

Tel/fax: 020 7676 9346
E-mail: enquiries@fs-cp.org.uk

Rebecca Wallace
Credit Unions
The Financial Services Authority
25 The North Colonnade
Canary Wharf
London, E14 5HS

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Our ref: P LA 13/ P LA 18 (3)

Dear Ms. Wallace

CP 94: Credit unions: consumer compensation and consumer complaints

I am writing on behalf of the Financial Services Consumer Panel ('the Panel') in response to the FSA's consultation document, 'Credit unions: consumer compensation and consumer complaints'.

Chapter 2: Credit unions and the Financial Services Compensation Scheme

The Panel agree that credit unions should be members of the Financial Services Compensation Scheme (FSCS) and that this will bring considerable benefits to their members and, through increased confidence, to the movement as a whole.

Qu. 2: Do you agree with the proposal that the deposits of directors and managers, and their close relatives, should be protected?

We agree that it would be unfair to exclude credit union directors and managers from the protection that the FSCS provides. These individuals are distinct from the directors and managers of other FSA authorised firms because of the voluntary nature of credit unions and we therefore urge the FSA not to exclude them from eligibility to the FSCS.

Chapter 3: Complaints handling rules

Qu. 4: The FSA would welcome your views on the proposed complaints handling procedures described in Chapter 3.

The Panel had previously spoken with you about the need to help facilitate third party support for credit unions in order to help them fulfil their regulatory obligations. One important area will be compliance with complaints handling rules. In our letter of May 2000 to Shaun Mundy from Barbara Saunders we suggested that arrangements should be made to facilitate the involvement of 'independent third

parties, as part of the internal complaints resolution arrangements to maximise the proportion of complaints satisfactorily dealt with locally at this stage'. The consultation paper says little on this subject and we look to the FSA to update interested parties on any developments.

Yours sincerely,



Colin Brown
Chairman
FS Consumer Panel

cc. FS Consumer Panel

FS Consumer Panel can be contacted c/o Consumer
Policy & Research Department at the FSA
Attn: Joanne Savage
Tel: 020 7676 0726 Fax: 0207 676 9712
Email: enquiries@fs-cp.org.uk
Website: <http://www.fs-cp.org.uk>