

Put time and effort into choosing the correct Platform - says Adam Wrench, Head of Product and Business Development at London and Colonial

“Is it time for a Platform of Platforms or simply a Multi-Platform approach?”

With the increased emphasis on service and value for money, the role of Platforms has taken on a far greater significance for today’s investor. Not only have the benefits of using Platforms themselves become more important, but the correct matching of the different types of client to the most appropriate Platform is also key. For example, those clients with a certain appetite to risk may be better served through the use of one particular Platform over another, especially when the chosen Platform can provide access to all of the desired asset classes with which to build a risk based portfolio. Other important considerations should include the levels of service the Platform provider can provide, balanced against their overall charges.

While technically advisers are allowed to use a single Platform, the FCA has already made it quite clear that not only would such an approach be potentially unsuitable when it comes to being able to meet all of their clients’ needs, but in addition the independence of the adviser could also be potentially jeopardised. Indeed, the FCA has already stated categorically that in their opinion advisers would find it difficult to meet the required standard for independent advice, should they decide to pursue a single Platform route for all of their clients’ investment requirements.

To ensure that any relationship entered into with a Platform provider is both lasting and successful it is imperative that the selection process is thorough. Areas which need to be considered carefully include the financial strength of the Platform chosen, in addition to their costs & charges and available tax wrappers; as well as the investment vehicles offered, coupled to the levels of service to be expected.

Everything is guaranteed to change

Choosing the right Platform for each client can be a challenge. Even though the adviser may have already selected the 2 or 3 Platforms deemed to be the most suitable for the requirements of their client base, and diligently matched each individual client to the relevant one, the challenge does not end there. A client’s circumstances can be guaranteed to change throughout their financial journey, as their fund size alters, and their appetite to risk changes as their age increases and specific life events transpire.

Platforms will doubtlessly change their charging structures and the fees associated with each individual Platform may also change; not to mention the possibilities of potential future Platform consolidation, and the resultant knock-on effects. Therefore, in order for advisers to ensure that they are continuing to provide the best value for money for their clients these factors will need to be monitored on a regular basis, with the further challenge being how best to move clients from one Platform to another when a need to do so is identified.

As a provider London & Colonial prefer the unbundled Multi-Platform approach to Platform investment, as with this approach the tax wrapper is unbundled from the investment administration. The unbundling of the tax wrapper allows the provider to simultaneously link in with a number of different Platforms, and to focus upon what it does

best; whilst leaving the Platform providers themselves to focus on what they do best, i.e. undertaking the investment administration within each of the tax wrappers. As in the majority of cases there will be no extra client cost incurred in the use of this unbundled Multi-Platform approach, it is difficult to justify not using it. Not only will the client benefit from the higher levels of service that are possible from the use of two or more providers each working within their specialised fields, but technology will allow both the tax wrapper provider and the Platform provider to link together seamlessly, and without impacting on cost.

It has also been argued that some clients could benefit from the splitting of their assets across a number of Platforms at the same time, where there is a need for different assets classes; and not only is this possible with a Multi-Platform approach but it is normally available at no additional cost. Further advantages exist for the adviser through the use of Multi-Platforms as adopting this approach will provide them with a global view of all client investments across all of the Platforms employed.

If following a client review it then becomes apparent that a client would benefit from moving from one Platform to another then, under the Multi-Platform approach this can be carried out seamlessly as all transfers can be made between Platforms from within the same tax wrapper. Not only does this save administration time for the adviser, but it also cuts out any unnecessary tax wrapper transfer fees, or initial tax wrapper fees, for the client.

Not only does taking the Multi-Platform approach currently appear to be a good way of covering all bases with the FCA, it also provides the client with the choice and service that they are likely to require throughout their financial journey.

In today's ever changing environment it is possible that for most clients the choice of the most suitable Platform may only be "for Christmas not for life". Therefore, in today's regulatory-driven and service-driven environment, the benefits of a Multi-Platform approach for both advisers and their clients cannot be over-estimated".

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Notes to Editors

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