

# Terms of Business

## General

These terms of business are in addition to the terms of use of our website, which continue to apply after you make an investment.

## About us

Smarter Financial Services LLP is authorised and regulated by the Financial Conduct Authority. We are entered on the FCA register and our registration number is 602533. The FCA can be contacted at 25 The North Colonnade, Canary Wharf, London E14.

Smarter is a limited liability partnership registered in England with registered number OC337856. Our registered office is at 49 Station Road, Polegate, East Sussex, BN26 6EA.

## Our role

We provide facilities for comparing and buying investments from a wide range of providers and for automatically monitoring and keeping track of your investments.

We are an intermediary and you can issue investment instructions to our administration partner, Cofunds, via our website. The types of instructions that can be issued include:

- Buy a new investment (stocks and shares ISA, Junior ISA, or general investment)
- Invest money into your existing investment
- Transfer an existing investment from another provider to us
- Create, cancel, or amend a direct debit for your investments
- Switch your investment to an alternative from our comparison tables
- Withdraw money and/or close your investment

If your employer agrees, you can also issue instructions (through Smarter) to your employer for money to be invested out of your pay.

We will pass your instructions on to Cofunds (or your employer) and they will be fully responsible for executing the instructions. We do not handle your money at any point. All money is transferred directly between you (or your employer) and Cofunds. Instructions can only be accepted via our website.

For the purposes of determining the utilisation of your ISA limits, any money invested out of your pay will be treated as having been subscribed on the date it is received by Cofunds (which may not be the same as your normal payday).

Statements, confirmation notes, and certain other correspondence will be posted directly to you by Cofunds, with copies usually available on our website within your account.

All our services are provided on an execution only basis. We do not provide advice and therefore do not have a duty to ensure suitability of any of the services, products or actions you choose. Because we don't give advice about your choices Smarter will not be obliged to pay compensation if the service, product or action you choose is not suitable for you.

It is your responsibility to take into account your circumstances and objectives and make your own judgement as to suitability. If you have any doubts we recommend you take professional financial advice.

We treat you as a 'Retail Client' under FCA rules. This means you get the highest levels of regulatory protection available under those rules.

You or we may terminate our authority to act as an intermediary for you by providing notice via email. Emails should be addressed to [customerservice@smarterinvestment.co.uk](mailto:customerservice@smarterinvestment.co.uk).

## **How we are paid**

Our only income comes from the charges you pay which are deducted from your investment. To ensure our impartiality we do not accept any commission or other payments from third parties.

Our charge is a maximum of 0.5% per annum and will be paid for by regularly selling units in your funds. Because the price of units is not known in advance, the value of units sold may be slightly higher than the charges due. Any balance will be held in a cash account that Cofunds will establish in your name and used to pay for future charges. The sale to cover all charges will be made from whichever single fund has the highest value across all your investments (ISAs and non-ISAs).

Separate charges are taken by Cofunds and fund managers and the amounts vary depending on the investment chosen.

The total charge for each investment will be shown in our comparison tables, and a full breakdown will be provided when an investment is selected.

## **Cofunds' role**

Cofunds is our administration partner and provide the underlying investment platform for all investments bought through us. They handle your money, execute your instructions, and act in the role of ISA Manager for ISAs and Junior ISAs.

Cofunds make a separate charge for their services. Full details of Cofunds' role and charges can be found in their terms and conditions.

Cofunds' charges will be included in the total charge shown in our comparison tables, and a breakdown will be provided when an investment is selected.

## **Fund managers' role**

Fund managers invest your money in stocks and shares. There are a large number of different fund managers available in our comparison tables.

The fund managers make a separate charge for their services which vary depending on the funds selected. Full details of the charges can be found in the key investor information documents for each fund, which are available after selecting an investment from our comparison tables.

Fund manager charges will be included in the total charge shown in our comparison tables, and a breakdown will be provided when an investment is selected.

## **Conflicts of interest**

Our impartiality is a fundamental part of our offering to you. We aim to identify and eliminate conflicts of interest wherever possible.

For example, our only source of income comes from the charges you pay us. To ensure our impartiality, we do not accept commission or any other payments from third parties.

## **Tellafriend referral scheme**

When you buy an investment you may be given a personal link as part of our tellafriend referral scheme. If anyone else invests via this link we will make a donation to charity, or send you and your friend a small gift, or offer some other benefit, subject to the terms below.

We will provide only one charity donation or gift per friend who invests, irrespective of the number of investments the friend makes.

We may change the offer from time to time. You may check the current offer from the home page of your account.

We reserve the right to not provide a charity donation or gift if it is uneconomic for us to do so. For example, if your friend cancels their investment, or invests a very small amount, or chooses an investment on which our charges are lower than usual (eg due to another promotion).

We make charity donations in bulk rather than individually and they are not processed immediately.

We reserve the right to withdraw this scheme or to cancel your personal link in future.

### **Exclusions of liability**

We will use reasonable endeavours to ensure that the content of our website and any other communication to you (such as SmarterCare alerts) is accurate. We will also endeavour to correct any errors or omissions as soon as practicable after being notified of them. However, we are not responsible for any loss caused by inaccuracies in website content or other communications.

We are not liable for any loss, distress or inconvenience caused by the performance of any investments. The value of investments can go down as well as up and you could get back less than you invest. The past is not a guide to future performance.

We provide financial projections for your investment under the terms set out in the section below. We are not liable for any loss, distress or inconvenience caused when the actual returns on your investments are different to the projections.

We do not guarantee 100% uptime for our website. We are not liable for losses caused by a lack of availability or delays in our service due to factors outside our reasonable control.

Our administration partner, Cofunds, (and/or your employer) is responsible for execution of your instructions and for handling your money. We are not liable (in contract, tort or otherwise) for any losses caused by Cofunds or your employer failing to meet their obligations to you or us.

### **Financial projections**

We will provide you with financial projections for the purpose of comparing investments and informing your financial plans. These projections shall:

- Illustrate a likely range of outcomes based on the balance of probability
- Be prepared using well recognised actuarial techniques
- Be based on reasonable assumptions supported by objective data
- Incorporate the full impact of all charges

The projections we provide are based on the balance of probability and the actual returns on your investments will usually be different. The “bad case” projection is not a “worse case” and there is a 1 in 6 chance that the actual returns on your investments will be worse than the “bad case” projection.

We are not liable for any loss, distress or inconvenience caused when the actual returns on your investments are different to the projections.

### **Your cancellation rights**

You have the right to cancel investment applications within 14 days of receiving your confirmation notice from Cofunds, our administration partner. To do this you should write to Cofunds directly at the address provided in their terms and conditions.

### **Data protection**

We will use the information we hold about you to:

- Enable you to manage your investments via our website and/or your employer’s benefit platform and/or other 3<sup>rd</sup> party platforms
- Alert you via email in certain circumstances and provide you with status reports as part of our SmarterCare service

We may also use your information to keep you informed by email or post of similar products or services which may be of interest to you. If you would prefer to not receive such information or you have any queries relating to how we use your data please contact us via email to [customerservice@smarterinvestment.co.uk](mailto:customerservice@smarterinvestment.co.uk)

Your personal information will be provided to relevant third parties for the purposes of setting up your investment and assisting you in the ongoing management of your investment only. All personal information will be treated in confidence by us and will not be given to any other third parties except where necessary to deliver our service or where you have given us your permission or where required by law.

You are protected under the Data Protection Act 1998, and under these terms you are able to have copy of the information that we hold about you, and correct any inaccuracies. You can view and edit information we hold about you by logging into your account via our website.

We will keep records for a minimum of five years from the date you close your investment.

### **Changes to terms and conditions**

We will notify you by email at least 30 days before making material changes to these terms and conditions. Terms are likely to change:

- if we introduce a new service or
- if we replace or make reasonable changes to the way we provide an existing service or
- when there is a regulatory change or
- to make the terms easier to understand or
- to remedy manifest errors.

Incidental changes, such as clarity, drafting and typographical amendments, are made immediately and will be notified via updates to the Terms & Conditions published on our website.

We retain the right to transfer some or all of our rights and obligations under these Terms & Conditions to one or more 3<sup>rd</sup> parties who hold any necessary regulatory permissions and we believe is capable of fulfilling the obligations.

You may not transfer your rights and obligations to anyone else unless we agree to the transfer in writing. These Terms & Conditions do not give rights to any third parties and no third party shall be entitled to enforce any of these Terms & Conditions.

### **Responsibility for security**

We will not be liable for any loss suffered by you as a result of a security breach except to the extent required by law and the FCA rules. You are responsible for all use of the site that is authenticated using your user name and password, whether or not the use is made by you or by someone else.

You are responsible for protecting and securing your user name and password from unauthorised use. This includes securing the computer you use to access the site against viruses and other malicious programs.

If you believe there has been a breach of security you must immediately reset your password and notify us via email to [customerservice@smarterinvestment.co.uk](mailto:customerservice@smarterinvestment.co.uk).

### **Responsibility for ISA and Junior ISA rule compliance**

You are responsible for ensuring that you comply with the rules in relation to ISAs and Junior ISAs.

We maintain records of the amount of ISA and Junior ISA allowance you have used with us, but do not know about any ISA or Junior ISA allowance you have used with other providers.

We will not be liable for any loss suffered by you as a result of exceeding the ISA or Junior ISA allowance or other non-compliance with ISA or Junior ISA rules

## Financial Services Compensation Scheme

In the event that we or a third party we use are unable to meet commitments to you, your investment may be protected by the Financial Services Compensation Scheme. Further information can be found from the scheme's website.

## ISA sub-accounts

Our administration partner, Cofunds, holds just one main ISA account in your name. All your ISA investments are held within this one main account.

To help you keep track of your ISA investments more easily, we maintain records to attribute the total holdings of the main ISA account across ISA sub-accounts. Each sub-account is presented as a different investment.

These sub-accounts are provided only for convenience. They do not have any impact on the legal status of your main ISA account, or the way in which your ISA allowance may be used.

This means you may contribute to more than one ISA sub-account in any given tax year, because all contributions go into the single main ISA account.

Occasionally our records may not allow us to properly attribute holdings between ISA sub-accounts, or there may be a delay in the attribution process. For example, if a fund manager merges two funds together this can take us a few days to process.

If an accurate ISA sub-account attribution is not available, you must make decisions considering your ISA holdings as a whole. We will not be liable for any loss suffered as a result of delays or failures in the attribution of holdings to ISA sub-accounts.

## Risk classifications

We classify the risk of investment funds and portfolios according to the following criteria. These thresholds are based on guidance from the Committee of European Securities Regulators ("CESR"). Volatility means the expected future annual standard deviation of returns and is calculated based on a proprietary methodology which may change from time to time:

Risk / return category	Volatility threshold
Very low risk/return	Not applicable – cash deposit account
Low risk/return	<5%
Medium risk/return	>5% and <=10%
High risk/return	>10% and <=15%
Very high risk/return	>15% and <= 22%
Exceptionally high risk/return	>22%

## SmarterCare service

By choosing SmarterCare you are requesting that we inform you if particular pre-defined events occur. You acknowledge that you understand this is not advice and we are not recommending a particular course of action.

You agree to retain full responsibility for any action (or inaction) you take as a result of these alerts (or lack of alerts), bearing in mind that in some circumstances the most obvious course of action may not be right for you.

Our SmarterCare service will perform a daily review of each of your investments. The scope of this review is shown in the table below.

The result of each daily review will be available by logging into your account on our website, and in certain circumstances we will send you an email and SMS alert.

Note that if you transfer an investment to us from another provider it is possible that it will contain funds that SmarterCare cannot cover. If this happens we will alert you and you will have the opportunity to switch to another investment from our comparison tables (there is no charge for switching).

Review area	Activity	Email and SMS alert will be generated if										
Projected returns	We will compare the projected returns on your investment to alternative investments in our comparison tables.	Alternative investments are identified with most likely projected returns >0.2% higher than your current investment and with the same level of risk.										
Charges	We will compare the total charges on your investment to alternative investments in our comparison tables.	Alternative investments are identified with >0.2% lower charges and >0.2% higher most likely projected returns than your current investment and with the same level of risk.  (This means we will not alert you to lower charge investments unless they also have higher projected returns.)										
Performance	We will calculate the return on your investment over the last rolling 1-month period.	Your investment has incurred losses of more than a certain percentage over the last month. The percentage loss that triggers an alert varies depending on the level of risk/return you have selected:  <table><tr><td><u>Risk/return</u></td><td><u>% loss over last month</u></td></tr><tr><td>Very high</td><td>&gt;12%</td></tr><tr><td>High</td><td>&gt;8%</td></tr><tr><td>Medium</td><td>&gt;6%</td></tr><tr><td>Low</td><td>&gt;1%</td></tr></table>	<u>Risk/return</u>	<u>% loss over last month</u>	Very high	>12%	High	>8%	Medium	>6%	Low	>1%
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Targets	We will assess whether your investment is still on track to achieve the target you have specified (eg £10,000 by 1 Jan 2025).	There is a 60% or greater probability that your investment will not achieve your target										
Risk / return	We will perform a “bad case” projection for the value of your investment on your target date and check it against the “bad case” when you last confirmed your risk/return selection or changed your target.	The “bad case” projected value of your investment on your target date has fallen substantially, compared to when you last confirmed your risk/return selection or changed your target.  The threshold worsening in “bad case” for an alert to be generated varies depending on the level of risk/return you have selected as follows:  <table><tr><td><u>Risk/return</u></td><td><u>Worsening in “bad case” that triggers an alert</u></td></tr><tr><td>Very high</td><td>&gt;12%</td></tr><tr><td>High</td><td>&gt;8%</td></tr><tr><td>Medium</td><td>&gt;6%</td></tr><tr><td>Low</td><td>&gt;1%</td></tr></table>	<u>Risk/return</u>	<u>Worsening in “bad case” that triggers an alert</u>	Very high	>12%	High	>8%	Medium	>6%	Low	>1%
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		One month's direct debit (if applicable) is also added to the threshold, to avoid false alerts due to the exact timing of your direct debit.
	We will assess the current overall risk / return category of your investment (as defined above).	<p>Market conditions are unusually volatile meaning your investments have a higher level of risk/return than you originally selected.</p> <p>OR...</p> <p>Market conditions are unusually stable meaning your investments have a lower level of risk/return than you originally selected.</p> <p>OR...</p> <p>The mix of your investments has drifted over time meaning they have a higher level of risk/return than you originally selected.</p> <p>OR...</p> <p>The mix of your investments has drifted over time meaning they have a lower level of risk/return than you originally selected.</p>
	We will check how long it is since you last confirmed your risk / return selection.	You have not confirmed your risk/return selection for more than two years

### SmarterCare status descriptions

We want to make it easy to understand the status of your investments so plain English descriptions are provided for certain aspects of each daily review. The terminology used in these descriptions is determined programmatically based on the following definitions:

Review area	Terminology used and corresponding definitions																
Projected returns	None																
Charges	None																
Performance	<p>Example statement: “Returns over the last month have been 2.4% which is <b>reasonable</b> for a medium risk/return investment.”</p> <p>The description of returns (“reasonable” in the example above) depends on the risk/return category of the investment and is defined as follows:</p> <table><tr><th><u>Investment risk/return category</u></th><th><u>Description</u></th><th><u>Means returns have been</u></th></tr><tr><td rowspan="5">Very high</td><td>“Very poor”</td><td>&lt;= -12.0%</td></tr><tr><td>“Poor”</td><td>&lt;= 0.0%</td></tr><tr><td>“Reasonable”</td><td>&lt;= 4.0%</td></tr><tr><td>“Good”</td><td>&lt;= 9.0%</td></tr><tr><td>“Excellent”</td><td>&gt; 9.0%</td></tr></table>			<u>Investment risk/return category</u>	<u>Description</u>	<u>Means returns have been</u>	Very high	“Very poor”	<= -12.0%	“Poor”	<= 0.0%	“Reasonable”	<= 4.0%	“Good”	<= 9.0%	“Excellent”	> 9.0%
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Targets	<p>Example statement: “By June 2020 your investment is projected to be worth £9,578. Taking into account Taking into account the variability in future returns, this is <b>sufficiently close to the target</b> of £19,900 that SmarterCare has not generated an alert.”</p> <p>The description of achievability of the target (“sufficiently close” in the example above) depends on how likely we calculate it is that the target will be met:</p> <table><tr><td><u>Description</u></td><td><u>Means the probability of achieving the target is</u></td></tr><tr><td>“well above its current target ... likely to be met easily”</td><td>&gt;= 5 in 6 (ie 83%)</td></tr><tr><td>“above its current target ... likely to be met”</td><td>&gt;= 3 in 5 (ie 60%)</td></tr><tr><td>“sufficiently close to the target”</td><td>&gt;= 2 in 5 (ie 40%)</td></tr><tr><td>“below its current target ... possible that it will not be met”</td><td>&gt;= 1 in 6 (ie 17%)</td></tr><tr><td>“well below its current target ... unlikely that it will be met”</td><td>&lt; 1 in 6 (ie 17%)</td></tr></table>	<u>Description</u>	<u>Means the probability of achieving the target is</u>	“well above its current target ... likely to be met easily”	>= 5 in 6 (ie 83%)	“above its current target ... likely to be met”	>= 3 in 5 (ie 60%)	“sufficiently close to the target”	>= 2 in 5 (ie 40%)	“below its current target ... possible that it will not be met”	>= 1 in 6 (ie 17%)	“well below its current target ... unlikely that it will be met”	< 1 in 6 (ie 17%)																																	
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Risk / return	<p>Example statement: “The risk/return classification of your investment has increased from <b>low risk/return</b> to <b>medium risk/return</b> and the <i>bad case</i> for its value by June 2020 is £7,132.</p> <p>The risk/return classifications (“low risk/return” and “medium risk return” in the example above) are consistent with the definitions described in the Risk Classifications section of these T&amp;Cs.</p> <p>The definition of “bad case” is consistent with the definition described in the Projections section of these T&amp;Cs.</p>																																													



## Information taken as given for instructions

We aim to make it as simple as possible for you to provide instructions to our administration partner. This means that we take certain information as given when you issue instructions. By sending an instruction via us, you confirm that the following information taken as given is accurate:

Instruction	Information you provide explicitly	Information we take as given
Buy a new investment	Total amount to invest	All fund income should be retained and reinvested in the fund.
Invest additional money into your investment	Total amount to invest	The amount should be allocated to your funds in the same proportions as your original investment.
Transfer an investment from another provider to us	<p>The account / plan number for the investment to be transferred.</p> <p>For non-TeX transfers, a list of the funds and current unit holdings to be transferred.</p>	<p>To transfer the whole of the investment.</p> <p>Where your existing funds or direct equivalents are available on the Cofunds platform, to re-register those funds directly.</p> <p>Where your existing funds are not available on the Cofunds platform, to contact you for further instructions.</p> <p>That all fund income should be retained and reinvested in the fund.</p>
Create or cancel a direct debit into your investment	<p>Total amount of direct debit</p> <p>The details of your bank account</p>	The direct debit amount should be allocated to your funds in the same proportions as your original investment
Contribute to your investment via your employer	The amount to invest out of your pay (net of tax) which may be a lump sum or a regular amount	<p>That your employer should make payments to Cofunds on your behalf (and deduct the corresponding amount from your pay).</p> <p>That those payments should be allocated to your funds in the same proportions as your original investment.</p>
Change your nominated bank account details	The details of your bank account	That all direct debits for all investments should be updated to use the new bank account details
Switch your investment	<p>The investment that you want to switch out of (the "old investment").</p> <p>The investment that you want to switch into (the "new investment").</p>	<p>You wish to switch out of all the funds in your old investment into the fund allocations of the new investment.</p> <p>Any direct debits set up on the old investment should also be reallocated to the fund allocations of the new investment.</p> <p>Where a particular fund happens to be common to both investments, only the net difference in units should be switched in/out of that fund.</p> <p>All fund income should be retained and reinvested.</p>

Withdraw money from your investment	Total amount to withdraw	<p>The amount should be taken from your funds pro-rata to their valuations at the time of making the withdrawal.</p> <p>If the total amount to withdraw is equal to the value of the investment, you wish to close that investment completely and cancel any direct debits.</p>
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## Complaints

We hope you don't need to complain, but if you do then we will do everything we reasonably can to address your concern. Please send an email detailing your complaint to [customerservice@smarterinvestment.co.uk](mailto:customerservice@smarterinvestment.co.uk).

We will aim to acknowledge your complaint on the same day it is received. Depending on the nature of your complaint, we might be able to address it straight away or we might need a bit more time to gather all the relevant information. Please bear with us.

When we've got all the information we need we will email you a response. If you're happy with the response then you don't need to do anything else.

If we don't hear back from you within two weeks then we'll assume you're happy and send you another email confirming that we consider your complaint closed.

If you're not happy with our response then tell us why and we'll look at it again. We will always provide a final response within eight weeks of receiving the original complaint.

If you're not happy with this final response then you can take your complaint to the Financial Ombudsman Service.

## Law

These Terms & Conditions will be governed by and construed in accordance with English law. There is no minimum duration for the contract.