

Don't relax referrals process, SIFA warns

By John Hyde

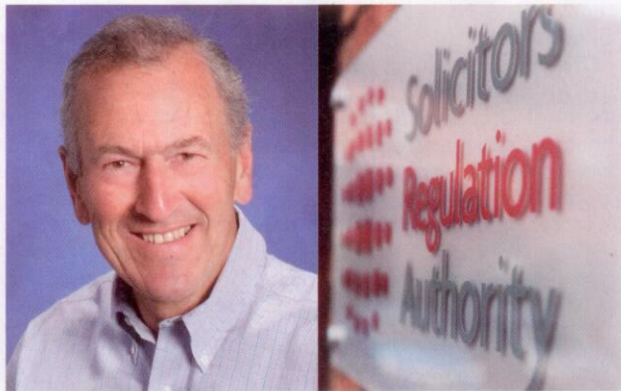
Solicitors referring clients for financial advice will be exposed to indemnity claims if the process is liberalised, the profession has been warned.

The Solicitors Regulation Authority is considering relaxing rules which dictate that lawyers can refer clients only to independent financial advisers, as opposed to advisers who are contracted to sell the products of one or more providers.

The body that represents the former, Solicitors Independent Financial Advice (SIFA), has warned that the profession could be undermined if solicitors send clients to individuals tied into selling products.

SIFA has written to the SRA urging the regulator to uphold the current rules when it makes a decision later this year.

'To relax the restriction would undermine one of the basic tenets of the profession, and expose solicitors and their



clients to the financial and reputational consequences of inappropriate advice by people whose impartiality is conflicted by self-interest,' SIFA director Ian Muirhead (pictured) said.

Additional claims against solicitors would burden the compensation fund, financed by the legal profession as a whole, he warned.

SIFA, which represents around 200 IFAs, acknowledges its position could be seen as

self-protection. But it says the people arguing for change are those who stand to benefit financially.

The SRA says it needs to clarify its position in line with changes being brought in by the Financial Services Authority later this year. The regulator is likely to launch a consultation at its next meeting on 4 July, to examine allowing solicitors to refer clients to advisers contracted to sell particular products.