

## Independent versus Restricted Advice

Since 1 January 2013, investment advisers have to state whether they provide 'independent' or 'restricted' advice. Cantab Asset Management Ltd is an 'independent financial adviser' providing advice on all areas of private client finance and access to all products from across the market.

Independent advisers are the only category of adviser providing unbiased and unrestricted advice for a client based upon a comprehensive and fair analysis of the whole of the marketplace and all of the relevant tax wrappers. Our view is that it is in your best interest to appoint an independent adviser in order that your finances may be managed in a comprehensive and holistic manner with all options available and considered to arrive at the best solution.

The Financial Conduct Authority writes on their website:

*"If you are getting advice about investing your money, you need to know there are two different types of financial advisers – 'independent' and 'restricted' – and this can affect the advice you are given.*

*Some advisers can offer the full range of financial products and providers available, and are called 'independent advisers'. But many advisers have chosen to offer 'restricted advice' and will focus on a limited selection of products and/or providers.*

*All financial advisers have to be approved or authorised by us. Both independent and restricted advisers must pass the same qualifications and meet the same requirements to ensure they are providing suitable advice.*

*An adviser or firm has to tell you in writing whether they offer independent or restricted advice, but if you are not sure which they offer you should ask for more information."*

### Independent Advisers

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An adviser or firm that provides independent advice is able to consider and recommend all types of retail investment products that could meet your needs and objectives.

Independent advisers will also consider products from all firms across the market, and have to give unbiased and unrestricted advice.

An independent adviser may also be called an 'independent financial adviser' or 'IFA'.

### Conflicts of Interest

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Cantab has developed an Open-Ended Investment Company ('OEIC') to benefit clients with additional structural options for holding investments. Cantab does receive an investment management fee from the OEIC and so has a 'conflict of interest' which is declared and transparently addressed in the Client Agreement.



## Restricted Advisers

A restricted adviser or firm can only recommend certain products, product providers, or both.

The adviser or firm has to clearly explain the nature of the restriction. If you are not sure you should ask for further information, but some examples of restricted advice are where:

- The adviser works with one product provider and only considers products that company offers.
- The adviser considers products from several, but not all, product providers.
- The adviser can recommend one or some types of products, but not all retail investment products.
- The adviser has chosen to focus on a particular market, such as pensions, and considers products from all providers within that market.

Restricted advisers and firms cannot describe the advice they offer as 'independent'.

## Other Types of 'Advice'

If you are only given general information about one or more investment products, or have products or related terms explained to you, you may have received 'guidance' rather than 'advice'. This is sometimes also called an 'information only' or 'non-advice' service.

The main difference between guidance and advice is that you decide which product to buy without having one or more recommended to you.

Buying an investment product in this way might reduce the cost involved but it also means you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

If you are not sure whether you are receiving guidance or advice, and therefore how you would be protected, you should ask the adviser or firm to explain.

## Independent and Restricted Advice: Key Similarities and Differences

	Independent adviser	Restricted advisers
Will consider all retail investment products	Yes	No
Can focus only on a particular market	No	Yes
Can consider products only from certain product providers	No	Yes
Has to explain to you the type of advice they offer	Yes	Yes
Can use 'independent' to describe the advice they offer	Yes	No
Incentivised to recommend one product over another	No*	No

\*or any incentive is declared transparently as a conflict of interest.

Please contact our Team on 020 3651 0570 (London) or 01223 52 2000 (Cambridge) to discuss in more detail or email [advice@cantabam.com](mailto:advice@cantabam.com).

**Risk Warnings** This document has been prepared based on our understanding of current UK law and HM Revenue and Customs practice as at 1 April 2024, both of which may be the subject of change in the future. The opinions expressed herein are those of Cantab Asset Management Ltd and should not be construed as investment advice. Cantab Asset Management Ltd is authorised and regulated by the Financial Conduct Authority. As with all equity-based and bond-based investments, the value and the income therefrom can fall as well as rise and you may not get back all the money that you invested. The value of overseas securities will be influenced by the exchange rate used to convert these to sterling. Investments in stocks and shares should therefore be viewed as a medium to long-term investment. Past performance is not a guide to the future.

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