More to SIPPs

SIPP blog – October 2013

According to a recent survey conducted by Liberty SIPP almost two-thirds of financial advisers believe that high levels of service are the most important factor when selecting a SIPP provider. In the same survey over half the advisers believed the reputation of SIPP providers has worsened in the last 12 months. Whether that deterioration is down to a worsening of service levels or is down to other factors such as the much publicised issues with certain esoteric investments isn't clear. However the quality of service has been a talking point on SIPPs almost from the time that the first SIPP was launched.

Over the years I've seen first hand some of the problems and pain that poor levels of service can generate – and also the benefits to a business that delivering a first class level of service can provide. Judging and measuring the relative quality of service of different SIPP providers can be difficult for financial planners. Many will simply stick with the provider they have used over many years –fearing the disruption or worse that a change might bring. Some will prefer to use the SIPP offered by the technology platform that they use within their business. Others may use different providers for different types of investment particularly where they believe the provider is particularly skilled in certain areas e.g. commercial property.

As part of my consultancy business I've been involved in assessing the administration capabilities of some SIPP businesses. One thing that is very clear is that the effective use of technology is a crucial differentiator for providers. Often providers will use more than one technology platform for different parts of the SIPP customer journey. That has dangers particularly where the platforms aren't fully integrated – and can lead to a dangerous situation where staff are expected to paper over the cracks. It's also very clear that whilst many platforms can handle the investment accumulation phase competently the situation can be very different when the client moves into decumulation via drawdown or phasing –and of course transferring a client at this point can be both expensive and disruptive. Online capability should now be the norm – and yet there are still many providers that offer no or limited online access – for example only during working hours. Some providers are only able to offer limited information online such as portfolio valuations but no information on payment history for clients in drawdown.

I believe that to survive as anything other than a very niche player providers will have to continue to invest heavily in their technology platforms which may test the already stretched finances of many providers. I also believe that we will start to see the emergence of independent assessment services which will assist financial planners – and providers – in providing genuine and in depth customer service measurement and benchmarking.

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