

[www.fsca.co.za](http://www.fsca.co.za)



# 7 Things you should know about Financial Advisers.



# Contents Page

Definitions	3
1. What is a financial adviser?	4
2. What are the different types of financial advisers?	4
3. What does a financial adviser do?	5
4. What to expect from a financial adviser?	5-6
5. Where do I verify if a financial adviser is authorised by the FSCA?	6
6. How much does a financial adviser charge for their services and how?	6
7. What to ask a financial adviser?	7
Useful Contacts	8





## Definitions

### Financial adviser

A person whose job it is to provide financial advice about financial products. Financial advisers, may also sell financial products for product suppliers.

### Product supplier

Is a company that creates financial products. They are authorised to sell their financial products and services through financial advisers or directly through telesales or the internet.

### Commission

Is the money that is paid to a financial adviser when he/she sells you a specific financial product. This is paid by the product supplier, where permitted.

NB. Not all products permit commissions.

### Advice Fee

Is the money that you as a client pay a financial adviser in exchange for providing you with financial advice.



## 1. What is a financial adviser?

A financial adviser is a person who provides financial advice to customers. They can help you choose financial products that suit your budget as well as help you to reach your financial goals. Some examples of financial products are to make provision for retirement, to cover your valuable assets against loss, life insurance, funeral insurance or saving for different events.



## 2. What are the different types of financial advisers?

Financial advisers provide advice that leads to suitable product recommendation as a solution to a customer's needs. **Some advisers can only offer advice on specific financial products** and are not in a position to offer you advice on a range of financial products that may be suitable for your needs. **Some financial advisers work for a product supplier and therefore they can only offer you financial products from that product supplier.** In these cases, the product supplier takes full responsibility for the financial products sold, and the advice given to you. On the other hand, **some financial advisers can provide you with a range of financial product solutions from multiple product suppliers.** In those cases, the product supplier is usually not responsible for the financial advice provided. In most cases where you receive advice, there are advisers and product suppliers. Advisers are responsible for the financial advice and product suppliers are responsible to ensure that the financial products you have bought perform as promised.




### 3. What does a financial adviser do?

Financial advisers can help you to make sense of your personal financial goals and concerns. They do this by asking you questions to understand your needs. They then recommend suitable solutions to address these. They can also help you to ensure that you stay on track with your financial goals. As a customer, you do not need to use the services of a financial adviser. You can choose to go directly to a financial services company or use the internet. If you do choose to buy a financial product or make financial decisions without the benefit of professional financial advice, your overall financial goals and needs may not be considered or evaluated. This means that you may end up with financial products that are not best suited to your needs and circumstances. You will take on the responsibility for what could be very complex and financially risky decisions. Unless you have special knowledge in these areas, you could end up losing a lot of your hard-earned money.



### 4. What to expect from a financial adviser?

Some financial products are more complex than others. To provide expert financial advice, most financial advisers have to meet certain standards of competence which include; professional qualifications, passing regulatory examinations



and undergoing training. Financial advisers must be authorised by the Financial Sector Conduct Authority (FSCA) in order to advise you to buy a specific financial product. They must be competent in their knowledge of the financial product that they are recommending to you and they must be competent (professional and skilled) in the financial advice they provide. Above all, they are required to treat you as the customer, fairly.



## **5. Where do I verify if a financial adviser is authorised by the FSCA?**

You can find out whether your financial adviser is authorised and qualified by visiting [www.fsc.co.za](http://www.fsc.co.za) or calling 0800 20 FSCA (3722).



## **6. How much does a financial adviser charge for their services and how?**

Financial advisers are paid in various ways, including advice fees and commissions. Most financial products include charges designed to cover the cost of the financial product itself. The cost of commissions and advice fees are either built into these overall financial product charges or taken directly from the value of your investment. Currently commissions may include the cost of advice. Advice fees must be clearly disclosed and agreed upon between you as a customer and your financial adviser. The FSCA will in future introduce changes that will make it clear how much you will pay for financial advice.



## 7. What to ask a financial adviser?

### Qualifications and experience

#### What are your qualifications?

- Can I see a copy of your certificates, licences and authorisations?
- How many years' experience do you have in providing financial advice?
- Do you work for a Financial Services Provider (FSP), and what is their licence number?

### Services

- What other financial services do you offer?
- Will you give me quotes from one company, or will you give me quotes from many companies?
- How will you prove to me that the financial products you recommended are right for me?
- What will your financial advice services cost me, and how will I pay you for them?

### Financial advice process

- What are the processes that we will go through?
- Will you be the only financial adviser who works with me?
- What if I have a question after you have sold me a financial product, who do I contact?

## Useful contacts

### Financial Sector Conduct Authority (FSCA)

To check if an FSP or financial adviser is authorised to sell you financial products and services, as well as which products they can sell you, contact the FSCA.

**Website:** [www.fsca.co.za](http://www.fsca.co.za)

**E-mail:** [info@fsca.co.za](mailto:info@fsca.co.za)

**Call center:** 0800 20 FSCA (3722)

**Tel:** 012 428 8000

**Fax:** 012 346 6941

### Ombud for Financial Services Providers (FAIS ombud)

Do you have a complaint against a product provider or financial adviser?

**Website:** [www.faisombud.co.za](http://www.faisombud.co.za)

**E-mail:** [info@faisombud.co.za](mailto:info@faisombud.co.za)

**Enquiries on status of complaints:**

[enquiries@faisombud.co.za](mailto:enquiries@faisombud.co.za)

**Tel:** 012 762 5000/ 012 470 9080

**Fax:** 012 348 3447/ 012 470 9097/ 086 764 1422

### The Pensions Funds Adjudicator (PFA)

If you have a complaint against your pension, provident, preservation or retirement annuity fund that you have not been able to resolve, you may lodge a complaint with the PFA in writing.

**Website:** [www.pfa.org.za](http://www.pfa.org.za)

**E-mail:** [enquiries@pfa.org.za](mailto:enquiries@pfa.org.za)

**Call center:** 086 066 2837

**Tel:** 012 346 1738/ 012 748 4000

**Fax:** 086 693 7472

### Government Employee Pension Fund (GEPF)

The GEPF manages and administers pensions and other benefits for government employees in South Africa. If you have any complaints regarding your pension and you work for the South African government, contact the GEPF.

**Website:** [www.gepf.gov.za](http://www.gepf.gov.za)

**E-mail:** [Enquiries@gepf.co.za](mailto:Enquiries@gepf.co.za)

**Toll-free if you are calling from a landline:**

0800 117 669

**Fax:** 012 326 2507

### Ombudsman for Long-term Insurance

If you have a complaint against an insurer about life insurance, funeral cover and other long-term insurance matters and you are unhappy with their response to your complaint. You can contact the Ombud.

**Website:** [www.ombud.co.za](http://www.ombud.co.za)

**E-mail:** [info@ombud.co.za](mailto:info@ombud.co.za)

**Share Call:** 0860 662 837

**Tel:** 021 657 5000

**Fax:** 021 674 0951

### Ombudsman for Banking Services (OBS)

The OBS resolves individual complaints about banking service and products. If you have followed the banks complaints process and your complaints fall within the OBS jurisdiction, you can contact the OBS.

**Website:** [www.obssa.co.za](http://www.obssa.co.za)

**E-mail:** [info@obssa.co.za](mailto:info@obssa.co.za)

**Share call:** 0860 800 900

**Tel:** 011 712 1800

### Ombudsman for Short-term Insurance (OSTI)

If you have a complaint against a short-term insurance company and you are unhappy with their response to your complaint, you can contact the Ombudsman for Short-term Insurance.

**Website:** [www.osti.co.za](http://www.osti.co.za)

**E-mail:** [info@osti.co.za](mailto:info@osti.co.za)

**Share call:** 0860 726 890

**Tel:** 011 726 8900

**Fax:** 011 729 5501

### Credit Ombudsman

The Office of the Credit Ombudsman resolves complaints from consumers and businesses that are negatively impacted by credit bureau information or when a consumer has a dispute with a credit provider.

**Website:** [www.creditombud.org.za](http://www.creditombud.org.za)

**E-mail:** [ombud@creditombud.org.za](mailto:ombud@creditombud.org.za)

**Maxi call:** 0861 662 837

**Tel:** 011 781 6431

**Fax:** 086 674 7414

**SMS:** "Help" to 44786

© 2019 FSCA

#### Disclaimer

The information contained in this information booklet has been provided by the Financial Sector Conduct Authority (FSCA) for information purposes only. This information does not constitute legal, professional or financial advice. While every care has been taken to ensure that the content is useful and accurate, the FSCA gives no guarantees, undertakings or warranties in this regard, and does not accept any legal liability or responsibility for the content or the accuracy of the information so provided, or, for any loss or damage caused arising directly or indirectly in connection with reliance on the use of such information. Except where otherwise stated, the copyright of all the information is owned by the FSCA. No part of this information booklet may be reproduced or transmitted or reused or made available in any manner or any media, unless the prior written consent has been obtained from the Financial Sector Conduct Authority's Office of General Counsel.

