

OUR TERMS OF BUSINESS

Regulation: Positive Solutions is authorised and regulated by the Financial Services Authority [FSA] and bound by its rules. Our firm reference number is 184591 and you can visit the FSA website to confirm our details at www.fsa.gov.uk

Our Service to You

We offer independent financial advice. This means we act on your behalf and advise you on products from the whole of the market place. We will always establish exactly what your needs and objectives are prior to providing you with any advice. This is achieved using a "fact find" questionnaire and it is important that the information you give us is both accurate and a true reflection of your circumstances. If we arrange any product(s) under your instructions, we will not give you any more advice or provide regular reviews unless this is agreed in writing with you. We will always confirm to you in writing the rationale behind any advice, recommendation or transaction carried out on your behalf.

Products

Positive Solutions is authorised to advise on and arrange "regulated products" covering mortgages, life assurance, general insurances, pensions and investments. The vast majority of investments we advise on are defined by the FSA as Retail Investment Products. These are typically packaged products which are eligible to be marketed to Retail clients and include personal pensions, ISAs, Unit Trusts and so on. A full schedule of such product types can be supplied on request. In some circumstances, we can also advise you on some "non-regulated products" (although not all). Please note that we do not offer advice on the suitability of physical property transactions and do not offer specialist tax advice. We will always make it clear when products are not within the "regulated" scope and advise you of your rights.

Investment Risk

Investment products we may recommend may fluctuate in value and performance will always depend on the financial markets, which are outside our control. You are advised that because investments, and the income they produce, can rise or fall in value, you may not get back the full amount that you invested. Past performance is not necessarily a good guide to the future and so you should ensure that you read all documentation provided to you, and only proceed when you are satisfied you understand the various risks involved.

Specific issues relevant to the investments we recommend will be highlighted to you in the product literature you receive before you make an application and will typically be followed by a Right to Cancel after your application is accepted. All recommendations made to you will be confirmed to you in a "Suitability Report" which we will send you.

We Do Not Handle Clients' Money

Positive Solutions does not operate client or nominee accounts and is not authorised to handle client monies. Payments for premiums, investments, contributions and so forth should always be made payable to the relevant insurer, investment manager or pension provider. We do not accept cash or cheques made payable to us except as settlement of fees relating to advising and arranging activities for which we have sent you a bill.

Payment for Services

We will always agree with you in advance how you will pay for the advice and services you will receive. As an Independent Financial Adviser, our adviser charges can be paid to us directly or taken from your investments, subject to your agreement.

When we establish the cost of advice and services, we will agree its structure, frequency and method of payment and will communicate this to you in writing before we carry out any chargeable work. Amendments and additions to initially agreed work which impact on the cost you will pay, will be communicated to you in writing, prior to progression.

Termination of Authority

You, or we, may terminate our authority to act on your behalf at any time, without penalty. If you want to terminate our authority, you must write to us at our head office address shown on the following page and give us one month's notice. If we want to terminate our authority, we must give you one month's notice by writing to you at the correspondence address we hold for you. We will treat our letter as having been received by you three business days after posting it to you.

You or we may terminate our authority to act on your behalf immediately if we or you reasonably believe there are serious grounds for immediate termination. An example of 'serious grounds' is where we or you believe there is a reasonable suspicion of fraud or other abuse.

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Client Categorisation

Under FSA Rules, there are 3 types of clients who we can provide advice to:

1. Retail client
2. Professional client
3. Eligible counterparty

Unless confirmed otherwise in writing, Positive Solutions treats all clients as 'retail clients' so that you will receive the highest level of protection available under current regulations and will have access to the Financial Ombudsman Service (FOS) or Financial Services Compensation Scheme (FSCS). Clients categorised as 'professional clients' or 'eligible counterparties' may not have access to these services. Clients who are not individuals (such as listed companies, local authorities, partnerships and trusts and other qualifying corporate bodies) may not have rights under the FOS or FSCS.

Data Protection

We will keep all of your personal information private and confidential, even when you are no longer a client, except where disclosure is made at your request or with your consent or where we are legally obliged to do so. In order to set up an investment on your behalf it may be necessary to disclose some or all of your information to third parties. Under the terms of the Data Protection Act, you have the right to view personal data we may keep on you.

You agree that personal information held by us may be disclosed on a confidential basis and in accordance with the Data Protection Act 1998, to any such third parties. Some of these parties may hold this information indefinitely. You also agree that this information may be transferred electronically (e.g. by e-mail) and you agree that we may contact you in the future by any means of communication which we consider appropriate at that time.

Conflicts Policy

Positive Solutions will always manage potential conflicts of interest appropriately and communicate to you if they arise. When we make a recommendation to you, it will be free of influence from third parties.

Who regulates us?

Positive Solutions (Financial Services) Ltd. is authorised and regulated by the Financial Services Authority. Our FSA firm reference number is 184591. We are registered as a company in England And Wales No. 3276760. Registered office is Positive Solutions (Financial Services) Ltd., Riverside House, The Waterfront, Newcastle upon Tyne. NE15 8NY.

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

Our permitted business is arranging and advising on Investments, Pensions, Insurance, Regulated Mortgage Contracts and Equity Release.

What to do if you have a complaint

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

Write to Customer Relations Officer, Positive Solutions (Financial Services) Ltd, Riverside House The Waterfront Newcastle upon Tyne. NE15 8NY.

Or

Telephone 0871 700 1111 Ext 2220

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

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.

Deposits

Cash deposits in Banks and Building Societies are covered up to £85,000 per person per authorised firm.

Investment (e.g. Unit Trusts; OEICS etc.)

Most types of investment business are covered up to 100% of the first £50,000.

Insurance (e.g. General Insurance, Life Assurance, Investment Bonds, Endowments and Pensions)

Insurance advising and arranging is covered for 90% of the claim, without any upper limit. For compulsory classes of insurance, insurance advising and arranging is covered for 100% of the claim, without any upper limit.

Mortgages and Home Finance

Advising and arranging mortgages and home finance is covered up to 100% of the first £50,000.

Further information about compensation scheme arrangements is available from the FSCS at www.fscs.org.uk

ABOUT OUR INVESTMENT & PENSION SERVICES

Positive Solutions (Financial Services) Ltd. Riverside House,
The Waterfront, Newcastle upon Tyne NE15 8NY

1. 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?

- We offer Investments and Pensions from the whole market.
- We can only offer products from a limited number of companies.
- We only offer investment and pensions products from a single group of companies.

3. Which service will we provide you?

- We will advise and make a recommendation for you after we have assessed your needs for Investments or Pensions.
- 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.

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

We operate on a fee basis when charging for financial advice. We will agree its structure, frequency and method with you in writing before we carry out any chargeable work.

Offsetting

It may be possible in some cases to offset commissions or payments received from Product providers in respect of non-investment insurances or mortgages implemented subsequent to the Understanding, Strategy & Solutions steps. The amounts involved are not known at outset and the Solutions step is undertaken free of influence. It may be possible for terms within such non-investment products to be enhanced by commission sacrifice.

Charges for the Understanding, Strategy & Solutions steps may well be offset against the charges for Administration services where implementation is requested at the start of the advice process and goes ahead. If you withdraw part

way through one of the steps, we reserve the right to charge you the cost for work undertaken.

Payment for On-going Commitment

We have a range of on-going services we can provide to help you monitor your on-going position and help to ensure that your personal recommendation is reviewed frequently and remains relevant to your changing circumstances. We can also provide you with factual information relating to performance and products which we hold the servicing rights for. If required we will carry out a review, which will explain how your investments have performed. We will ask you if your circumstances and objectives have changed and, if appropriate, make recommendations to change your investments so that they continue to meet your requirements. If you make changes we will act between you and the provider(s) of your investments to ensure they are dealt with.

The frequency and amount of the charge will depend on the service you choose and can be either deducted from your investment or paid by direct debit. It must be agreed in writing and can be cancelled at any time. Please ask your Positive Solutions Partner for a copy of his/her Schedule of On-going Services.

Your payment options

Paying for advised Services

Whether you buy a product or not, you will pay Positive Solutions (Financial Services) Ltd. an adviser charge for our advice and services, which will become payable on completion of our work. Once our work is completed we will provide you with an invoice detailing the work that we have carried out and the charges for that work. You will be asked to settle the payment of your adviser charge **14 days** after we issue the invoice.

You can pay the adviser charge either directly or through a single or (for regular premium investments) regular deduction from a product that we recommend. We will discuss your payment options with you and answer any questions you have. We will not charge you, or undertake any chargeable work, until we have agreed with you how we are to be paid.

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Settling your adviser charge through a single payment

Paying Directly

Our preferred method of direct payment is by electronic Bank Transfer {BACS / Standing Order etc...} We do still accept payment by cheque (made payable to 'Positive Solutions (Financial Solutions) Ltd. '), or via Direct Debit Mandate. **We do not accept payment by cash.** You will be provided with a receipt upon payment.

Paying through your investment product(s)

Some investment companies facilitate payment of adviser charges by deducting the money to pay for the charges from investments we recommend or from existing investments. With your agreement the investment company will forward monies to pay adviser charges to Positive Solutions (Financial Services) Ltd on your behalf – this will reduce the amount left for investment. Where this option is available we will let you know and communicate how paying through the investment will affect the investment and also any tax or other consequences that may result before you agree to paying us this way. You will receive written confirmation of any payments we receive in this way.

NB: Please note that if you cancel or transfer your product before the full adviser charge is paid, or we are required to repay monies forwarded to us from the provider, the remaining outstanding amount will become payable to us directly.

Paying by instalments

Paying by instalments through your recommended product (not available for advice on lump sum investments)

If you buy a financial product which is funded by regular premiums, you can choose to have your adviser charge deducted from the product through instalments (where the product provider agrees to facilitate this method). Although you pay nothing to us up front, that does not mean that our service is free. You still pay us indirectly through deductions from the amount you pay into your product. These deductions will pay towards settling the adviser charge. Please be aware that such deductions could reduce the amount left for investment. If you choose to pay for the advice you receive through instalments, these will be deducted from the premium / contribution you pay each month and allocated towards settling the adviser charge.

Example: the total cost of advice is £600. You have been recommended a regular premium product of which £250 will be paid each month. £50 will be taken from this amount to pay off your adviser charge over 12 months. The remaining £200 will be invested during this time. At the end of this period the adviser charge would have been settled in full. From month 13 the full £250 will be invested.

NB: Please note that if you cancel or transfer your product before the full adviser charge is paid the remaining outstanding amount will become payable to us directly.

Paying For On-going Services (Commitment) - Your payment options

Where you have agreed to pay for on-going service, you have the same options of Paying Directly or Paying through the investment product. Accordingly, you should be aware that payments facilitated through a product will impact on the actual amount remaining invested within the product. Regular premiums or contributions will have the adviser charge allocated from them whilst investments funded by a lump sum will have units encashed or some other mechanism applied which enables the product provider to facilitate the payment to your Positive Solutions Partner.

Refunds

Positive Solutions' standard policy is that in circumstances where this agreement is terminated, a recommendation is not followed through to implementation or a product arranged by Positive Solutions is cancelled at any time; no refunds will be given and all work undertaken will be billable and due. Please note that this does not affect your statutory rights or ability to complain.

5. Loans and Ownership

AEGON UK plc own 100% of our share capital. AEGON UK plc is part of the same group of companies as AEGON Scottish Equitable plc. AEGON Ireland plc. Guardian Assurance plc. and Aegon Asset Management UK Ltd.

ABOUT OUR MORTGAGE SERVICES

Positive Solutions (Financial Services) Ltd. Riverside House,
The Waterfront, Newcastle upon Tyne NE15 8NY

1. 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?

- We offer Mortgages from the whole market.
- We can only offer products from a limited number of companies.
- We only offer mortgages from a single lender.

3. Which service will we provide you?

- We will advise and make a recommendation for you after we have assessed your needs for Mortgages.
- 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.

4a What will you have to pay us for our Mortgage Services?

For our Mortgage services we offer our clients the option of paying by fees, commission, or a combination of fees and commission.

- 1. No fee. We will be paid commission from the lender.
- 2. A fee of £ [] payable at the outset* and £ [] payable on application* and £ [] payable on offer* and £ [] payable on completion*. Inclusive of VAT where applicable.
- 3. A fee of % [] of the loan advance, payable on completion. Inclusive of VAT where applicable.
- 4. We may receive commission from the lender, in which case we will rebate it to you or use it to offset any fees agreed in 2 and/or 3.
- 5. We may receive commission from the lender in addition to the fees agreed in 2 and/or 3. We discussed the option whereby you could pay for the full cost for the advice and recommendation process by fee. Under those circumstances, we would rebate the commission received from the lender to you. You elected not to take this option.

(*delete as applicable)

You will receive a key facts illustration when considering a particular mortgage that will tell you about any fees and commission relating to it. Rates of commission will vary depending on the product and the size of the advance.

4b Refund of fees

If we charge you a fee, and your mortgage does not go ahead, you will receive:

- 1. A full refund if we cannot obtain a mortgage for you.
- 2. A refund of £ [] if we arrange a mortgage offer for you which you subsequently decline.
- 3. No refund in any other circumstances.
- 4. No refund of fees.

5. Loans and Ownership

AEGON UK plc own 100% of our share capital. AEGON UK plc is part of the same group of companies as AEGON Scottish Equitable plc. AEGON Ireland plc. Guardian Assurance plc. and Aegon Asset Management UK Ltd.

I authorise Positive Solutions to undertake the work on my behalf and wish to enter into this agreement on the basis outlined in section 4. I consent/do not consent* to you contacting me from time to time, including providing information on mortgages and related offers.
(*please delete as appropriate)

Name:

Signed:

Date:

Name:

Signed:

Date:

ABOUT OUR INSURANCE SERVICES

Positive Solutions (Financial Services) Ltd. Riverside House,
The Waterfront, Newcastle upon Tyne NE15 8NY

1. 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?

- We offer Life, Critical Illness, Private Medical Insurance, Income Protection and General Insurance products from a range of insurers.
- We can only offer products from a limited number of companies.
- We only offer insurance products from a single insurer.

3. Which service will we provide you?

- We will advise and make a recommendation for you after we have assessed your needs for Life, Critical Illness, Private Medical Insurance, Income Protection and General Insurance.
- 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.

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

- No fee. We will be paid commission from the Insurer.
- A fee of £ [] for advice and intermediation. You will receive a quotation which will tell you about any other fees relating to any particular insurance policy.

5. Loans and Ownership

AEGON UK plc own 100% of our share capital.
AEGON UK plc is part of the same group of companies as AEGON Scottish Equitable plc. AEGON Ireland plc. Guardian Assurance plc. and Aegon Asset Management UK Ltd.