

# Code of Ethics

2014 ISSUE

# Introduction

## **The Personal Finance Society is committed to setting, maintaining and supporting the highest professional and ethical standards in financial services.**

In order to uphold these standards the PFS requires all members to adhere to the CII Code of Ethics. As a member of the CII Group, the PFS has adopted the CII Code of Ethics in its entirety.

The Code sets down the principles which all PFS members must follow in the course of their professional duties.

### **As such you are required to:**

1. Comply with the Code and all relevant laws and regulations.
2. Act with the highest ethical standards and integrity.
3. Act in the best interests of each client.
4. Provide a high standard of service.
5. Treat people fairly regardless of: age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion and belief; sex; and sexual orientation.

Failure to comply with the Code may result in individual sanctions and adverse publicity for the member and the member's employer.

Note: the CII Code of Ethics is subject to regular review to ensure it remains relevant and appropriate. This published Code has been updated to improve clarity and to reflect recent changes introduced by the Equality Act. It comes into force on 14th April 2014.

For further details visit  
**[www.thepfs.org/code](http://www.thepfs.org/code)**

# 1. You must comply with this Code and all relevant laws and regulations.

## This includes, but is not limited to:

- 1.1 dealing with the CII in an open, clear and co-operative manner;
- 1.2 dealing with regulators in an open, clear and co-operative manner;
- 1.3 ensuring regulators and the CII are treated courteously and not in a vexatious or frivolous manner and that all queries are dealt with promptly;
- 1.4 meeting any Continuing Professional Development (CPD) requirements;
- 1.5 working not only within the law but also within the spirit of the law;
- 1.6 if within your control, making sure your organisation is suitably regulated and has effective compliance arrangements;
- 1.7 ensuring, where required, you are individually authorised or regulated; and
- 1.8 reporting any breaches of the Code to the CII.

Where this core duty conflicts with another core duty this duty will have priority over the others.

By way of example, notwithstanding core duty 3, it is your duty to give confidential information to the relevant authorities where the information relates to a criminal act or fraud by your client.

## Some key questions to ask yourself:

- Am I up-to-date with recent regulatory and legislative developments?
- Am I aware of general business regulatory requirements covering areas such as advertising, data protection and competition?
- Do I take full account of reports on individual cases from ombudsman services, as well as the wider regulatory and legal framework?
- Do I appreciate the general purpose of the rules I am following, for example, do I follow the letter of the regulation but fail to think about the outcome for my client?
- Am I aware of internal compliance arrangements?
- Do I consider the compliance arrangements within my organisation are effective and comply with all relevant regulations?
- Am I aware of how to update or correct compliance arrangements or whom to contact if they require change or update?

## 2. You must act with the highest ethical standards and integrity.

### This includes, but is not limited to:

- 2.1 being honest and trustworthy;
- 2.2 being reliable, dependable and respectful;
- 2.3 not taking unfair advantage of a client, a colleague or a third party;
- 2.4 not bringing the financial services industry or the CII into disrepute whether through your actions in work or outside work;
- 2.5 not offering or accepting gifts, hospitality or services which could, or might appear to, imply an improper obligation;
- 2.6 promoting professional standards within the industry;
- 2.7 encouraging your organisation to produce an ethical code;
- 2.8 making sure your CII membership or chartered status is described correctly;
- 2.9 informing the CII of any change in your work or circumstances which affect your membership or chartered status; and
- 2.10 operating both professionally and in a financially responsible manner including avoiding personal insolvency.

### Key questions:

- What would an outsider think of what I am doing, and does this matter ethically?
- How would my actions look to the CII?
- Should I discuss my proposed actions with my superior or another appropriate person or the CII?
- Do I know if my organisation has an ethical code and do I fully understand it?
- Does my organisation reward good ethical behaviour?
- Does my organisation follow a whistle blowing policy?
- How can I promote trust in my organisation and the financial services industry?
- Do people trust me? If not, why not?
- Do I think it is OK if I don't get caught?
- Do I say "show me where it says I can't" or do I say "is this ethical"?
- Why am I being entertained or offered hospitality?

### 3. You must act in the best interests of each client.

#### **This includes, but is not limited to:**

- 3.1 encouraging your organisation to put fair treatment of clients at the centre of its corporate culture;
- 3.2 basing your decisions on a clear understanding of client needs, priorities, concerns and circumstances;
- 3.3 giving your client all the information, of which you are aware, which is needed for your client to make an informed decision provided that information is not confidential to another client;
- 3.4 making sure the promises you make to clients about a product's performance and the after sale service are true;
- 3.5 respecting confidential information of clients, former clients and potential clients;
- 3.6 ensuring you do not use information from work improperly and/or to your personal or business advantage;
- 3.7 turning down work where a conflict of interest exists between you or your employer and the client; and
- 3.8 refusing to act where a conflict of interest exists, save where acting in these circumstances is expressly permitted by a regulator.

A conflict of interest is a situation in which someone has competing professional or personal interests. Depending on the circumstances, there may be a perceived rather than an actual conflict of interest. Both perceived and actual conflicts must be dealt with appropriately.

Conflicts of interest can arise where:

- You owe, or your firm or employer owes, separate duties to two or more clients in relation to the same or related matters and those duties conflict or there is a significant risk they may conflict; or

- Your duty to act in the best interests of any client conflicts, or there is a significant risk it may conflict, with your own interests.

#### **Key questions:**

- Am I acting fairly towards this client or my employer or my colleagues?
- Are my opinions and statements objective?
- Am I being honest and truthful?
- How can I better help my client to make capable and confident decisions?
- Would I like to be treated in this way if I were a client?
- Is this in the best interests of my client or my bonus?
- Do I try to cover up my mistakes?
- Does my organisation reward arrangements that deliver fair treatment to customers as well as offer incentives to help employees grow the business?
- Are employees rewarded in ways which encourage them to put their client's best interests first?
- If the client is vulnerable, what extra steps can I take to make sure I act in my client's best interest?
- How can I help my clients to understand financial services?
- Do I provide clear information pre and post sale?
- Do I listen to my clients or just hear them?
- Will acting for this client compromise my position?
- If I act for this client will it harm them or be to the detriment of another client?

## 4. You must provide a high standard of service.

### This includes, but is not limited to:

- 4.1 communicating with each client in a way that is accurate and straightforward and expressed in a way that the individual client can understand;
- 4.2 being transparent about fees and other costs;
- 4.3 making sure reasonable steps are taken to ensure all advice is accurate and suitable for the individual client;
- 4.4 obtaining and providing clear information before, during and after the point of sale;
- 4.5 ensuring adequate and correct records are kept;
- 4.6 acting with skill, care and diligence;
- 4.7 acting only within your ability and authorisation and seeking help where necessary;
- 4.8 ensuring your knowledge and expertise is kept up-to-date and relevant for your work;
- 4.9 ensuring those who work for you have appropriate training and supervision and contributing to their learning and development; and
- 4.10 if it is within your control, making sure your firm has a clear written complaints procedure which is followed.

### Key questions:

- Do I do what I say I will do and do it when I say I will?
- How can I improve the service I give my clients?
- Am I approachable?
- Do I give and receive constructive feedback to/from colleagues?
- Does my organisation seek feedback from clients?
- Does my organisation have a swift and effective mechanism for resolving complaints?
- Do I learn from complaints?
- Do I take complaints seriously?
- Can I improve my knowledge by additional training?
- Do I encourage subordinates to increase their knowledge?
- Do I ask for help when I need it?
- Does my organisation have systems for managing paperwork and data which work?
- Does my organisation assess customer satisfaction and provide feedback to employees?

## 5. You must treat people fairly regardless of:

- age;
- disability;
- gender reassignment;
- pregnancy and maternity;
- marriage and civil partnership;
- race;
- religion and belief;
- sex; and
- sexual orientation.

### This includes, but is not limited to:

- 5.1 treating each person as an individual;
- 5.2 challenging and reporting unlawful or otherwise unfair discriminatory behaviour and practice;
- 5.3 always acting openly and fairly and treating employers, employees, colleagues, clients, potential clients and suppliers with equal respect and opportunity;
- 5.4 making reasonable adjustments to assist people with disabilities or particular needs you may deal with at work;
- 5.5 encouraging your organisation to produce and promote an equality and diversity policy setting out how the business plans to promote equality, diversity and inclusion, prevent discrimination and deal with any instances of discrimination which might happen; and
- 5.6 if it is within your control, making sure processes and procedures do not discriminate.

### You should be aware:

- Disability is defined as a physical or mental impairment which lasts, or will last, for over a year and which adversely affects the individual's capacity to undertake day to day activities. It includes conditions as diverse as dyslexia and cancer;

- Race includes ethnic or national origin, colour and nationality;
- Religion and belief includes non religious beliefs (including no-religion) and philosophical beliefs which impact upon the way in which an individual chooses to live their life.

### Key questions:

- If I belonged to any of these protected characteristics, would I feel unfairly disadvantaged?
- Is what we are asking for more difficult for this person to achieve? And, if so, is the thing we want really necessary or can we make an adjustment to make it easier for the person to achieve?
- What can I do to promote a workforce that is representative of the people we serve?
- Does my organisation have effective equality and diversity training arrangements?
- Does my organisation systematically audit its own policies and practice to ensure that these comply?
- Does my organisation create unnecessary hurdles for this person?

For a large text version of this document please visit [www.thepfs.org/code](http://www.thepfs.org/code)

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