

## IFAs need more protection from unjustified claims

Story by: Donia O'Loughlin | Magazine: [FTAdviser](#) | Published Thursday , February 10, 2011

Small IFAs need protection from unjustified claims but on a much greater scale than employers, claimed Simon Mansell, managing director at Temple Bar.

Mr Mansell's comments were in response to the government's consultation on employer tribunal claims which proposes raising the length of qualifying employment for such a claim from one to two years as well and suggests claimants may have to pay a fee to bring any tribunal case.

In an open letter to Vince Cable, business secretary; John Cridland, director at the Confederation of British Industry; and Natalie Ceeney, chief ombudsman and chief executive for the Financial Ombudsman Service (FOS), Mr Mansell questions why IFAs are not given more protection from unjustified claims.

The Association of Independent Advisers (Aifa) needs to respond to the government's consultation on employer tribunal claims on behalf of IFAs, urged [Mr Mansell](#).

The CBI has welcomed the government's employer protection proposals which are in response to employers' worries about unjustified claims but Mr Mansell questioned why Aifa has not tried to adopt these proposals.

Mr Mansell wants these proposals extended to FOS complaints meaning the claimant pay the case fee which will be refunded if their case is successful and the loser paying the case fee.

He said: "Whilst we are told by the regulators that a right of appeal would complicate the FOS process, though strangely this logic is not carried across to the complainant, whose right of open access to the courts is not denied.

"This right to complain without consequence panders to the 'lynch mob' and has allowed a free for all whilst tying the hands of defence firmly behind their back.

"I am not asking for an unregulated industry or for any diminution of consumer rights.

"Rather, I am suggesting that some sanity and accountability are put back into the process.

"A £500 fee required of the claimant to deter false and vexatious claims would be a good place to start."

Robert Sinclair, director at Aifa, said: "There has been a regulatory creep where the FOS has shifted from a dispute resolution service to an organisation that seems to act as both judge and jury.

"Too often in recent times they appear to act in a quasi-judicial way.

"We made this clear in our recent response to the Treasury consultation on regulatory reform and the Treasury Select Committee inquiry into the same issue. We have been pushing for a complete review of its role and accountability and the charges it imposes on advisers.

"Whilst we support Mr Mansell in seeking to deliver change we should be wary of placing obstacles in the way of rightful consumer complaints.

"We should remember that IFAs do currently benefit from having three free cases per year. One area that we should certainly clampdown on is vexatious claims from claims management companies. These are damaging the industry and not helping consumers."