



**Independent Mortgage Advice & Services Limited (T/a IMAS)**

**FITNESS & COMPETENCE SCHEME FOR MORTGAGE ADVISERS**

***Introduction***

The requirements of our regulator, currently the Financial Services Authority (FSA) in relation to mortgage advice are known within IMAS as “The Fitness & Competence Scheme for Mortgage Advisers”.

By laying down standards our aim is to ensure that the minimum levels of competence are attained and maintained by those providing advice to our clients.

This scheme is designed to support mortgage advisers within IMAS to develop their skills and knowledge, not only to achieve and demonstrate competence, but also to reach and maintain higher standards.

As a business, we believe that high standards are of vital importance to both our staff and our clients.

These procedures will therefore support the effective operation of the business, as well as meeting the requirements of our regulator (currently the FSA).

This manual covers all the stages of an adviser’s development starting with Recruitment, followed by on-going Fitness requirements, through Training on the job and finally covering the on-going development of a Registered Mortgage Adviser.

Section 5 contains a complete collection of the forms and documentation that are used to support the Scheme.

The Fitness & Competence Scheme year is the same as the IMAS business and financial year (1<sup>st</sup> January – 31<sup>st</sup> December) which enables the individual’s performance to be taken into account as part of the annual and half-yearly staff appraisal process.



**Independent Mortgage Advice & Services Limited (T/a IMAS)**

**The Advisers Guide to the Fitness & Competence Scheme for Mortgage Advisers**

As an authorised person you need to be fully aware of your obligations within our **Fitness & Competence Scheme for Mortgage Advisers** and this manual is intended to provide a basic understanding of the Scheme and your responsibilities within it. Every adviser should know exactly where they are within the Scheme and should, therefore, know where they are going in relation to the next stage of their development.

There are some important points to understand about the Scheme:

1. The Scheme applies to all Mortgage Advisers employed by IMAS
2. The Scheme will change from time-to-time. You must keep up with these changes.

The Scheme creates a professional environment in which commercial and compliance standards can be met and in which support is available – when requested as well as at predictable intervals - whether to maintain competent standard or to develop further.

The Scheme also places obligations individually on Trainee and Registered Mortgage Advisers. You need to know what your obligations are before you can fulfil them.....

**The IMAS Fitness & Competence Scheme**

The stages through which new entrants go, are split into three separate steps:

**Stage 1 – Fitness**

**Stage II - Trainee Adviser**

**Stage III - Competent Adviser**

**Stage 1 – Fitness:** As part of the recruitment process IMAS will take into account the knowledge and skills of the individual in relation to the knowledge and skills required for the role and also take reasonable steps to obtain sufficient information about the individual's previous relevant activities and training. Honesty, integrity and reputation must be determined and information will be requested relating to these matters. Anyone recruited or transferred into a Mortgage Sales Role will be unable to pass into Stage II until all checks, references etc relating to fitness have been carried out. A Job Description which lists the knowledge and skills required is included in the Appendices (Appendix 11)

**Stage II – Trainee Adviser:** This covers the period following recruitment/transfer from another area of the business into the Mortgage Sales Team once fitness has been established. The Adviser will progress gradually towards firstly unaccompanied interviews/telephone conversations and eventually full competence. It is designed to:

1. Support Trainee and Experienced Advisers whilst they bed into the IMAS Fitness & Competence Scheme.
2. Record the sequence of achievements that will eventually confirm the Adviser as a Competent Adviser

During this stage the Trainee Adviser works under the close supervision of his or her Supervisor, or a Competent Adviser, through a progressive series of events, tailored to the particular individual's needs. These events may include information gathering, presenting a solution and construction of reasons why letters.

Close supervision means that you will need to keep your supervisor fully aware of the work you are carrying out at all times, and that you must discuss all cases with your supervisor before any advice is given to a client.

Your supervisor will decide how each case should be dealt with, and how each client contact should be made. Sometimes the supervisor will make the contact, usually observed by you; sometimes the observer will observe you making the contact: sometimes you will make the contact alone (though you will need to report back to your supervisor afterwards).

In this way the supervisor can plan your progress towards competent status.

Close supervision is gradually relaxed as the Adviser demonstrates competence in the various assessments. Advisers must be clear as to what stage they have reached and query with their supervisor if there is any misunderstanding or need for clarification.

**Stage III – Competent Adviser (Registered Mortgage Adviser):** When advisers reach Stage III they will be fully qualified and also have satisfied their Supervisor that they are proficient. This will be demonstrated by the utilization of the required knowledge and skill levels within each competency in a wide range of personal situations relating to mortgage advice.

Supervision at Stage III provides the on-going assessment of Advisers. When you reach Stage III **you** will become primarily responsible for ensuring you receive timely and appropriate training and knowledge maintenance and that it is properly recorded.

### **Maintenance of Registered Mortgage Adviser Status**

Authorisation will be maintained by

- 1. Continually demonstrating competence**
- 2. Confirming a minimum level of product and compliance knowledge at least annually.**
- 3. Being supervised at all times .**

**Continually Demonstrating Competence:** This is achieved by successfully carrying out observed calls (face-to-face, role-play or telephone) on a regular basis. At least one observation of each will be carried out each year with each adviser.

**Confirming a minimum level of product and compliance knowledge at least annually:** Using the principle that regular use keeps knowledge fresh Advisers will be tested in all products at least once a year with compliance being monitored through normal file checking procedures.

**On-going supervision process:** Supervision processes are in place to help advisors in various ways. All advisers have a supervisor, and the supervisor will be the first port of call if you need help, either with a particular case, or a developmental or other issue. You will no longer have to discuss all cases with the supervisor, but will be expected to take responsibility for raising questions where necessary.

You can do this informally at any time, and there will also be regular monthly meetings with your supervisor, which will also give you the chance to raise any issues you wish.

The supervisor is responsible for making sure that the requirements of the scheme are met, and will arrange aspects such as knowledge testing and observations appropriately. The intention is to provide help in developing your knowledge and skills, so the supervisor will be looking for opportunities to do this throughout your career with IMAS.

We must be able to demonstrate to the regulator that our advisers are properly and adequately supervised at all times, and we believe that the operation of this scheme allows us to do so.

### **Competency Requirements**

In order for a Mortgage Adviser at IMAS to be deemed Competent appropriate levels of knowledge and skills will need to be demonstrated in the following areas:

- 1. Regulation \***
- 2. Legislation \***
- 3. House buying & house finance process \***
- 4. Firm's requirements**
- 5. Client contact**

## 6. Administration

See next page for Knowledge and Skills relating to each Competency

\* Covered by CeMap syllabus – see appendix 12

Demonstration of knowledge and skills will be via role-plays, observed meetings/telephone calls, testing and by monitoring performance indicators (Key Performance Indicators).

The Key Performance Indicators reflect our expectations of advisers' performance and are currently:-

1. **Conversion ratios (i.e.ratios of enquiries/applications/offers/completions)**  
**75% of enquiries to proceed to application**  
**80% of applications to proceed to offer**  
**90% of offers to proceed to completion**
2. **Adequate fact-finding – sufficient information to make appropriate recommendation to be documented on fact-find. Quality/levels of information recorded to be assessed by supervisor as part of file checking process**
3. **Acceptable reason why letters – 80% or more acceptable. Checks will be carried out by the supervisor against the RWL checklist which must be completed for each recommendation made. 80% of these checks need to be error free.**
4. **Complaint levels – none upheld**
5. **Administration error rates – Monthly file checks - 90% to be error free when measured over a quarter**
6. **Lender spread – within IMAS parameters as independent intermediaries. Files should indicate the alternatives available and RWL's state the reason for the product selection and the reasons why the alternatives were considered unsuitable.**

If your performance falls outside the KPI levels, your supervisor will discuss this with you. Sometimes the difference in performance as compared to KPI's will be for a good reason, or result from factors outside your control.

Sometimes, an area of skill or knowledge will be highlighted where there is a development need. Where this arises, your supervisor will put in place an appropriate action plan.

### Stage I – Fitness

## **Fitness Requirements**

Where IMAS recruits an individual with a view to that individual becoming an Registered Mortgage Adviser IMAS will, as part of its recruitment process:

1. Take into account the knowledge and skills of the individual in relation to the knowledge and skills required for the role
2. Take reasonable steps to obtain sufficient information about the individual's previous relevant activities and training

Where an RMA is currently authorised or approved by the Financial Services Authority he will be considered to have met the FSA's Fitness Requirements and further information need not be sought by IMAS.

In determining an RMA's or Trainee Adviser's honesty, integrity and reputation at recruitment IMAS will obtain information in respect of the following matters:

Full references for the past three years employment plus employment history information covering the preceding two years before that (ie total of five years history);

Details of any unspent convictions for or current charges in respect of, any criminal offence of dishonesty, fraud, financial crime or violence or other offences under legislation relating to banking and financial services, companies, insurance and consumer protection;

Details of any outstanding judgement debts or awards;

Details of bankruptcy or bankruptcy proceedings;

Details of existing authorisations or approvals in the financial services sector; any refusal to authorise or termination of authorisation the financial services sector;

Any disqualification as a company director

Details of any current disciplinary investigation by a regulator or government body or agency or of any such investigations carried out over the past five years;

Details of any involvement as a director, secretary or partner with a financial services business that has ceased to trade, gone into insolvency, liquidation or administration in the last three years.

IMAS will ensure that when obtaining references and information in respect of an RMA or Trainee Adviser they also gain the consent of the individual or firm providing such information for disclosure of it to the FSA or such other organisations if required. (See appendix 1 for sample of declaration to be completed)

Changes to the information collected by IMAS will be monitored through;

Compliance monitoring activity

The annual renewal process where the Code Compliance Officer is required to confirm that the Fitness and Competence Requirements for RMAs continue to be met and that a “Notifiable Event” in respect of any RMA or Trainee Adviser has not occurred since the last renewal.

“Notifiable Events” are;

charges and convictions in respect of any criminal offence of dishonesty, fraud, financial crime, or violence or other offences under legislation relating to banking and financial services, companies, insurance and consumer protection bankruptcy or bankruptcy proceedings withdrawal of authorisation or approval by another regulator including revocation of CCA licence

disqualification as a company director

disciplinary investigation by a regulator or government body or agency

dismissal

outstanding judgement debts or awards

Where a Notifiable Event regarding one of IMAS’s RMA’s or Trainee Advisers has occurred IMAS will take appropriate action to ensure that the customer interests are not put at risk.

IMAS will be responsible for the decision it makes regarding the fitness of an RMA or Trainee Advisor, notwithstanding the information contained in any previous employer’s references.

### **Stage II – Trainee Adviser**

A Trainee Adviser will generally have two years from the date on which he is registered on the IMAS list of Trainee Advisers in which to reach the standards necessary to pass through Stage II to Stage III.

If the necessary standards have not been reached after two years, the supervisor will consider what action is appropriate. This will generally include ending the individual’s status as an adviser, but the supervisor will take account of the circumstances of the case.

For the purposes of calculating the period of two years IMAS will aggregate periods of time spent by the Trainee Advisor with alternative registered firms.

During Stage II the trainee will receive training in relevant areas which may include:-

Opening the call

Information gathering/Use of the Mortgage Enquiry Form

Analysis skills/designing solutions including RWL’s

Case Studies

Presenting Solutions

Regulation

Legislation

House buying & Finance process

Weekly reviews will be held throughout Stage II to monitor progress towards attaining competence.

At a suitable time during the training the trainee will be formally assessed in:

Opening the call/Information gathering

Presenting the Solution

The assessment will be a combination of role play and “live” situations

**Whilst in Stage II all recommendations must be approved by either a competent RMA or the Supervisor.**

### **Stage II Sign-off**

Stage II Sign-off can be achieved subject to:

Achievement of relevant MAQ/CeMap Qualification

Satisfactory KPI's

2 Competent Open and Explore Discussions (One role-play/ At least one live)

2 Competent Recommendations – These can be presented either face-to-face or over the telephone to the client or in the form of a “Reasons Why” letter which has been competently compiled against the RWL checklist.

Satisfactory Standards of Administration as defined by the monthly file checks.

The decision to sign-off a Trainee Adviser and move them into Stage 3 rests with the Supervisor.

### **Stage III – Competent Adviser**

Once an Adviser has attained Stage Three competence and is classified as a Registered Mortgage Adviser they are part of the mainstream ongoing Competence Scheme.

The IMAS approach is to ensure that all training delivered is truly effective and geared towards what an adviser **actually needs** to maintain competence and to actually improve their performance.

The focus is forward looking – it is based on agreed actions in the future (linked to agreed needs). Looking forward ensures that training undertaken is planned in advance and is genuinely developmental, rather than a paper exercise.

Monthly reviews will be held with each adviser and testing of an individual's understanding of relevant market, product and regulatory changes will take place at least once a year.

**There are 5 main areas of activity that support the on-going competence of an RMA:**

1. Establishment of Action Plans where required
2. Completing monthly file compliance checks
3. Dual Calls
4. Central & Local training
5. Monthly one-to-one meetings

**Action Planning**

Action plans will be put in place whenever necessary, to record the agreed actions to be taken by the adviser and/or the Supervisor. These will be updated at monthly or ad-hoc meetings as appropriate to the matter in question.

During supervisory work with the adviser various training or development needs will result from the checks carried out.

Some needs will be dealt with at a single meeting. These are not the types of issues that will be addressed using an action plan.

Having identified a longer term development need an action plan is the vehicle that the Supervisor will use to record performance and progress towards the achievement of it.

**Monthly File Checks**

Two files per month per RMA will be picked at random and compliance checked. All checks will be recorded on a File Inspection Checklist and feedback provided.

Advisers must take any action required as a result of the feedback, and progress will be discussed with the supervisor during the monthly meeting. Further files may be checked if there are thought to be any recurring problem areas.

**Observed Calls**

A competent adviser will need to demonstrate via two observed Open and Explore calls and two correctly prepared “Reason Why” letters/Present and Close calls per year continuing competence in this area. These calls can be via role-play or “live” or a mixture of the two.

Additional observed meetings will be conducted if the performance demonstrated is not of competent standard. Additional observed meetings may also be conducted at the discretion of the supervisor to assist in the development of the adviser.

#### Pre-Brief Discussion

Prior to an observed interview a Business Objective will be agreed. This could be for example – Completing a fact-find over the telephone or presenting a report and recommendation with the objective of obtaining the clients permission to proceed. It must be specific.

The call may also have a Training Objective. This could be development of skills highlighted from a previous dual-call or a particular area which the Adviser wishes to focus on.

#### During the Call

The Observation Record lists the skills the Adviser should display during the call. Notes will be taken by the Supervisor during the call and will be used to provide an objective assessment of the Adviser’s skills.

#### The De-brief

Following the call a de-brief meeting will take place which will invite the Adviser to discuss and agree with the Supervisor the highlights of the call and any weaker areas. Actions may be agreed as a result of the call – see Action Planning above.

The completed observation record will be kept on the Adviser’s file together with any resulting action plan for future reviews.

### **Central and Local Training**

There will be occasions when Advisers receive training not only from the Supervisor but also from someone other than the Supervisor. All training must be recorded on a Training & Development record and a de-brief must take place to summarise the key learning points from the training and also the relevance to the Adviser’s personal development. The Training & Development record must be completed and signed by the Adviser and the Supervisor to evidence the de-brief has taken place and the record filed on the Adviser’s file.

### **Monthly One-to-One Meetings**

The regular forum at which all on-going training and action planning are considered together is the monthly one-to-one meeting. During the meeting the following areas will be reviewed.

#### KPI's

##### Sales Activity

##### Training and Development Activity

#### **KPI's**

The monitoring of KPI's is an essential function of the monthly meeting. KPI's are the key monitoring tool of the Fitness & Competence Scheme and are a good indicator of the Adviser's effectiveness as a whole.

Where performance lies outside normal KPI parameters, the underlying reasons for this will be discussed with the adviser and will be recorded. Where appropriate, an Action Plan will be put into place to record any agreed training and development activity, and the progress achieved.

#### **The agreed standards of KPI's are:-**

1. Conversion ratios (i.e. ratios of enquiries/applications/offers/completions)  
75% of enquires to proceed to application  
80% of applications to proceed to offer  
90% of offers to proceed to completion
2. Adequate fact-finding – sufficient information to make appropriate recommendations recorded on fact-find
3. Acceptable reasons why letters – 80% or more acceptable
4. Complaint levels – none upheld
5. Administration error rates – file checks – 90% to be error free
6. Lender spread – within IMAS parameters
7. Sales activity – performance against target

#### **Sales Activity**

Sales activity will be monitored in terms of volume (is the adviser on target ?), conversion ratios (are there discernible trends in the ratios ?) and range of advice (are all opportunities being properly explored ?)

#### **Training & Development Activity**

All training activity will be reviewed and consideration given to – was the objective met ? How will learning be applied to the job ? Is further action necessary ?

**NB: If a monthly meeting does not take place at the required time due to the Adviser's/Supervisor's absence a note must be made on the Adviser's file to this effect. The period in question must be reviewed either as soon as possible or at the latest at the next monthly meeting.**

### **Annual Testing**

Testing will take place at least once a year to assess an Adviser's knowledge in key areas including Regulation/Legislation and the House buying & Finance process.

### **Continuing Professional Development (CPD)**

At least 25 hours of CPD is each year is to be recorded for each RMA. The CPD is ideally to be linked to an agreed weakness or developmental area. This ensures the CPD is relevant to performance and can be validated through removal of the weakness or progress towards the development goal.

### **Audit of Supervision**

An audit of the Supervisory activities and Supervisor competence will take place in October 2003 and then annually thereafter.

The audit will be carried out by an authorised auditor of IMAS at their offices.

### **Appendix of Forms**

1. Recruitment Assessment Records
2. Observation Record – Open and Explore
3. Open and Explore Checklist
4. Observation Record – Present and Close
5. Reason Why Letter Checklist
6. Mortgage Case Review
7. Training and Development Record
8. Advisers Performance Record
9. Weekly/Monthly RMA/TMA Performance Record
10. Mortgage File Checklist
11. Job Description – Mortgage Administrator
12. CeMap Syllabus – Relevant Areas