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30 May 2001

Our ref: P LA 18 (2)/ P LA 13

Dear Ms. Zemaitaitis

**OFT's new approach to consumer codes of practice**

I am writing on behalf of the Financial Services Consumer Panel in response to the Office of Fair Trading's consultation on its new approach to consumer codes of practice. We welcome and strongly support this paper. We have a few comments that we hope will be useful.

Generally, we note that in our experience, code sponsors are not good at facilitating effective consultation of consumer representatives as part of their preparation and review of codes. All too often, consumer involvement is sought after the key decisions have already been made, and we hope that OFT will encourage more open attitudes at the start of code development. There are also recent cases where industries aver that they have consulted in detail with consumers, where it is not clear how far that is true; equally, industries have retreated behind closed doors to consider whether to accept changes proposed by outsiders and have rejected them without setting out any reasons. One key safeguard is to have consumer, public interest and/or independent members of the boards that make those decisions.

There are broadly two important factors in making a code effective: its enforceability and the extent to which consumers are informed about the code and find it easy to use when necessary. Therefore, we encourage OFT to ensure that a code's sponsor has a range of enforcement mechanisms (B.7, Page 29) and that effort is made to promote the codes both to consumers and to advice agencies.

More specifically we draw OFT's attention to the importance of informing consumers when accreditation of a firm under a code has been withdrawn. Furthermore, trading standards officers must be prepared to look at firms that have been expelled from a code to ensure that they are not continuing to promote themselves as members.

On complaints handling (B.5, Page 27), codes should include a commitment to help consumers know how to complain, for example by requiring clear statements in business premises. It is also important that OFT clarifies that redress should be free to the consumer and all codes should enshrine this principle.

It would be helpful if OFT explained the rationale for choosing the codes they are considering and the ones they have left out. For example, whilst the Mortgage Code and the General Insurance Standards Council's code would seem to fit the OFT's criteria, they are absent from mention in the paper. We would be interested to learn more about how OFT sees these codes fitting into the new proposals.

Yours sincerely,



**Colin Brown**  
Chairman  
FS Consumer Panel

cc. FS Consumer Panel  
Christine Farnish, Director, FSA

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