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## 118 118 under fire over 'financial advice' text tips

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By Scott Sinclair

Popular directory provider 118 118 is using unreliable websites to source "financial advice" it then passes on to consumers using its 'Ask Us Anything' service, an IFAonline investigation has uncovered.



The enquiries service is hiring graduates for its Q&A tool who answer quick-fire questions, possibly using unverified information on *Wikipedia*, on pensions, mortgages, investments and protection.

On one occasion, when asked what one should do if deeply in debt, it replied: "Try applying for a loan with a low interest rate".

The Association of IFAs (AIFA) says there is "clear potential for consumer detriment" and has called on the regulator to investigate.

According to the FSA, "generic advice about types of investment" is not regulated but it says it is "always grateful" for information that may suggest breaches of the Financial Services and Markets (FSM) Act could be taking place.

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The Number UK, which manages 118 118, is currently running a newspaper advertising campaign promoting its 'Ask Us Anything' service as part of a series of finance-related cartoon strips.

Advisers say the service is "fraught with danger" and have likened it to "getting advice from your mate down the pub".

"This is nothing short of reckless," says IFA Peter Chadborn, of CBK Colchester. "I can't believe this is allowed because it makes a mockery of the regulatory system.

"Let us not kid ourselves: this is advice because in the eyes of the consumer it will be perceived as such."

*IFAonline* posed four questions to 118 118 via text message and five over the telephone. All sought some sort of financial guidance.

In one case, when asked if it would be cheaper to consolidate unsecured debts on a mortgage, it replied: "Yes. This is often done to secure a lower interest rate."

Broker David Sheppard, managing director of Perception Finance, says: "That's not good at all. They should be warning that the interest is higher due to spreading the debt over a longer period. There is also a [compulsory] caveat: Think carefully before securing other debts against your home."

In another, when asked if £3,000 savings should be put in an ISA, it replied: "The 118 team suggests that you put it into a personal savings account."

Answers were sometimes, but not always, pre-fixed with either 'Not financial advice' or 'Not legal advice', but Sheppard was again unimpressed. "I am not sure they can really get away with that, he says."

AIFA says 118 118 may have "over-stepped the mark" and calls on the FSA to take action.

"If any customer decided to act upon recommendations made by this directory enquiries provider, there would be no safety net for them to fall back on should anything go wrong," AIFA director general Chris Cummings says.

"118 118 appears to have entered into offering its customers a service which could be seen as regulated financial advice. Given that there is a clear potential for consumer detriment, [the] FSA needs to review this situation and take appropriate action."

William Ostrom, director of communications at The Number UK, says the newspaper advert was designed solely to "promote that you can get hold of a financial adviser through 118 118".

"We will not, in any event, set ourselves [up] as an alternative to professional financial advice," he says. "There are certain categories where we have to exercise some care; we get several hundred medical enquiries, for example, which we're clearly not qualified [to answer]."

"When it comes to financial advice, the operator will simply attempt to give some kind of indication of what direction to go in."

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SOME OF OUR QUESTIONS TO 118 118:

1). Is it cheaper for me to consolidate unsecured debts onto my mortgage? **ANSWER:** Yes. This is often done to secure a lower interest rate, secure a fixed interest rate or for the convenience of servicing only one loan.

2). I have £3,000. Should I put it in an ISA before the end of the tax year? **ANSWER:** The 118 Team suggests that you put it into a personal savings account. You may seek financial advice too.

3). I'm deeply in debt. What should I do? **ANSWER:** Try applying for a loan with a low interest rate. Ring 0845 371 2882 for details

4). I want to take out a personal loan. Where can I find the best deal? **ANSWER:** Try Virgin Money Personal Loans

5). Is it better to do repayment or interest-only on a mortgage? **ANSWER:** Not financial advice: Try the interest-only mortgage. It offers a cheaper way to purchase a property.

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