

# Watchdog's sanction is fine by me



Jonathan Fry sheds no tears for High Street banks fined millions for mis-selling financial products to vulnerable customers

The figures seemed incredible when it was announced last month that HSBC had been fined £10.5 million and ordered to pay £30 million in compensation for mis-selling financial products to customers.

It was a record penalty and, as such, reflected the despair of the watchdog Financial Services Authority (FSA) in trying to get the UK's biggest High Street banks to play fair by their account holders.

What made the HSBC behaviour even more galling was that many of those who were mis-sold products were elderly, living in care homes and in some cases with a life expectancy shorter than the commitments they had been persuaded to sign up for. That fine followed one of £7.7 million imposed by the FSA on Barclays a year ago for similar behaviour.

But before we weep too much for the banks, let's not forget that HSBC made a profit of £12 billion in its last full financial year and will pay out another £4.2 billion in bonus payments to staff this year. What for? Partly for selling the bank's own products to its customers on a commission basis and veiled as 'advice'.

I wrote in this column in November 2010 that the FSA was

determined to outlaw all commission-based financial advice from the year 2012, in favour of fee-based consultancy. I have also stated on many occasions that the biggest banks cannot be regarded as independent advisers when there is so much pressure – and reward – placed on staff to sell the bank's own mortgages, loans, savings accounts, bonds and other products.

There is nothing wrong in them doing this – in business almost everybody sells

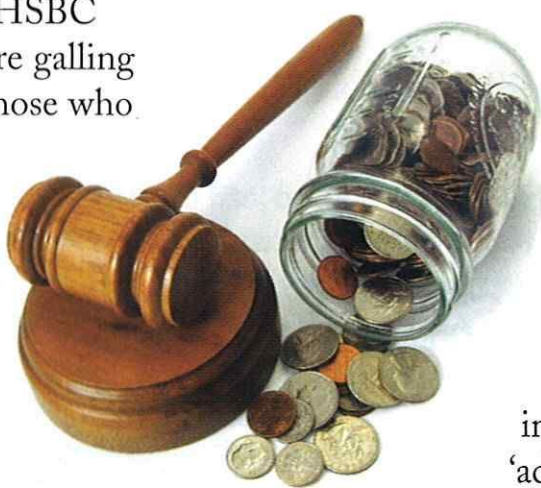
something to somebody. What I strongly object to is that the banks sell their products under the guise of 'advice'.

Can you ever imagine receiving 'advice' from a

Barclays personal banker that the best product for you is available from Lloyds or HSBC, even if it is? Never.

My message once again, endorsed by two hefty but, in the context of total bank profits, easily affordable, fines is always to seek independent fee-based advice rather than the specific product promotion practised by target-focussed sales staff under the guise of 'advisers'. ■

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## INFLUENCING PEOPLE

Some of the people who make a positive difference to life in the North East

### Express success

Azeem Arshad holds the master franchise licence for North East and Carlisle of the popular sandwich chain Baguette Express. Azeem, who trained as a lawyer and completed a Masters degree in Real Estate before taking on the franchises, has opened two franchised outlets in Newcastle - at St Mary's Place and Shields Road, one in Sunderland, and one in the Metrocentre, as well as a large company-owned café in the Eldon Square Shopping Centre extension.

The company employs approximately 50 people in the region, and stores will open soon in Eldon Square Bus Station, Durham and Washington soon.

Azeem, originally from Scotland, hopes to open 30 outlets by 2015 and was named 'Franchisee of the Year' at the Scottish Asian Business Awards in 2009. He volunteers for The Well Foundation – a charity which aims to provide clean, safe drinking water to people in developing countries.



### Dental developments

Dr Usman Qureshi is a specialist orthodontist who, along with two colleagues, has opened two new orthodontic practices in the North East. Neo Orthodontics aims to reduce waiting times and create a centre for training and professional development.

The team has two flagship practices, on Newcastle Quayside and in Ashington in Northumberland. It also has a further three outreach clinics in Northumberland.

He said: 'People in the North East can wait up to two years to be referred to an orthodontist. But these new practices mean people can now often receive treatment within days, whether it's for NHS or private work'.

'We also want to provide a centre for continuous training in orthodontics - there are large numbers of newly qualified dentists graduating from the region's universities and we aim to help to retain that talent in the North East.'



### Up and away

Tyneside's newest airport hotel - the 179 bedroom Doubletree by Hilton Newcastle Airport Hotel - will be managed by Irish-born Seamus O'Hara.

Before moving to Tyneside he was general manager of the four star Glass House in Sligo and he said: 'I have worked at other airport hotels so this is familiar ground to me but I'm also looking forward to the challenge of a brand new hotel,' he said.

The hotel will be operated by the Cairn Hotel Group and includes a gym and meeting rooms which can accommodate from 40 to 150 people. It also has a stylish bar and a Fratello's Italian restaurant, the third in the chain.



Do you know someone who deserves to be featured in this column? If so, email [neleditor@archant.cco.uk](mailto:neleditor@archant.cco.uk).