

Celtic Wealth Management
& Financial Planning Limited
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Rt Hon Frank Field MP
Chair
Work and Pensions Committee
14 Tothill Street
London
SW1H 9NB

10 January 2018

Dear Mr Field

Further questions on pension transfer advice

I write further to your letter of 18 December 2017. I confirm that I am more than happy to assist with the ongoing work on the British Steel Pension Scheme (BSPS).

I have prepared my detailed responses to your queries below. Please note that in preparing these responses I have taken advice and consulted with professional external Legal and Compliance advisers who have provided assistance on the specific regulatory points included in my response below.

Question 1

What is the a) highest and b) average fee you have received in respect of BSPS clients?

Celtic Wealth receives a percentage of the initial adviser charge payable by a client to the regulated financial intermediary. The highest fee the company has received in respect of BSPS clients is £750, and average is slightly lower than this amount.

Question 2

What proportion of the fees you received were paid a) directly by clients; b) by IFAs or other companies?

All fees payable in respect of introductions effected by Celtic Wealth were received from regulated financial intermediaries.

Celtic Wealth does not receive any fees payable directly by clients, as the clients agree the amount of the adviser charge with the regulated firm. As an unauthorised introducer, Celtic Wealth has no influence over the selection of appropriate investments for the client or over the fees the client pays to the authorised firm.

Question 3

How many payments did you make to individuals to reward them for recommending your service to clients?

The payments were for the provision of the details of an individual, which would be passed on to the authorised firm. It would therefore be rather misleading to describe Celtic Wealth as providing a “service” to such individuals.

It is a common practice within the financial services sector for authorised firms to use introducers. There is provision in the FCA Handbook for a specific category of appointed representative call an “introducer appointed representative”. I will refer to this in more detail in my response to your final question below.

Celtic Wealth received referrals from 76 individuals within Tata Steel.

Question 4

What benefits do unregulated introducers bring to clients other than sausage and chips?

As I have mentioned above, the use of introducers is a common practice within the retail financial services sector. There is a category of appointed representative known as an introducer appointed representative, and such an entity’s activities are restricted to:

- Effecting introductions; and
- Distributing non-real time financial promotions

A real time financial promotion is some form of interactive dialogue so the latter elements of the description refers to the distribution of leaflets, brochures, etc.

Celtic Wealth effected introduction of BSPS members to Active Wealth UK Limited which offered independent financial advice to its clients.

Effecting introductions is potentially a regulated activity under article 25(2) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (RAO). This reads as follows:

Making arrangements with a view to a person who participates in the arrangements buying, selling, subscribing for or underwriting investments falling within paragraph (1)(a), (b) or (c)¹ (whether as principal or agent) is also a specified kind of activity.

The provisions of article 25(2) are, however, qualified by article 33 of the RAO, which is headed “Introducing”, as follows:

There are excluded from article 25(2) arrangements where-

- (a) They are arrangements under which persons (“clients”) will be introduced to another person;*
- (b) The person to whom introductions are to be made is-*

- (i) An authorised person;*

¹ These investments are:

- (a) A security
- (b) A contractually based investment
- (c) Activities within article 86 (activities within a Lloyds syndicate) or 89 (rights to or interests in certain investments)

- (ii) *An exempt person; or*
- (iii) *.....; and*

(c) *The introduction is made with a view to the provision of **independent advice** or the independent exercise of discretion in relation to investments generally or in relation to any class or investments to which the arrangements relate.*

If Active Wealth had provided restricted advice, then in order to comply with the requirements of section 19 the Financial Services and Markets Act 2000, which requires any entity carrying on a regulated activity in the United Kingdom to be authorised or exempt, then Active Wealth would have had to confer exempt status on Celtic Wealth by appointing it as an introducer appointed representative.

Authorised firms can use a range of methods to generate leads, one of which is to employ the services of introducers such as Celtic Wealth to assist them in this regard. Celtic, with its presence in South Wales, was therefore able to effect such introductions and obtain individuals authority, via the completion of a letter of authority, for the authorised firm to obtain details of the individual's existing pension(s) from the current pension provider. I should re-emphasise that Celtic Wealth had no influence whatsoever over whether transfers proceeded or over the selection of the investments that might be held within a new pension.

Turning to the point about sausage and chips, this arose on around three occasions. Celtic had arranged meetings with a number of BPS employees to take place over lunchtime. Some of the employees asked whether some food could be provided and this was done for them. Unfortunately, this has been given a disproportionate amount of focus in the press and on social media.

I trust I have answered your questions to your satisfaction.

Yours sincerely



Clive Howells

Celtic Wealth Management & Financial Planning Limited