

# Code of Ethics

# Introduction

## **The PFS is determined to set and maintain the highest professional and ethical standards in financial services.**

This is why the CII's independently chaired Professional Standards Board has revisited and revised our previous Code of Ethics to ensure we take into account the demands of modern day governance and the professionalism required by the regulators across the entire spectrum of financial services. Professionalism and the objective self-detachment which goes with it, is what our customers want and the public is entitled to expect.

For standards to improve to meet today's regulatory and ethical requirements, individuals who manage, promote and provide financial services and products must take personal responsibility for ensuring that their own standard and those for whom they are responsible are exemplary. This is why this new Code has been prepared in a form which sets out in straightforward language the mandatory core duties with, in separate side by side columns, guidance as to their application and how they might relate to members of varying experience.

This Code should not be seen as yet another regulatory burden but rather as a virtuous platform for improving the reputation of PFS members as a whole and in distinguishing our membership in comparison with less qualified and regulated competitors. Beyond this, adoption of and adherence to the Code can help promote standards and public trust.

In the interests of all our members, our clients and the public, the Code is binding on all members. Members who do not comply with those duties will open themselves to disciplinary action and to the risk of adverse publicity for them and their organisations.

I have no doubt that adherence to this Code across our membership will enhance our individual standing and that of the organisations for which we work. It will result in PFS Membership being recognised as the financial services industry's most coveted badge of professionalism.



**Paul Lothian BA(Hons), ACII, APFS**  
PFS President  
15th July 2009

The PFS is a member of the CII Group and has adopted its Code of Ethics in its entirety.

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

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

- 1.1 dealing with regulators and the CII in an open, clear and co-operative manner;
- 1.2 ensuring that all correspondence and queries from regulators and the CII, and others acting on their behalf, are dealt with promptly, courteously and not in a vexatious or frivolous manner;
- 1.3 working not only within the law but also within the spirit of the law;
- 1.4 if within your control, making sure your organisation is suitably regulated and has effective compliance arrangements;
- 1.5 ensuring, where required, you are individually authorised or regulated; and
- 1.6 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, trustworthy and open;
- 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 so as to avoid becoming insolvent.

### 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 including meeting any Continuing Professional Development (CPD) requirements;
- 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:

- race or racial group;
- sex or sexual orientation;
- religion or belief;
- age; and
- disability.

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

- 5.1 obeying the equality and diversity laws in your country;
- 5.2 treating each person as an individual;
- 5.3 challenging and reporting unlawful or otherwise unfair discriminatory behaviour and practice;
- 5.4 always acting openly and fairly and treating employers, employees, colleagues, clients, potential clients and suppliers with equal respect and opportunity;
- 5.5 making reasonable adjustments to assist people with disabilities or particular needs you may deal with at work;
- 5.6 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
- 5.7 if it is within your control, making sure processes and procedures do not discriminate.

### You should be aware:

- Race or racial group includes ethnic or national origin, colour and nationality;
- Sex includes marital status, pregnancy, maternity, paternity and gender reassignment;
- Sexual orientation includes civil partnership status; and
- Religion or belief includes philosophical beliefs similar to a religion.

### Key questions:

- If I belonged to any of these categories, 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?
- 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?

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

### You must therefore:

1. Comply with this 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:  
race or racial group; sex or sexual orientation; religion or belief; age; and disability.

Failure to comply with the Code may result in disciplinary action against you and risk adverse publicity for yourself and your organisation.

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

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

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PCTR/001 CII\_4159 05/09