

## Financial Counsellors Offering Advice

The term 'advice' is being used more often when it comes to the work of financial counsellors. Some financial counsellors have indicated they wanted a greater understanding as to why it is acceptable to use this term instead of 'options'. This document is designed to assist with this understanding.

### Options

Financial counselling is a relatively new profession. Previously, financial counsellors were trained to use the term 'options'. The rationale for this was that by giving people the 'pros and cons' of each option it would offer clients a choice, and this was part of client empowerment. There was also a mistaken belief that use of the term 'options' reduced legal risk, which is not the case.

As the profession develops, advice is considered the more appropriate and professional term to use.

This does not mean however that the word 'options' is inappropriate. It may well be that there are different choices for the client. Your advice might set these options out. However, if one option in your professional opinion is the most realistic, you can say this.

### Definition of Advice

*Giving advice is taking information and tailoring it to a client's circumstances.*

- Advice is a process, it is not just the end recommendation. It involves listening and understanding the client's circumstances
- Advice is given in response to instructions (what the client tells you about their circumstances and what they are hoping to achieve)
- The advice must be in the best interest of the client

### Why giving advice is important

- The client is relying on the financial counsellor to give advice. People seek out financial counselling because of your expertise. They are seeking advice.
- Failing to give clear advice means the client does not know what the best course of action is
- Advice doesn't mean that you tell people what to do
- It is just the term to describe what you do when, based on your professional knowledge and what you know about the client's specific circumstances, you set out what specific course (or courses) of action are available to the client.
- Advice includes a strategy for how to resolve the problem(s)

### Tips for giving advice

- You may want to use words such as advice, recommended course of action, recommended approach, what I would recommend etc.
- Use direct language in advice and all dealings with the client
- Always check understanding with the client (e.g. you won't be able to use your credit card if we ask for a repayment arrangement)
- Avoid any generic approaches such as you would see on a fact sheet
- The client always has a choice on whether to accept and follow the advice
- Always write good case notes

### Giving advice does not compromise a strengths-based approach to financial counselling

- Your role is still to explain the advice
- This can be done in a way that is strength-based. Knowledge is still power
- Your client still has to make a decision about whether to follow that advice

This information is a summary of information provided by Financial Counselling Australia, with thanks to FCA for allowing SAFCA to use this.