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Unfair

This agreement heavily favours the Appointor with extensive liability exposure, punitive clawback provisions, and restrictive post-termination constraints that significantly disadvantage the Adviser. The combination of unlimited indemnities, immediate termination rights, and harsh financial penalties creates an extremely unbalanced relationship.

SUMMARY

A financial services adviser agreement between an SJP Partner (Appointor) and individual Adviser that establishes a self-employed relationship for introducing SJP products. The agreement contains severe imbalances including unlimited liability exposure, extensive clawback provisions, restrictive covenants, and immediate termination rights heavily favouring the Appointor.

Severely imbalanced in favour of the Appointor. The Adviser bears unlimited liability, faces extensive clawback obligations, and can be terminated immediately at the Appointor's discretion while having limited reciprocal rights.

HIDDEN COSTS & UNDISCLOSED CHARGES

Monthly complaints cost charge

Clause 2.10 - Amount not specified but payable throughout agreement term

Interest on debit financing account

1% above Bank of England base rate, increasing to 2.75% after termination

VAT registration and compliance costs

Adviser responsible for determining VAT obligations with no guidance from Appointor

Equipment and business expense costs

All costs for equipment provided by Appointor are Adviser's responsibility

Professional indemnity insurance

Likely required but not specified - Adviser bears unlimited liability exposure

ISSUES IDENTIFIED

HIGH RISK**Unlimited Indemnity Liability**

Clause 2.8 creates unlimited liability for the Adviser to indemnify the Appointor against 'all liabilities, costs, expenses, damages and losses' including loss of profit and reputation arising from any breach. This places the Adviser at extreme financial risk with no cap or limitation. If triggered, the Adviser could face bankruptcy from claims potentially worth millions. This undermines the Consumer Rights Act 2015's fairness provisions by creating grossly disproportionate liability. The Adviser loses the protection of limited liability that would normally apply in commercial relationships.

"The Appointor is entitled to recover in full from the Adviser and the Adviser will indemnify and hold harmless the Appointor against all liabilities, costs, expenses, damages and losses"

Unfair Contract Terms Act 1977 and Consumer Rights Act 2015 prohibit clauses that impose unlimited liability disproportionate to the breach.

HIGH RISK**Immediate Termination Without Cause**

Clause 4.2 allows the Appointor to terminate immediately based on their 'absolute discretion' or 'reasonable opinion' without objective criteria or due process. This creates job insecurity and potential for arbitrary dismissal. If triggered, the Adviser loses income immediately without appeal rights or fair procedure. This violates natural justice principles and fair dealing obligations under contract law. The Adviser loses employment protection that would normally require fair procedures and objective assessment of performance.

"The Appointor may terminate this Agreement immediately if: (a) the Appointor has determined in his absolute discretion that the Adviser has not complied"

Common law principles of fair dealing and natural justice require objective criteria and procedural fairness in termination decisions.

HIGH RISK**Extensive Post-Termination Restrictions**

Clauses 5.1-5.2 impose 12-month non-compete and client non-solicitation restrictions that prevent the Adviser from earning a living in their chosen profession after termination. This creates economic dependency and restricts fundamental employment rights. If enforced, the Adviser faces unemployment and potential legal action for normal business activities. This may violate restraint of trade principles requiring reasonableness and proportionality. The Adviser loses the right to use their professional skills and relationships built during the agreement term.

"The Adviser shall not within 12 months after termination of this Agreement, either alone or with others, directly or indirectly attempt to persuade or induce any client"

Restraint of trade doctrine requires post-employment restrictions to be reasonable in scope, duration and geographic area to protect legitimate business interests.

HIGH RISK**Unlimited Clawback Obligations**

Clauses 3.3, 3.6-3.7 create unlimited clawback liability that survives termination indefinitely, with compound interest at punitive rates up to 2.75% above base rate. This creates ongoing financial exposure without time limits. If triggered after termination, the Adviser faces mounting debt with compound interest that could exceed original earnings. This undermines the certainty of payment principles and creates disproportionate financial penalties. The Adviser loses finality of payment and faces indefinite financial exposure beyond their control.

"an amount equal to that clawback shall be deducted from the Financing Account and such deduction together with interest thereon shall be payable"

Unfair Contract Terms Act 1977 and penalty clause doctrine prohibit disproportionate financial penalties that exceed genuine loss.

MEDIUM RISK**Broad Set-Off Rights**

Clause 3.8 allows the Appointor to set off any amounts owed by the Adviser against payments due, including after termination without court process. This enables self-help remedies bypassing normal debt recovery procedures. If used, the Adviser's earnings can be seized without judicial oversight or dispute resolution. This circumvents normal debt collection protections and due process rights. The Adviser loses procedural protections and independent assessment of disputed debts before deduction from earnings.

"The Appointor may at any time (including for the avoidance of doubt following termination of this Agreement) set off any amounts owed"

Set-off rights must be exercised fairly and cannot bypass normal dispute resolution procedures under contract law principles.

MEDIUM RISK**VAT Liability Disclaimer**

Clause 3.5 disclaims all VAT advice and liability while requiring the Adviser to handle VAT obligations that could change unpredictably. This transfers complex tax compliance risks to the individual without professional support. If VAT treatment changes, the Adviser faces unexpected tax liabilities and penalties without recourse. This undermines the duty to provide clear terms about financial obligations. The Adviser loses certainty about tax treatment and bears risks of changing HMRC interpretations without professional guidance.

"SJP and the Appointor give no guarantee in this respect or that the VAT treatment of such payments will remain the same in the future"

Consumer Protection from Unfair Trading Regulations 2008 require clear information about financial obligations and risks.

MEDIUM RISK**Hierarchical Documentation Precedence**

Clause 1.2(d) establishes that the SJP Handbook and Letter of Appointment override this agreement without providing copies or defining their content. This creates uncertainty about actual terms and allows unilateral variation through external documents. If conflicts arise, the Adviser is bound by unknown terms that could contradict this agreement. This violates transparency requirements and informed consent principles. The Adviser loses certainty about governing terms and may agree to undefined obligations.

"In the event of a conflict between any provision of this Agreement and a provision of the SJP Handbook and the Letter of Appointment, the SJP Handbook and the Letter of Appointment shall prevail"

Contract law requires parties to know the terms they are agreeing to, and incorporation by reference must be clear and accessible.

QUESTIONS TO ASK BEFORE SIGNING

1. What is the exact amount of the monthly complaints cost charge in clause 2.10?
2. Can you provide copies of the SJP Handbook and Letter of Appointment that override this agreement?
3. What specific activities would trigger the unlimited indemnity in clause 2.8?
4. How are 'production levels' determined for the tiered payment structure in Schedule 2?
5. What constitutes 'reasonable opinion' for immediate termination under clause 4.2?
6. Are there any caps or limitations on the clawback provisions in clauses 3.3-3.7?
7. What happens if VAT treatment changes during the agreement term?
8. Can the 12-month post-termination restrictions be reduced or waived?

STRATEGIC GUIDANCE

Do not sign this agreement without major amendments. The combination of unlimited liability, immediate termination rights, and extensive post-termination restrictions creates an extremely risky arrangement. Seek legal advice to negotiate liability caps, fair termination procedures, and reduced restrictive covenants. Consider whether the financial opportunity justifies the

substantial legal and financial risks. The current terms are heavily skewed against your interests and violate basic principles of fair dealing.