

QUESTION OF TRUST

Allegations of mis-selling could put the profession at risk of losing its trusted adviser status, writes Peter Belsey

A recent investigation into Barclays Bank by BBC reporter Amanda Egbujo has given rise to a number of 'shock horror' headlines pointing to 'a culture of ruthlessness and lies' in which mis-selling has become rife.

The report itself, based on many months' experience working in a contact centre and several branches highlighted a more overtly sales and commission-led environment within the bank, in which staff were under constant pressure to achieve targets. This was seen to encourage inappropriate and, at times, even dishonest sales behaviour, aimed more at boosting the bank's profits than at delivering what was best for the customer.

It would be easy for the accountancy profession to point to the differences between itself and other professional and financial services sectors and say 'this could not happen here'.

But accountants should heed the warning signs before the profession risks a loss of client confidence and respect. If accountants want to be recognised as trusted advisers, they must deliver a consistently higher level of service quality.

However, this has come under increasing strain over the past 20 years, as there has been a move away from a

service-based to a more sales-based culture. This trend first became apparent in the insurance and banking sectors in the early 1990s and is now taking a foothold in accountancy.

The impact this has had on the major clearing banks in particular is stark. Barely a generation ago, the local bank manager was a highly respected member of the local community, whose advice could always be trusted to be in the best interests of the customer. The

BUILDING TRUST

There are some simple steps to ensure that clients recognise they are being served honestly and professionally:

- **Scoping** – if the work is poorly scoped upfront, there is a risk that additional services may be needed later.
- **Contracts** – if the initial engagement letter agreeing the contract is unclear, this may leave the service provider open to a similar charge at a later stage.
- **Meetings** – clearly define in advance any additional meetings involving extra advisers or specialists.
- **Invoicing** – sending invoices in which the charges are not individually defined or identified may also raise unnecessary questions or doubts in the client's mind.

growth of telephone and internet banking, for example, has made the relationship more faceless. At the same time, customers have become aware of, and increasingly reacted negatively to, an overtly proactive sales approach within their local branch.

All this may be a long way from 'mis-selling' as defined by the FSA, but it has nevertheless had a profound effect on the client/provider relationship. If the customer believes that the advice offered is dictated as much by the vendor's goals and targets as the purchaser's needs, any such recommendation will be treated with greater caution.

Clients of professional services providers will become suspicious, too, if they perceive themselves to be a captive audience, with little or no room for manoeuvre. For example, I know of one managing director going through his third buyout in ten years who is paying for services he feels he does not need.

The consequences for a service industry can be devastating. The personal pensions crisis which occurred between 1988 and 1994 affected an estimated 2.7 million people. It has cost insurance companies around £13.5bn in compensation and has resulted in a regulatory regime that many believe to be too restrictive.

Yet perhaps most damning of all, it has done irreparable damage to the public's trust in the insurance industry.

The key here is perception. If the accountancy profession wants to maintain its trusted adviser status with both corporate and private clients, it must not only continue to treat them fairly, but has to be seen to be doing so at all times.

The common denominator here is transparency. Trust is easily damaged or even destroyed and client confidence is most readily put at risk when a service provider is not totally open about the precise nature of, or need for, the product on offer.

And, as other sectors have shown all too clearly, once it's lost, it is very difficult to restore customers' trust.

Peter Belsey is head of financial services sector at Huthwaite International

> www.huthwaite.co.uk

