



Lowes Financial Management Limited

Statement of Service

PURPOSE

The purpose of this document is to provide sufficient information to help you decide if our services are right for you prior to proceeding. You need to read this important document. It explains the service you are being offered and how we will be remunerated, including any payments you may be required to make.

REGULATORY STATUS

Lowes Financial Management Limited's (hereinafter referred to as Lowes) contact details are as follows:

Holmwood House
Clayton Road
Jesmond
Newcastle upon Tyne
NE2 1TL

Telephone number: 0191 2818811
Fax number: 0191 2818365
Email: postmaster@lowes.co.uk
Website: www.lowes.co.uk

Lowes is authorised and regulated by the Financial Services Authority (FSA). Our FSA registration number is 114650. You can check these details on the FSA Register by visiting their website, www.fsa.gov.uk/register or by contacting the FSA. The address is:

25 The North Colonnade
Canary Wharf
London
E14 5HS

Telephone number: 0845 606 1234

OUR OBJECTIVE

Our objective is to build long-term, mutually beneficial relationships with our clients and we will endeavour to act in your best interests at all times.

We aim to ensure that:

- ❖ You can be confident that you are dealing with a firm where the fair treatment of clients is central to the corporate culture.
- ❖ Products and services marketed and sold by us will be designed to meet the needs of clients and targeted accordingly.
- ❖ You are provided with clear information and kept appropriately informed before, during and after the point of sale.
- ❖ Where advice is given it will be suitable and will take account of your circumstances.
- ❖ You can expect any recommendations to perform as we have led you to expect, and the associated service should be both of an acceptable standard and as you had been led to expect.
- ❖ You do not face unreasonable post-sale barriers imposed by us to change product, switch provider, submit a claim or make a complaint.
- ❖ The culture within our business is one which does not encourage greed, but instead promotes fair value for services obtained or those provided.
- ❖ In general, we provide you with a service that treats you fairly and is as good as, if not better than, that which you could reasonably expect.

OUR SERVICES

We are permitted to advise on and arrange investments, pensions, life assurance, insurance and equity release. We may also advise on products and services that are not regulated by the Financial Services Authority.

We offer an initial discussion (at our expense) when we will describe our services more fully and explain the payment options. We will gather and analyse personal information about you, your finances, your needs and objectives. We will discuss your attitude to risk and our definition for categorisation. If you wish to proceed, we will recommend and discuss any action we think you should take and, on the agreed terms, arrange relevant investments or insurance for you.

Lowes' advice (if any) will be conveyed to you in the first instance in writing, which will include financial objectives. At Lowes' discretion, verbal advice is acceptable, but will be followed up in writing as soon as possible. If requested, Lowes will inform you of the basis on which it has made the judgement leading to the advice given.

Lowes will not act without your express permission and will only carry out investment transactions as instructed after agreement as to the risk exposure and type of investment and market profile.

Unless expressly stated to the contrary, Lowes will at all times provide advice and recommendations in accordance with English law. All transactions effected by Lowes will be subject to, and effected in accordance with, English law, and the parties hereby agree to submit to the exclusive jurisdiction of the English Courts.

When we have arranged any investments or products for which you have given instructions, we will not be obliged to give you any further advice but will be glad to advise you at any time you ask us to do so. Unless specifically requested to do so, we will not therefore carry out a review of any of the investments or products that you have already taken out or that we have arranged on your behalf. However, we will normally agree with you the level of service required for investment based products where a regular review is advisable.

Lowes is authorised to handle Client money and must therefore comply with the due financial reporting requirements. Under the Joint Money Laundering Regulations 2003 and as subsequently amended, Lowes will verify the identity of all clients prior to any transaction taking place. A third party may be approached in order to confirm via electronic verification the identity of clients.

CLIENT CATEGORISATION

When providing investment services to you we will categorise you as a retail client. The level of regulatory protection available to you is determined by this categorisation and, as a retail client, you will be given the highest protection available.

WHOSE PRODUCTS DO WE OFFER?

The regulatory system allows firms to offer products from either a single group of companies, a limited number of companies or from the whole market. As Independent Financial Advisors, we offer products from the whole market place. As such, we face no restrictions in being able to recommend the most appropriate products available.

INVESTMENT OBJECTIVES & RESTRICTIONS

Following the issue of this document, any subsequent advice or recommendation offered to you will be based on your stated investment or insurance objectives, acceptable level of risk and any restrictions you wish to place on the type of investments or policies you are willing to consider. Details of your stated investment objectives will be identified during our discussions with you and confirmed in the suitability report that we will issue to you to confirm our recommendation. Unless confirmed in writing to the contrary, we will assume that you do not wish to place any restrictions on the advice we give you.

CONFLICTS OF INTEREST

We will act honestly, fairly and professionally in accordance with English law. Whilst it is not anticipated, situations may arise where we or one of our clients have some form of interest in business transacted for you. If this happens or we become aware that our interests or those of one of our other clients conflicts with your interest, 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.

PAYMENT FOR OUR SERVICES

We need to be remunerated for our services, but not all firms charge for advice in the same way. We will discuss the payment options with you and answer any questions you have. We will not charge for advice or services until you have agreed how we are to be remunerated. This may be commission, fee or a combination of commission and fee.

If you choose the commission option

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. 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 for any recommended course of action before you complete, but you may ask for the information earlier. The amount of commission we receive will vary depending on the amount you invest and (sometimes) how long you invest, or your age.

For example, our typical charges are as follows:

- ❖ If you invest £100,000 in a Collective Investment (e.g. Unit Trust) we will receive commission of £3,000 (3%) and 0.5% of the value of the fund (approximately £500) every year.
- ❖ If you invest £100,000 in a structured investment we will receive commission of £3,000 (3%).
- ❖ If you invest £100,000 in a Life Assurance Bond we will receive commission of £3,000 (3%) and 0.5% of the value of the fund (approximately £500) every year.
- ❖ If you invest £100,000 in a Personal/Stakeholder Pension we will receive commission of £300 (3%) and 0.5% of the value of the fund (approximately £500) every year.
- ❖ If you invest £100,000 in an Annuity we will receive commission of £1,000 (1%).

There may be other costs, including taxes, that are payable through other parties (such as the product provider) that we may not be party to. Such charges are, normally, disclosed in relevant documentation.

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. 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. Where possible, we prefer to agree fixed fees in advance to avoid uncertainty.

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. 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. Where possible, we prefer to agree fixed fees in advance to avoid uncertainty.

For our review and advisory service typical charges are as follows:

- ❖ Thorough analysis of Client's financial position and objectives followed by a report with recommendations:- £1,250 - £5,000.
- ❖ Review of specific areas:- £500 to £1,500.
- ❖ Drafting a Trust:- £295.
- ❖ For arranging a contract, a fee will vary depending on the type of contract. For example, for lump sum investments we will typically charge a fee of between 1% and 3% of the value of funds under management.
- ❖ For an ongoing review service, a retainer fee ranging from £300 per annum upwards depending on the service required and complexity and may be paid by monthly standing order.
- ❖ For an investment portfolio, our fee is typically 0.5% pa of the value of funds under management.

It is the policy of Lowes Financial Management, prior to undertaking any chargeable work, to confirm the fee that will be charged in writing.

If you choose the combination of commission and fee option

We will charge you a combination of fees and commission. The actual amounts will depend on the service provided to you, but will be in line with the arrangements set out in the sections above.

RIGHT TO WITHDRAW

In the case of many packaged investment products, a right to withdraw or cancel the contract within a specified period is normally provided. Details of such rights are ordinarily contained in the product literature and/or we may provide details of such rights in a separate communication.

ACCOUNTING TO YOU

Unless there are exceptional circumstances, the reasons for recommending any transaction will be confirmed to you in writing. All your investments will be registered in your name unless you first instruct us otherwise in writing. We will forward to you all documents showing ownership of your investments as soon as practicable after we receive them; where a number of documents relating to a series of transactions is involved, we will normally hold each document until the series is complete and then forward them to you. All letters, cheques, documents of title, etc., will normally be sent by post to your last known address and shall be sent at your own risk.

MODE OF COMMUNICATION

Our communications with clients will be in English. We will enter into communication with you through whatever means are convenient to you and us, including face-to-face, telephone, e-mail and other acceptable electronic communication methods.

WHAT TO DO IF YOU HAVE A COMPLAINT

You may complain to the Compliance Officer about any aspect of your dealings with us, at the following address: Lowes Financial Management Limited, Holmwood House, Clayton Road, Newcastle upon Tyne, NE2 1TL or phone on 0191 2818811.

If we are unable to resolve your complaint, you may be entitled to refer it to the Financial Ombudsman Service.

FINANCIAL SERVICES COMPENSATION SCHEME

You may be entitled to compensation from the Financial Services Compensation Scheme (FSCS) if we are liable to you but cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

Investment: Most types of investment business are covered for 100% of the first £30,000 and 90% of the next £20,000 so the maximum compensation is £48,000.

Insurance: Insurance advising and arranging is covered for 100% of the first £2,000 and 90% of the remainder of the claim, without any upper limit. For compulsory classes of insurance, insurance advising and arranging is covered for 100% of the claim, without any upper limit.

Lifetime mortgages (and home reversion schemes): Mortgage advising and arranging is covered for 100% of the first £30,000 and 90% of the next £20,000 so the maximum compensation is £48,000.

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

DATA PROTECTION STATEMENT

The information you provide us is subject to the Data Protection Act 1998 (the "Act"). For the purposes of providing advice, administration and management, you consent to us or any company associated with us processing, both manually and by electronic means, your personal data (including sensitive personal data). "Processing" includes obtaining, recording or holding information or data, transferring it to other companies associated with us, product providers, the FSA or any other statutory, governmental or regulatory body for legitimate purposes including, where relevant, to solicitors and/or other debt collection agencies for debt collection purposes and carrying out operations on the information or data. We may also contact you (including by telephone) with details of any other similar products, promotions, or for related marketing purposes in which we think you may be interested. If at any time you wish us or any company associated with us to cease processing your personal data, or contacting you for marketing purposes, please notify us. You may be assured that we and any company associated with us will treat all personal data and sensitive personal data as confidential and will not process it other than for legitimate purposes. Measures will also be taken to safeguard against unauthorised or unlawful processing and accidental loss or destruction or damage to the data. Subject to certain exceptions, you are entitled to have access to your data held by us. You may be charged a fee (subject to the statutory maximum) for supplying you with such data.

In the event of any failure, interruption or delay in the performance of obligations resulting from breakdown, failure or malfunction of any telecommunications, computer system or from any other event or circumstance whatsoever not reasonably within Lowes' control, Lowes shall not be liable or have any responsibility of any kind, for any loss or damage incurred by the Client.

TERMINATION OF AUTHORITY

You or we may terminate our authority to act on your behalf at any time. Termination is without prejudice to any transactions already initiated that will be completed according to this Agreement unless otherwise agreed in writing. You will be liable to pay for any transactions made prior to termination and any fees that may be outstanding.