



Rated by Experts

Leading the market in  
clarity and transparency



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## Overview

Our product ratings use a set of 'red line' criteria to calculate an underlying score for each product, which translates to a star rating. Products can achieve between one and five stars.

To achieve a five-star rating, products must meet all of our red line criteria. We focus on core product features, and don't give extra marks for unnecessary features or optional extras.

Our current red line criteria are contained in the following pages.

Unlike our insurance ratings, our banking, online will writing and investment platform ratings take into account the price of the product. This is because consumers can incur additional costs over the life of the product.

## Self-invested Personal Pensions (SIPPs)

One of the first 3 red lines applies to each product- if the product allows a customer to deal in funds and shares we use the fund and share dealing scenario (red line 1), if a product offers only fund dealing we use the fund dealing scenario (red line 2), if it offers only share dealing we use the share dealing scenario (red line 3)

### Red Line 1 – Fund and share dealing scenario

The cumulative annual charges must be less than the sector average to pass this red line. The cumulative annual charges are based on a portfolio of £100,000 wherein £50,000 is invested in shares and £50,000 is invested in funds. The cumulative charges include the charges for dealing activity plus any platform fee, annual fund dealing fees and annual share dealing fees. At the time of writing, spring 2020, the average annual charge is £456.00

### Red Line 2 – Fund dealing scenario

The fund dealing scenario only applies to portfolios which allow fund trading only. The fund dealing scenario is the cumulative annual charges for a portfolio of £100,000 invested in funds. At the time of writing, spring 2020, the average annual charge is £336.75.

### Red Line 3 – Share dealing scenario

The share dealing scenario only applies to portfolios which allow share trading only. The share dealing scenario is the cumulative annual charges for a portfolio of £100,000 invested in funds. At the time of writing, spring 2020, the average annual charge is £316.29.

### Red Line 4 – Fee for setting up an account

The fee to set up an account must be £0. The majority of providers in the market do not charge a setup fee.

### Red Line 5 – Account closure fee

The fee to close an account must be £0. The majority of providers in the market do not charge a setup fee. We believe any charge to close an account acts as a barrier to the customer.

### Red Line 6 – Charge for transferring cash to another platform

The fee for transferring out as cash must be £0. Most policies do not charge a fee for transferring out in cash, so we consider anything above £0 as a potential barrier to exit and unfair.

### Red Line 7 – Charge for transferring investments to another platform

The charge for transferring investments to another provider must be less than the sector average which is £17 per holding. We feel any charge greater than this begins to create a barrier to exiting for the customer.

### Red Line 8 – Early Account closure fee (12 months or less)

The fee to close an account within 12 months of opening it must be £0. The majority of providers in the market do not charge an early closure fee and we feel any fee is unfair for the customer.

### Red Line 9 – Charge for automatic reinvestment

The charge for automatic reinvestment must be less than £10. Most providers charge a flat fee between £1-£2 whereas others charge a percentage fee. Depending on the size of the reinvestment a percentage charge could lead to much higher costs for the consumer and we consider anything above £10 to be unreasonable.

### Red Line 10 – Charge for selling holding if not enough money in account to pay other charges

The charge for selling holdings if there is not enough money in the account to pay for other charges must not exceed the company's share dealing charge. The sale of units is equivalent to a share deal and it would therefore be unfair to charge the customer more for this.

### Red Line 11 – Charge for telephone/postal share dealing

The charge for dealing shares via telephone or post must not exceed £30. The average charge across the sector for this, at the time of writing, spring 2020, is £26.17. Therefore, we feel anything above £30 is excessive.

### Red Line 12 – Payment by CHAPs

The charge for a payment made via CHAPs must not exceed £25. According to the Bank of England a typical CHAPS payment should cost between £25-£30 so we have set the red line at £25.

### Red Line 13 – Annual charge for receiving paper statements

The annual charge for receiving quarterly paper account statements must not exceed £40 to pass this redline. A number of providers are online only services and do not offer paper statements, these accounts pass this redline. Most providers do charge for paper statements so we have used the sector average of £40 per annum as the redline, anything above this we consider to be excessive.

### Red Line 14 – Charge for writing to third party to confirm the value of the account

The charge for writing to a third party to confirm the value of an account must not exceed £0 as the majority of providers do not charge for this. Most providers do not charge for this, so this is where we have set the red line.

## Income Drawdown products (self-invested)

The red lines for income drawdown products are the same as those for Self-invested Personal Pensions and include an additional 6 red lines.

### Red Line 1 - Annual cost of regular payments (drawdown)

The annual cost of regular payments (drawdown) must not exceed £120. At the time of writing, autumn 2019, the median charge in the sector for regular payments is £120. We believe anything above this is excessive.

### Red Line 2 – Fee for setting up drawdown

There must be no fee to set up drawdown. The majority of providers do not charge a fee for setting up drawdown so we set the red line at £0.

### Red Line 3 - Charge for withdrawing your tax-free lump sum

The charge for a one-off payment of a tax free lump sum, income payment or small lump sum must be less than £90 as this is the median for the sector.

### Red Line 4 - Cost of adding funds to drawdown, or reviewing flexi-access drawdown (not capped)

There must be no charge for adding funds to or reviewing flexi-access drawdown . Most providers do not charge for adding funds to drawdown, or reviewing flexi-access drawdown so this is where we have set the red line.

### Red Line 5 - Charge for purchasing an annuity

The charge for purchasing an annuity must be less than £90. This is the median charge for the sector so anything above this can be considered excessive.

### Red Line 6 - Charge for taking whole pot under triviality rules

The charge for taking the whole pot under triviality rules must be less than £50. The sector average is around £50 so this is where we decided to put the red line.

## Red Line Weightings

Red lines	Approx. weighting
Fund and share dealing scenario	50%
Share dealing scenario 3	
Fund dealing scenario	
Fee for Setting up Account	9%
Account Closure Fee	9%
Transfers Out (as cash)	8%
Transfer Out (as Stock/in-specie) Scenario	8%
Early Account Closure Fee (12 months or less)	5%
Charge for automatic reinvestment	3%
Charge for Selling Holdings if not Enough Money in Account for Charges	2%
Telephone and Postal Share Dealing	2%
Payment by CHAPS	1%
Completing paper applications	1%
Quarterly Statement (Paper)	1%
Charge for writing to a third party to confirm the value of the account	1%

Red lines	Approx. weighting
Fund and share dealing scenario	50%
Share dealing scenario	
Fund dealing scenario	
Cost of regular payments	10%
Account Closure Fee	5%
Transfers Out (as cash)	5%
Transfer Out (as Stock/in-specie) Scenario	5%
Early Account Closure Fee (12 months or less)	4%
Fee for setting up drawdown	4%
Charge for automatic reinvestment	3%
Charge for one-off payment of a tax free lump sum, income payment or small lump sum	2%
Cost of adding funds to drawdown, or reviewing flexi-access drawdown (not capped)	2%
Charge for purchasing an annuity	2%
Charge for taking whole pot under triviality rules	2%
Telephone and Postal Share Dealing	2%
Charge for Selling Holdings if not Enough Money in Account for Charges	1%
Payment by CHAPS	1%
Quarterly Statement (Paper)	1%
Charge for writing to a third party to confirm the value of the account	1%

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