Financial guidance and advice

General Features

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LITRG is keeping a watch on the problem of ensuring that tax and financial advice are adequately linked up

The Low Incomes Tax Reform Group (LITRG) is keeping a watch on developments in public financial guidance. Regular readers will have seen our previous newsdesk commentary on submissions to recent consultations – for example in the development of a single public financial guidance body to replace three existing ones: the Money Advice Service, The Pensions Advisory Service and PensionWise.

As financial services regulations and guidance can impact directly on the public, we also keep a watch on the work of, and consultations issued by, the Financial Conduct Authority (FCA). LITRG and the tax charities, TaxAid and Tax Help for Older People, aim to help those who cannot afford to pay for tax advice; but quite often it is also clear that people need help on regulated matters. We are therefore keen that the best possible guidance and help services are made available to people.

A particular area of concern is that people looking at ‘investment’ matters such as savings and pensions get directed to sources of tax and benefits help where they need it. A basic ‘flag’ from an adviser, or buried in life insurance company paperwork, that tax may be an issue to be considered when making investment decisions may be helpful to some degree. But often an individual would really need the services of a tax adviser, and/or welfare rights adviser, to understand fully the tax implications of a decision.

Representatives from LITRG therefore welcomed a recent opportunity to meet with the FCA to discuss their ‘Ageing population strategy’. We understand from that meeting that the FCA are always open to seeing examples of where things may have gone awry – for example, a taxpayer having taken a lump sum from a pension and not having understood the tax implications, or indeed the knock-on effects to a tax credits or means-tested benefits claim.

If members have therefore picked up the ‘fallout’ from any such cases, LITRG would be interested in hearing about them – particularly if they highlight:

- poor wording in correspondence which fails to clearly warn of possible tax issues and the need to seek advice; or
- financial advisers (or indeed the Government’s PensionWise service) not having adequately alerted the individual to the tax consequences of their actions.

Please email examples to litrg@ciot.org.uk, using the subject heading ‘Regulated advice/tax interactions’.