



## LOWES FINANCIAL MANAGEMENT LIMITED STATEMENT OF SERVICE

### PURPOSE

The purpose of this document is to fully explain our terms of service. You need to read this important document. It explains the service you are being offered and how we will be remunerated,

### Our Service Proposition

**We advise clients across a wide range of financial aspects such as inheritance tax planning, investment management, pensions, tax mitigation, long term care and other general financial planning matters.**

Our range of services has been designed to support our clients to identify their financial goals and to provide a coherent plan of action to achieve them. Our services are tailored to individual client needs and include the following:

- Genuine independent advice from a Chartered Firm
- Advice on the tax efficiency of both your existing and any new investments
- Access to market-leading financial products, often at discounted cost
- Investment portfolios, tailored to your attitude to risk, and constructed utilising the experience and expertise of our in-house investment management team
- Utilising appropriate 'tax wrappers' for you wherever appropriate, such as ISAs or pension plans
- Advice on Trusts, Long Term Care and Lasting Powers of Attorney
- Reviewing your plans for pension accumulation and for pension income
- Reviewing your protection needs and other financial protection issues
- Funds within your portfolio are monitored each month and you are informed of any changes we would recommend
- Notification of investment opportunities that arise, should we deem them worthy of your attention
- Ongoing access to a dedicated Independent Financial Adviser
- Review meetings offered annually or more frequently where appropriate
- Quarterly client magazine, prepared entirely in-house to ensure relevance to our clients
- Valuation report of your portfolio, posted to you every six months

### COMPANIES ACT DISCLOSURE

**Lowes Financial Management Limited is registered in England and our company number is 01115681.**

### REGULATORY STATUS

Lowes Financial Management Limited, Fernwood House, Clayton Road, Jesmond, Newcastle upon Tyne, NE2 1TL is authorised and regulated by the Financial Conduct Authority. Our Financial Services Register number is 114650.

Our permitted business is advising on, arranging, managing, dealing in and making arrangements with a view to transactions in investments, pensions and insurances.

You can check this on the Financial Services Register by visiting the FCA's website – [www.fca.org.uk/register](http://www.fca.org.uk/register) or by contacting the FCA on 0800 111 6768.

The Financial Conduct Authority can be contacted at the following address: 12 Endeavour Square, London, E20 1JN

## **CLIENT MONEY**

Lowes Financial Management Limited **does not handle clients' money**. We do not handle cash or accept cheques made payable to us unless it is payment in settlement of adviser charges, (or for disbursements for which we have sent you an invoice). If you do send us money, this may delay your transaction as we may have to return this money to you.

## **CLIENT CATEGORISATION**

### For Retail Clients

Unless you receive confirmation in writing to the contrary, in all our dealings on investment matters you will be treated as a Retail Client. This means that you are afforded the highest level of protection under the regulatory system and should have the right to take any complaint to the Financial Ombudsman Service (FOS).

Where we have categorised you other than as a 'retail client', you may request re-categorisation under a client category which benefits from a higher degree of protection. However, we reserve the right to agree to such a re-categorisation on a case-by-case basis, and where we agree to do so it does not necessarily mean that you will have a right of access to the Financial Ombudsman Service.

Further information in respect of the Financial Ombudsman Service is available on their website:

[www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

## **MODE OF COMMUNICATION**

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.

Our communications will ordinarily be in English, both in respect of oral and written communications.

You may at any time choose to request information in paper and free of charge that has previously been provided to you by means other than paper. For example, where a communication was originally sent by email.

We are required by our regulators (the FCA) to keep records of any conversations or communications with our clients in relation to the arranging of transactions in investments that are categorised as financial instruments.

A copy of our communication recording policy is available upon request.

## **OBJECTIVES & RESTRICTIONS**

Following the issue of this document, any subsequent advice or recommendation offered to you will always be in writing and based on your stated objectives, agreed level of risk you are prepared / able to take and any restrictions you wish to place on the type of investments or policies you are willing to consider. Details of your stated objectives will be identified during our discussions with you and confirmed within the suitability report that we will issue to you to confirm our recommendation(s). 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.

## **CLIENTS RISK**

You are advised that because investments, pensions and the income they produce can fall as well as rise, you may not get back the full amount invested. Past performance is not a guide to future performance.

## **WHAT TYPE OF SERVICE WILL WE PROVIDE YOU WITH?**

Independent advice – We will advise and make a recommendation for you after we have assessed your needs. Our recommendation will be based on a sufficient range of retail investment products, financial instruments and structured deposits.

A 'sufficient range' means that the products that we will advise on and recommend will be sufficiently diverse with regards to their type and issuers or product providers to ensure that our clients investment objectives can be suitably met.

Or

No advice – You will not receive advice or a recommendation from us. We may ask some questions to narrow down the selection of products that we will provide details on. You will then need to make your own choice about how to proceed.

Discretionary services - We may, where appropriate, recommend holding some, or all, of your investments with a discretionary fund manager (DFM), a professional investment manager appointed to monitor your portfolio and make investment decisions on your behalf.

In such cases we will outline, in writing, the respective responsibilities of ourselves and the DFM in relation to your portfolio.

In some circumstances we may need to act as your 'agent' in relation to the part of your portfolio held with a DFM.

This means that you won't have a direct contractual relationship with the DFM and the DFM will instead treat our firm as its client. Before setting up this type of arrangement we will outline any implications to you in writing.

For insurance-based investment products we are an insurance intermediary that is acting on your behalf when delivering our services to you.

## **HOW WE CHARGE YOU FOR OUR SERVICES**

You will typically pay for our services on the basis of an adviser charge.

We will discuss your payment options with you and answer any questions you have. We will not charge you until we have agreed with you how we are to be paid.

We will discuss with you the basis of our charges, based on the types(s) of work we are asked to undertake for you.

We will discuss with you when you will have to pay our charges, both initial and ongoing.

Unless stated otherwise, all charges quoted are inclusive of expenses, disbursements and VAT where applicable.

If the initial adviser fee is payable directly by you, settlement is due on completion of the work. If the adviser fee (initial or ongoing) is payable via the provider on behalf of the client, settlement is due as per their normal payment terms.

### **Advised services**

For our advised services, you will normally pay us via an adviser charge agreed prior to proceeding.

#### **Initial advice service**

Our initial advice will be appropriate for you, based on your requirements and circumstances at that time. We will not ensure that any initial advice remains suitable for you at a later date, unless you select to receive ongoing services from us.

#### **Ongoing services**

In addition to our initial advice services, we will expect to undertake further services on an ongoing basis. Details of our ongoing services are detailed later within this document.

You may at any time cancel an ongoing service by serving your notification of cancellation to us in writing. Upon receipt of your cancellation notice for an ongoing service we will arrange for any future payment of any associated charges to cease.

## **WHAT WILL YOU HAVE TO PAY US FOR OUR SERVICES?**

Our typical adviser charges are noted overleaf. The exact amount may be more or less than this but will be specifically agreed with you based on the work you ask us to do for you.

Please note that as the investment amount increases, your ongoing charge may also increase, conversely as the investment amount decreases, your ongoing charge may also decrease.

We will confirm the actual adviser charges in writing before providing chargeable services to you.

You may ask us for an estimate of how much in total we might charge for any service(s) provided. You may also ask us not to exceed a given amount without checking with you first.

## THE COST OF OUR SERVICES

We will tell you how we get paid and the amount before we carry out any business for you.

### Payment for initial advice services

Before we provide any services to you, we will gather information about your circumstances and needs and establish preliminary courses of action. We will not make a charge for this.

The following table outlines the typical services we offer, what would be provided as part of each service and an indication of the costs.

Where you require advice or services that falls outside the list of services outlined below, please contact us to discuss your requirements and for details of indicative costs.

Service	Charge Basis
<p><b><u>Investment Advice</u></b></p> <ul style="list-style-type: none"> <li>• Establishing your financial planning goals/objectives</li> <li>• Obtaining full details of your assets, liabilities, income and expenditure</li> <li>• Establishing the amount of investment risk, you are comfortable taking and your ability to absorb any potential investment losses</li> <li>• Designing an appropriate investment strategy</li> <li>• Provide a report detailing our investment recommendations and arranging and implementing any investment solutions</li> </ul>	<p>3% of the first £600,000 invested and 1% thereafter if invested at the same time</p>
<p>Example cost (£) based on an amount of £50,000 our charge would equate to £1,500            (£50,000 x 3% = £1,500)            Based on an investment of £650,000 our charge would equate to £18,500            (£600,000 x 3% = £18,000) + (£50,000 x 1% = £500)</p>	
<p><b><u>Pension Planning</u></b></p> <p>We will undertake a full review of your current retirement provision including: -</p> <ul style="list-style-type: none"> <li>• Establishing your target retirement income and retirement age.</li> <li>• An analysis of your existing pension provision and identification of any potential shortfall at retirement.</li> <li>• A review of your existing plans/policies, including pensions, investments and protection policies to see if they are still appropriate for your needs.</li> <li>• A report outlining our findings and recommended actions</li> </ul>	<p>3% of the first £600,000 of any additional single gross contribution or transfer value and 1% thereafter.            A minimum fee applies of £3,000 for advice on defined benefit pension arrangements and £1,500 pension transfer arrangements.</p>
<p>Example cost (£) based on a gross amount of £50,000 our charge would equate to £1,500.            (£50,000 x 3% = £1,500)            Based on a gross investment of £650,000 our charge would equate to £18,500            (£600,000 x 3% = £18,000) + (£50,000 x 1% = £500)</p>	
<p><b><u>Retirement Options Advice or Abridged Pension Transfer Advice</u></b></p> <p>We will provide advice and recommendations on your retirement income options, including: -</p> <ul style="list-style-type: none"> <li>• Gathering full details of your savings, investments, pensions and other assets which could be used to meet your income needs</li> <li>• Consider any specific requirements or preferences you may have</li> <li>• Provide a report outlining our findings and where appropriate detailing our recommendations on how to meet your needs</li> <li>• Advice charge will be agreed at outset for any advice where a subsequent investment is not likely.</li> </ul>	<p>3% on the first £600,000 of any subsequent gross pension investment or transfer and 1% thereafter.             £800 + VAT for Abridged Pension Transfer Advice.</p>
<p>Example cost (£) based on a gross amount of £50,000 our charge would equate to £1,500            (£50,000 x 3% = £1,500)            Based on a gross investment of £650,000 our charge would equate to £18,500            (£600,000 x 3%= £18,000) + (£50,000 x 1% = £500)</p>	

<p><b><u>Fund Switch Advice</u></b></p> <p>Following a meeting with your adviser they will provide advice and recommendations on your current investment strategy, including: -</p> <ul style="list-style-type: none"> <li>• The overall performance of the funds you are currently invested in</li> <li>• Consider any specific requirements or preferences you may have</li> <li>• Provide recommendations on how to meet your needs</li> <li>• Arrange necessary fund switches</li> </ul>	<p>1% of the switched amount</p>
<p>Example cost (£) based on an amount of £50,000 our charge would equate to £500 (£50,000 x 1% = £500)</p>	
<p><b><u>Fund Switch</u></b></p> <p>Lowes Financial Management in-house Investment Management team monitors all of the funds that our clients are invested in.</p> <ul style="list-style-type: none"> <li>• On occasions the Investment Team may recommend that a particular fund is no longer performing in the original way intended.</li> <li>• In these circumstances, we will write to you seeking authority to transfer to a fund that we have researched.</li> <li>• Following receipt of your authority we will then complete the switch with no cost to yourself.</li> </ul>	<p>0%</p>
<p><b><u>Bed and ISA Investment Advice</u></b></p> <ul style="list-style-type: none"> <li>• Establishing your financial planning goals/objectives.</li> <li>• Establishing the amount of investment risk, you are comfortable taking and your ability to absorb any potential investment losses.</li> <li>• Provide a report detailing our ISA investment recommendations and arranging and implementing any investment solutions.</li> </ul>	<p>A charge of either 2% or 3% depending on the complexity of your circumstances.</p>
<p>Example 1 - an investment which does not require any Capital Gains Tax calculations our typical charge would be 2%. Based on an investment of £20,000 this would equate to £400 (£20,000 x 2% = £400)</p> <p>Example 2 - an investment which would require a thorough calculation of any Capital Gains Tax liability, our typical charge would be 3%. Based on an investment of £20,000 this would equate to £600 (£20,000 x 3% = £600)</p>	
<p><b><u>Peer to Peer Investment Advice</u></b></p> <ul style="list-style-type: none"> <li>• Establishing your financial planning goals/objectives.</li> <li>• Consider any specific requirements or preferences you may have</li> <li>• Provide a report detailing our P2P investment recommendations and arranging and implementing any investment solutions.</li> </ul>	<p>A charge of 2% subject to a minimum of £400</p>
<p>Example 1 - based on an amount of £50,000 our charge would equate to £1,000 (£50,000 x 2% = £1,000)</p> <p>Example 2 - based on an amount of £15,000 our charge would equate to £400 as this is below our minimum charge. (£15000 x 2% = £300)</p>	

Once agreed, the 'adviser charge' amount will not change, except where your needs or circumstances differ from our initial expectations.

We will tell you how much the total initial 'adviser charge' will be before you complete an investment, but you may ask for this information earlier.

When investing in fixed term investments such as structured products, should you decided to reinvest these monies on maturity an additional adviser charge may payable which will be agreed with you prior to investment and in line with the terms of this document.

## Regular Premiums Only

An initial adviser charge based on 36% of the first monthly contribution, subject to a minimum charge of £250.

Example 1 – Based on regular payment of £1000 per month, this would equate to £360 (£1000 x 36%)

Example 2 – Based on regular payment of £500 per month, this would equate to £250 as this is below our minimum charge. (£500 x 36% = £180)

## Payment for ongoing services

There will be an additional charge for any ongoing work, such as investment intermediation and monitoring and periodic or ongoing reviews we carry out on your behalf. We will confirm the rate, frequency and length of any ongoing service(s) before commencing that ongoing service.

Ongoing services offered include ongoing meetings, reporting, investment monitoring and review, contact and administration.

<b>Service</b>	Lowes Financial Management Ltd Ongoing Intermediation Service Proposition
<b>Description</b>	<p>This service is for clients for whom we have carried out investment or pension business and those who need to be reassured that their financial affairs remain as efficient as possible.</p> <p>This service includes:</p> <ul style="list-style-type: none"><li>• Ongoing monitoring of investments, identifying and initiating action needed as appropriate.</li><li>• An annual review of your financial strategy.</li><li>• Ongoing access to a dedicated Independent Financial Adviser.</li><li>• Quarterly client magazine prepared entirely in-house to ensure relevance to our clients.</li><li>• Access to your portfolio via online reporting.</li><li>• Valuation report of your portfolio posted to you every six months.</li></ul>
<b>Charges and examples</b>	<p>We charge a standard 0.75% of the fund value for this service. For example, for a fund value of £150,000 our charge will be £1,125 (£150,000 x 0.75% = £1,125)</p> <p>If any additional specific services are required, then these will be charged separately.</p> <p>Our standard ongoing charge for fixed term investments such as structured products is Nil, except where held in a SIPP established via Lowes after 01/01/2017 where our standard charge of 0.75% will apply to the SIPP as a whole.</p> <p>Ongoing fees will not apply to Peer to Peer investments.</p>

The frequency of the ongoing charge will depend on the service(s) you choose and is usually made on a monthly basis and facilitated through the product provider.

We will agree what will be charged before any service(s) provided and the amount will be confirmed in writing within our suitability report and recommendations to you.

## **Your payment options**

### Initial advice service

### **Settling your adviser charge in a single payment**

Following on from our non-chargeable initial meetings, if you request additional services or accept any recommendations, we have made then you will pay us an adviser charge which will become payable on completion of our work.

You will be required to settle the payment of your adviser charge on completion of our work within [28] business days. We accept cheques and BACS payments by individual, prior arrangement or facilitated through the product provider. We do not accept payment by cash.

You will be provided with an acknowledgement of payment.

I/We understand that unless specifically agreed otherwise, Lowes' entitlement to the to the initial adviser fee arises when the product provider accepts the application and issues the right to cancel, where a fee is remitted earlier, it will be refunded if the contract is not concluded.

### **'Non-advised' services**

For chargeable 'non-advised' services you will normally pay us a pre-disclosed charge.

### **Information about other costs and associated charges**

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 third-party documentation, for example a Key Features Document.

### **ACCOUNTING TO YOU**

We will confirm to you in writing the basis of our service and the reasons for recommending any transactions we intend to transmit or execute on your behalf. Where you agree to an ongoing advice, we will provide regular reports to you regarding that service.

We will also make arrangements for all your investments to be registered in your name unless you first instruct us otherwise in writing. We will forward to you any 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.

### **NOMINEE & SAFE CUSTODY SERVICES**

Lowes Financial Management Ltd does not safeguard or administer client assets but we may arrange business through platforms and third parties, which will provide custody services for your assets. Where this is the case, the legal title of investments will be registered in the name of the third party's nominee but designated to you.

Transactions will be transmitted to the fund supermarket, investment wrap platform, or similar third-party investment institution for them to execute. Money or transferred assets will be placed immediately with that third party for investment – we will never hold the assets for you. We will provide you with the relevant account opening details for the identified third party such as their Terms & Conditions, Nominee and Safe Custody Service, Best Execution Policy, Execution Venues and Conflicts of Interest Policy (or equivalent documents). The legal title of investments will be in the name of the third party's nominee but designated to you.

For non-platform business we will make arrangements for your investments to be registered in your name unless you first instruct us otherwise in writing.

### **RIGHT TO WITHDRAW**

In the case of many retail investment products – such as life assurance contracts, personal pension schemes, investment bonds, structured investments and collective investment arrangements (e.g. unit trusts), 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 (e.g. Key Features document) and/or we may provide details of such rights in a separate communication.

In the case of any non-retail investment products e.g. an ISA wrapper, we will inform you in writing of any right to withdraw or cancel you may have or, if it is the case, we will inform you in writing that no such rights will apply.

### **TERMINATION OF AUTHORITY**

You or we may terminate our authority to act on your behalf at any time, without penalty. Notice of this termination must be given in writing and will take effect from the date of receipt. Termination is without prejudice to any services already provided / transactions already initiated, which will be completed according to the Client Agreement unless otherwise agreed in writing. You will be liable to pay for any transactions made and / or services carried out prior to termination and any adviser charges or other fees which may be outstanding.

## CONFLICTS OF INTEREST

Lowes Financial Management Limited takes all the appropriate steps to prevent conflicts of interests from occurring in line with the firm's conflicts of interest policy. However, there may be occasions where a conflict of interest cannot be prevented. Where there is a material conflict of interest pertinent to you, we will disclose to you the nature of the conflict and the steps that we will take to mitigate the risks that you will be treated unfairly as a result of any conflicts identified.

We will make you aware of any conflicts of interest before the provision of services to enable you to choose whether you still wish to proceed with services. A copy of the firms' conflict of interest policy is available on request.

We may on occasion receive minor non-monetary benefits from third parties such as product providers e.g. food and drink provided at a provider training event. Where relevant, any minor non-monetary benefits received will not conflict with our duty to act in your best interests.

## BEST EXECUTION POLICY

It is in the interests of our clients and Lowes Financial Management Limited that we obtain the best possible result when placing orders with other firms (e.g. third-party brokers) for the execution of client orders or when transmitting orders on behalf of clients for particular investments – e.g. shares. We are required under the Rules of the Financial Conduct Authority to take all sufficient steps to provide 'best execution' when carrying out such transactions.

Where we place or transmit orders for such investments on behalf of our clients, we may utilise the services of a third-party broker and base our decision to place or transmit an order on the price and cost of execution of the order. For orders in collective investment schemes (e.g. unit trust), however, the price of units or shares in the scheme is normally set by the scheme operator or manager and as such we have little influence over the price available.

Full details of our best execution arrangements are provided in our Best Execution Policy, a copy of which can be provided on request.

## WHAT TO DO IF YOU HAVE A COMPLAINT

If you wish to register a complaint, please contact us:

**...in writing:** Lowes Financial Management Limited, Fernwood House, Clayton Road,  
Jesmond, Newcastle upon Tyne, NE2 1TL

**...by phone:** 0191 281 8811

If you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service.

## ARE WE COVERED BY THE FINANCIAL SERVICES COMPENSATION SCHEME (FSCS)?

We are covered by the FSCS. You may be entitled to compensation from the scheme if we cannot meet our financial obligations to you and are declared in default. This depends on the type of business and the circumstances of the claim.

For information, FSCS ordinary, maximum compensation limits are as follows

### Deposits

100% of the claim up to a maximum limit of £85,000 per person or £170,000 for joint accounts, per banking licence

### Investments

Most types of investment business are covered up to a maximum of £85,000.

### Investment based insurance/Long term insurance, e.g., pensions and investment bonds.

The maximum level of compensation for claims against firms declared in default on or after the 3<sup>rd</sup> July 2015 is 100% of the claim with no upper limit.

Further information about compensation scheme arrangements is available from the FSCS ([www.fscs.org.uk](http://www.fscs.org.uk)).

## DATA PRIVACY NOTICE

Please refer to the separate Data Privacy Notice that we have issued to you that sets out how we collect and use data about you. This can also be found online at [Lowes.co.uk/privacy-policy/](http://Lowes.co.uk/privacy-policy/)