

keyfacts[®] about our services and costs



The Mound, Edinburgh EH1 1YZ

1. The Financial Services Authority (FSA)

The FSA is the independent watchdog that regulates financial services. This document is designed by the FSA to be given to consumers considering buying certain financial products. You need to read this important document. It explains the service you are being offered and how you will pay for it.

2. Whose products do we offer?

Investment

- We offer products from the whole market.
- We only offer products from a limited number of companies.
- We only offer our own products.

Insurance

- We offer products from a range of insurers.
- We only offer products from a limited number of insurers.
- We only offer our own products for life assurance and critical illness policies.

3. Which service will we provide you with?

Investment

- We will advise and make a recommendation for you after we have assessed your needs.
- You will not receive advice or a recommendation from us. We may ask some questions to narrow down the selection of products that we will provide details on. You will then need to make your own choice about how to proceed.
- We will provide basic advice on a limited range of stakeholder products and in order to do this we will ask some questions about your income, savings and other circumstances but we will not:
- conduct a full assessment of your needs;
 - offer advice on whether a non-stakeholder product may be more suitable.

Insurance

- We will advise and make a recommendation for you after we have assessed your needs for life assurance and critical illness.
- You will not receive advice or a recommendation from us for life assurance and critical illness. We may ask some questions to narrow down the selection of products that we will provide details on. You will then need to make your own choice about how to proceed.

4. What will you have to pay us for our services?

Investment

We will tell you how we get paid, and the amount, before we carry out any business for you.

Insurance

- A fee.
- No fee for life assurance and critical illness.

You will receive a quotation, which will tell you about any other fees relating to any particular insurance policy.

5. Who regulates us?

Halifax is a division of Bank of Scotland plc. Bank of Scotland plc Registered Office: The Mound, Edinburgh EH1 1YZ is authorised and regulated by the Financial Services Authority. Our FSA Register number is 169628.

Our permitted business is advising on and arranging life assurance, pensions and investments.

You can check this on the FSA's Register by visiting the FSA's website www.fsa.gov.uk/register or by contacting the FSA on 0845 606 1234.

6. What to do if you have a complaint

If you wish to register a complaint, please contact us:

- in writing: **Halifax, Customer Relations, PO Box 548, Leeds LS1 1WU.**
- by phone: **0845 725 3519.**

If you cannot settle your complaint with us, you may be entitled to refer it to the Financial Ombudsman Service.

7. Are we covered by the Financial Services Compensation Scheme (FSCS)?

We are covered by the FSCS. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

Investment

Most types of investment business are covered for 100% of the first £30,000 and 90% of the next £20,000 so the maximum compensation is £48,000.

Insurance

Insurance advising and arranging is covered for 100% of the first £2,000 and 90% of the remainder of the claim, without any upper limit.

Further information about compensation scheme arrangements is available from the FSCS.

Additional information

- We classify you as a retail customer. This classification provides you with the highest level of protection under the FSA regulations.
- We have a policy that identifies conflicts of interest which may arise and explains how we manage them. The policy aims to ensure that our customers are treated fairly and do not incur any material risk or damage to their interests, and includes:
 - Organisational arrangements to prevent the flow of confidential information;
 - Procedures to prevent the giving or acceptance of inappropriate gifts or hospitality;
 - A requirement to ensure any monetary and non-monetary arrangements between ourselves and any third parties are designed to benefit the customer;
 - Arrangements for identifying and dealing with any conflicts which may arise between the personal interests of our employees and our clients; and
 - Procedures to ensure that our advisers are remunerated in a fair and appropriate manner and that the targets they are set include the quality of their advice.

Further details of our conflicts of interest policy are available on request.

- We will communicate with you in writing, via telephone or in person. We may also communicate via e-mail.
- You will receive a key features or simplified prospectus document for any products that we arrange for you. The document will contain important information about the product, together with the charges that are payable.
- Your financial circumstances are likely to change over time. It is therefore important that you regularly review your investments to ensure they continue to meet your financial objectives.
- We may contact you in the future to discuss your financial circumstances, or where we consider that a new product may be of interest to you, but only if you have given us prior permission to do so.
- You can ask to meet with one of our Personal Financial Advisers at any time to discuss your circumstances and objectives.
- **Where we provide you with a recommendation** you will receive a detailed written report. The report will set out a summary of the information that you provide to us, your financial objectives and any financial restrictions that you may wish to include in your discussions with us. The report will also explain why we consider our recommendation to be appropriate to your circumstances and financial objectives. You will not be obliged to act on any recommendation that we make.

Order Execution Policy

When you ask us to buy shares in HBOS Open-Ended Investment Companies ('OEICs'), either through an ISA Investor or a Collective Investment Plan or you ask us to buy medium term notes (MTNs) for your ISA Investor - Capital Protected Option, we must give you details of what is known as our 'Order Execution Policy'. This explains how we will deal with your instructions and how we aim to achieve the best possible result for you.

Shares in HBOS OEICs through an ISA Investor/Collective Investment Plan

We will always deal directly with the Authorised Corporate Director of the HBOS OEICs ('the ACD'). This is HBOS Investment Fund Managers Limited ('HIFML'), another member of our group of companies. (In regulatory terms, this means that the ACD is the only execution venue we use, and consequently we execute orders outside a regulated market or multilateral trading facility, within the meaning of the FSA Rules.)

We are obliged to consider various 'execution factors' in deciding how best to execute a client order. These include price, cost, speed, likelihood of execution and settlement, size, nature and other relevant matters. As you are a retail client we will consider price to be the most important factor for you. However, in practice the ACD is the only execution venue that we can use to deal with your orders, and so we will have to use that venue regardless of the impact of other execution factors.

Nevertheless, we are confident that this provides the best result for you for the following reasons:

- Price - We do not make an initial charge on any shares purchased in the HBOS OEICs which means that, even if other execution venues were to become available, the shares would not be available more cheaply.
- Liquidity - As we deal with the ACD, we can be sure that shares will be available in the HBOS OEICs to fulfil a client order.

MTNs through the ISA Investor - Capital Protected Option

We pass your instructions to HIFML who is the manager of the ISA Investor - Capital Protected Option. HIFML will select the provider of the MTNs. In doing so, they will consider whether the provider of the MTNs will deliver the best possible result for you in providing investments likely to produce returns consistent with the aims of your ISA Investor - Capital Protected Option. (In regulatory terms, this means that the selected MTN provider will be the only execution venue HIFML use, and consequently they execute orders outside a regulated market or multilateral trading facility, within the meaning of the FSA Rules.)

HIFML also has in place an order execution policy. This states that, in determining the provider of the MTNs, as you are a retail client, HIFML are obliged to consider the best possible result for you in terms of total consideration. They will only allow any other factors (for example, speed, likelihood of execution and settlement, size and nature of the order and other relevant matters) precedence over the immediate price and cost considerations in so far as they are instrumental in delivering the best possible result in terms of total consideration. We are able to satisfy our best execution requirements through placing reliance on HIFML's order execution policy.

We will only carry out instructions in line with this policy. By giving us instructions, you agree that you accept this Order Execution Policy. If you ask us to carry out your instructions in a different manner, we may not be able to obtain the best possible result for you and so we do not accept any such requests.

We will monitor the effectiveness of our order execution policy and make any necessary changes from time to time. In particular, we will consider on a regular basis what other possible execution venues we could use, and whether doing so would generate a better result for you. We will notify you of any material changes to our best execution policy and arrangements made from time to time, where they are relevant to you.

We will also carry out a review of our order execution policy on at least an annual basis. We will also do so where there is a material change that affects our ability to continue to obtain the best possible result for our clients. If, as a result of any such review, we make any changes to our policy, we will notify you of these.