

Robust evidence of best and correct advice given

As a result of many scandals involving widespread instances of mis-selling in the financial markets the regulators and compliance professionals are looking for a step change in the conduct and processes employed by financial services companies.

Box ticking and a signature to say that documents have been read and understood are rapidly becoming regarded as insufficient evidence that an individual has been fully informed. This leads companies exposed to challenge by regulators, in the short-term and at risk of claims for mis-selling for many years to come. This is all the more important now that there are many, well-resourced and experienced Claims handling businesses just waiting for the next indefensible product to be sold to inappropriate customers

What is required is a solution that ensures that an individual has been fully informed about the nature of the investment product or service and that an audit trail is kept that could be used, in a court if necessary, to prove that best and fair practice has been followed.

The next ticking time bomb will be the new pensions regulations coming in force in April 2015. This gives individuals the right to cash in their pensions in part or full when they reach the age of 55. Clearly, cashing in a pension is leaving the owner with less of a financial backstop and is not therefore to be advised lightly. However, for many people it is a highly tempting proposition to get control of many thousands in cash. The government's view is that people should be empowered and be able to make their own decisions after taking professional advice.

A major organisation in the business of providing advice on pensions switching is looking for a solution that will enable it to give advice and provide a service to its customers who wish to cash in their pensions. The challenge is that this is a much higher risk activity than advising on a pension switch. The obvious risk being that that an individual takes advice which could well be that the pension should be left in place. The advice is ignored and the cash is frittered away or the individual is persuaded by unscrupulous firms to invest in high risk / high return investments which fail. Inevitably the question will be asked 'why did you cash in your pension'. The finger pointing begins...

The solution for the financial adviser is to have a robust evidence record that includes:

- The identity of the customer
- Exactly what advice the customer was given
- That the customer paid full attention to the advice
- That the customer understood the advice
- A record of all the questions asked and answers given as part of the advice process.

OBS and Comprobo specialise in identity and activity assurance in online training and contracts and have developed a solution based on our technology products Presence Assure and View Assure.

Presence Assure

This is an online platform to deliver video based training or messaging in a highly authenticated way that guarantees that the video played completely, that the viewer watched the entire video and paid full attention. It can also ask appropriate questions to verify that the individual understood the content of the video.

For the scenario above the customer wanting advice would be asked to watch a video giving best and fair advice and a secure, tamperproof record would be kept of this event.

For a short demonstration, please visit www.originalbusinesssolutions.co.uk/solutions/communications/

View Assure

This is a recorder for user activity on a website. It can be compared with phone recording and is enabled by any organisation by adding a line of javascript to any pages on their website where they would like recording to be enabled.

However, it is much more than that. It knows exactly what area of a webpage can be seen by the user on the page they are viewing and the device they are using. It also checks that all the text and images of the webpage were delivered to the user's device. Then it records the mouse movements and all text entered into forms including selections made from drop-downs. This is then saved as an evidence record which can be replayed at any time in the future.

For the scenario above the customer would be asked to complete web form to demonstrate that they had considered all the advice and risks associated with the cashing in of their pension.

Summary

There is a fundamental need within the Personal Financial Services industry to enhance identity verification beyond the standard username and password, and safely store records for as long as is needed, so that organisations and individuals providing financial advice and guidance are protected from any future liability.

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