances and the financial resources available to you.

Please note that any products we have arranged for you, will not be kept under review but we will advise you upon your request. However, there are circumstances where we will provide reviews on investments, and this will be agreed with you in writing. We may contact you in the future by means of an unsolicited promotion (by telephone or post) should we wish to discuss the relative merits of a particular product or service which we feel may be of interest to you.

Please be aware that investments can fall as well as rise, and that you may not get back the full amount invested. The price of investments we may recommend may depend on fluctuations in the financial markets, or other economic factors, which are outside our control. Past performance is not necessarily a guide to future performance. Specific warnings relevant to the investments, or investment strategies, we recommend will be confirmed to you in your Suitability Report.

4. Client Money

HFS Milbourne Financial Services Ltd IS NOT permitted to handle client money, and we cannot accept a cheque made out to us (unless it is in respect of an item for which we have sent you an invoice) or handle cash.

5. Documentation

We will endeavour to make arrangements for all your investments to be registered in your name unless you first instruct us otherwise in writing. All Policy Documents will be forwarded to you as soon as practicable after we receive them. If there are a number of documents relating to a series of transactions, we will normally hold each document until the series is complete and then forward them to you.

6. Cancellation rights

In most cases you can exercise a right to cancel, by withdrawing from the contract recommended to you. In general terms you will normally have a 30 day cancellation period for a life, pure protection, payment protection or pension policy and a 14 day cancellation period for all other policies.

The start of the cancellation period will normally begin, for pure protection policies, when you are informed that the contract has been concluded or, if later, when you have received the contractual terms and conditions. In other cases, the cancellation period will begin on the day the contract is concluded or, if later, the day on which you receive the contractual terms and conditions. Instructions for exercising the right to cancel, if applicable, will be contained in the relevant product disclosure information which will be issued to you.

If you cancel a single premium contract, we may require you to pay for any loss you might reasonably incur in cancelling it which is caused by market movements. This means that, in certain circumstances, you might not get back the full amount you invested if you cancel the policy.

7. Additional Protection

We are authorised and regulated by the Financial Services Authority ('FSA'), 25 The North Colonnade, Canary Wharf, London, E14 5HS. Our FSA Register number is 125051. Our permitted business is advising on and arranging pensions, savings and investment products, mortgages and non investment insurance contracts.

In the event that you are dissatisfied with a recommendation we have made you may be entitled to make a complaint. We have a complaints procedure that is available on request. If you wish to register a complaint, please contact us:

In writing:	Write to:	The Compliance Officer HFS Milbourne Financial Services Ltd Lintott House, 81 Portsmouth Road, Guildford, Surrey. GU2 4BS
	By phone:	01483 468888

For your further protection if you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service ('FOS').

We are covered by the Financial Services Compensation Scheme ('FSCS'). We maintain Professional Indemnity Insurance. If you make a valid claim against HFS Milbourne Financial Services Ltd in respect of a contract we have arranged for you, and we are unable to meet our liabilities in full, you may be entitled to compensation from the scheme. This depends on the type of business and the circumstances of the claim.

Most types of investment business are covered for 100% of the first £50,000 per person per firm. Insurance advising and arranging is covered for 90% of the claim, without any upper limit per person per firm. Deposits are covered for 100% of the first £85,000 per person per firm.

Further information about compensation scheme arrangements is available from the FSCS. www.fscs.org.uk/consumer

Please be assured we treat complaints very seriously.

8. Conflict of interest

We will endeavour always to act in the best interests of our clients. However, circumstances can arise where we or one of our other customers may have some form of interest in business being transacted for you. If this happens or we become aware that our interests or those of one of our other customers conflict with your interests, 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.

We obtain professional support services from threesixty services LLP, who provide us with regulatory and business advice. threesixty are supported by product providers, fund managers and platforms, through the provision of training resources and occasionally through commission payments made direct to them, which can be used to offset our own fees to them. In the event that threesixty is remunerated through commission, this will be disclosed in the literature provided to you, and in no way will it affect the charges you pay.

9. Disclosure of charges/fees

All charges/fees will be fully disclosed to you. These will be disclosed in summary form before we undertake any work for you. The precise charges relating to any recommendations we make will be confirmed in your Suitability Report or relevant product disclosure information that is provided to you.

In respect of any regular premium policy which we have arranged for you, should you subsequently cease to pay premiums on the policy and in consequence we are obliged to refund the commission that has been paid to us, we reserve the right to charge you a fee representing the amount we have to repay, for a period of up to four years after commencement of the policy. We will not charge any such fee if you exercise your right to cancel in accordance with any cancellation notice sent to you by the life insurance company.

There is no additional cost to you for using a means of distance communication.

10. Our Remuneration

Investment Transactions

Following our initial discussion (without charge) should you decide to go ahead there is a cost for our services. We offer a variety of methods by which we can be remunerated so that you can select the method that best suits your needs.

The options:

(a) Paying by fee.

Whether you buy a product or not, you will pay us a fee for our advice and services. If we also receive commission from the product provider when you buy a product, we will pass on the full value of that commission to you in one or more ways. For example, we could (a) rebate it to you in the form of enhanced benefits (b) use it to reduce your regular premiums (c) offset it against our fees, as appropriate.

(b) Paying by commission (or product charges).

If you buy a financial product, we will normally receive commission on the sale from the product provider. Although you pay nothing up front, that does not mean our service is free. You still pay us indirectly through product charges. Product charges pay for the product provider's own costs and any commission the provider may pay to us. These charges reduce the amount left for investment. If you buy direct, the product charges could be the same as when buying through an adviser, or they could be higher or lower. We will tell you how much the commission will be before you complete an investment, but you may ask for this information earlier.

(c) Paying by a combination of commission and fee.

In some circumstances, we also charge a fee on top of any commission we might receive.

We have detailed the options further below:

Paying by Fee

If you choose the fee option:

We will agree the rate we will charge before beginning work. We will tell you if you have to pay VAT.

Our typical charges are:

Director	£150-£200 per hour
Financial Adviser	£100-£150 per hour
Specialist Pensions Consultant	£200-£250 per hour
Administration	£40-£80 per hour

You may ask us for an estimate of how much in total we might charge. You may also ask us not to exceed a given amount without checking with you first.

We would normally provide you with a fixed fee for a specific project; please ask us to for more information. It is the policy of HFS Milbourne Financial Services Ltd to ask clients to sign a fee agreement prior to undertaking any chargeable work; this is to avoid any confusion at a later date.

If you choose the commission option

Tables 1 and 2 show examples of the amounts of commission we could receive (or the equivalent we earn through product charges).

Where a firm sells its own products it must calculate its figures according to FSA guidelines.

The amount of commission payable can vary and depends on a number of different factors – for example: 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.

Please find below the maximum we will take in relation to commission payments for different product types. We will however inform you of the actual amount prior to you commencing any policy.

Table 1 – Commission if you invest monthly

Products	Example term or age	Comparison of Costs	Example based on £100 per month
		<i>Our Maximum</i>	<i>This shows the maximum costs of our sales and advice for a monthly investment or premium of £100, ignoring any changes in fund value</i>
Savings and Investments			
Collective investments (eg unit trusts)	Any	3.0% of all payments plus 1.0% of your fund value each year from year 1	£36.00 each year plus £12.00 in year 1 , £24.00 in year 2 , and so on (The actual amounts will vary in line with your fund value)
Endowments	10 year term	47.4% of the first 12 month's payments plus 2.5% of all payments from month 17	£568.80 initially plus £30.00 each year from month 17
Protection			
Whole of life assurance	Age 40	143.9% of the first 12 month's payments plus 2.5% of all payments from month 49	£1,726.80 initially plus £30.00 each year from month 49
Saving for Retirement			
Personal and Stakeholder pensions	25 year term	53.4% of the first 12 month's payments plus 1.0% of your fund value each year from year 1	£640.80 initially plus £12.00 in year 1 , £24.00 in year 2 , and so on (The actual amounts will vary in line with your fund value)
	10 year term	25.0% of the first 12 month's payments plus 1.0% of your fund value each year from year 1	£300.00 initially plus £12.00 in year 1 , £24.00 in year 2 , and so on (The actual amounts will vary in line with your fund value)
Personal Pension Schemes			
<p>Not all types of personal pension scheme are included in the information above about commissions. Instead only the more common types are included, and schemes such as SIPP's are not. Before we start advising you, we will inform you of how much we could be paid if we do recommend one of these products to you.</p> <p>You can also ask us about commission we might receive on underlying investments we recommend you hold within a SIPP if not contained in the information above.</p>			

Table 2 – Commission if you invest a lump sum

Products	Example term or age	Comparison of Costs	Example based on £10,000 lump sum
		<i>Our Maximum</i>	<i>This shows the maximum costs of our sales and advice for a lump sum investment of £10,000 ignoring any changes in fund value</i>
Savings and Investments			
Collective investments (eg unit trusts)	Any	3.0% of the amount you invest plus 1.0% of your fund value each year from year 1	£300.00 plus £100.00 each year from year 1 (The actual amounts will vary in line with your fund value)
Investment Bonds	Any	5.0% of the amount you invest plus 1.0% of your fund value each year from year 1	£500.00 plus £100.00 each year from year 1 (The actual amounts will vary in line with your fund value)
Saving for Retirement			
Personal and Stakeholder pensions	Any	5.0% of the amount you invest plus 1.0% of your fund value each year from year 1	£500.00 plus £100.00 each year from year 1 (The actual amounts will vary in line with your fund value)
Personal Pension Schemes			
Not all types of personal pension scheme are included in the information above about commissions. Instead only the more common types are included, and schemes such as SIPP's are not. Before we start advising you, we will inform you of how much we could be paid if we do recommend one of these products to you. You can also ask us about commission we might receive on underlying investments we recommend you hold within a SIPP if not contained in the information above.			
At Retirement			
Annuities	Any	2.5% of the amount you invest	£250.00
Income drawdown	Any	5.6% of the amount you invest plus 1.0% of your fund value each year from year 1	£560.00 plus £100.00 each year from year 1 (The actual amount in later years will vary in line with your fund value)

Paying by a combination of commission and fees

Commission can be used to pay for our services or used to offset our fees agreed above.

Where a fee basis has been selected as the method of remuneration, commission that would otherwise become payable for policies arranged on your behalf will be (a) rebated to you in the form of enhanced benefits (b) used to reduce your regular premiums (c) offset against our fees as appropriate.

In the event of policy cancellations and where the policy provider has sought repayment of commissions previously paid by them, we reserve the right to charge a reasonable fee to cover the cost of repaying such commissions.

We will discuss the different offsetting routes mentioned above to assess your preferred option as part of the recommendation process.

We can offer a number of options to clients on how to pay for our services depending on the work being done.

11. Termination

You or we may terminate our authority to act on your behalf at any time, without penalty. Notice of this termination must be given in writing and will take effect from the date of receipt. Termination is without prejudice to any transactions already initiated which will be completed according to these terms of business unless otherwise agreed in writing. You will be liable to pay for any transactions made prior to termination and any fees outstanding, if applicable.

12. Data Protection

Some services are provided to HFS Milbourne Financial Services Ltd by third parties such as processing business or obtaining compliance or regulatory advice, which warrant the disclosure of more than just your basic contact details. You agree that personal information held by HFS Milbourne Financial Services Ltd may be disclosed on a confidential basis, and in accordance with the Data Protection Act 1998, to any such third parties. You also agree that this information may be transferred electronically, e.g. email and you agree that ourselves, or any such third party, may contact you in future by any means of communication which we consider appropriate at the time.

Product Providers, Lenders and Investment Managers may administer your policy, any existing policies you may have with them and provide other services, from centres in countries outside Europe (such as India and the USA) that do not always have the same standard of data Protection laws as the UK. However, they are required to put a contract in place to ensure that your information is adequately protected, and they will remain bound by their obligations under the Data Protection Act even when your personal information is processed outside Europe.

13. Your Consent

This is our standard terms of business upon which we intend to rely. For your own benefit and protection you should read these terms carefully before signing them. Please sign both copies of this letter, and return one copy to us. If you do not understand any point please ask for further information.

I authorise the transfer of information, on a confidential basis when warranted between any such third parties. I acknowledge that the Terms of Business Letter will come into effect from the date of issue.

By signing below you are hereby accepting these Terms of Business and the conditions contained herein. However, your acceptance may alternatively be indicated by the return of completed application terms.

I also confirm that I AGREE / I DO NOT AGREE to give HFS Milbourne Financial Services Ltd my express consent to contact me by telephone to discuss advising on or arranging financial or insurance products in future.

Customer Name(s) _____

Customer signature(s) _____

Date of issue _____

Date signed _____

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