

Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

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Jeremy Clivaz
Business Standards Department
The Financial Services Authority
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Our ref:

Dear Jeremy

CP 138: disclosure of status under the Financial Services and Markets Act 2000 and use of the FSA logo

I am writing on behalf of the Financial Services Consumer Panel with our response to CP 138.

Generally we think that the FSA has taken on board the Panel's views and we welcome much of CP 138.

Q1: Do you agree that prescriptive status disclosure requirements are the most appropriate option to secure the benefits of statutory status disclosure?

Yes

Q3: Do you agree that the structure of our proposals will bring appropriate benefits to consumers? If not, what would be appropriate?

Yes. The wording of the long-form of disclosure is helpful for consumers in identifying complaints handling schemes and compensation open to them. (On one point of detail, the phrase 'supplemental compensation cover' in 3 of Annex 2g will be confusing to consumers and we think that this could be better explained.)

We believe that the long-form disclosure could perhaps do more to help consumers understand how the FSA works to their benefit. Such wording could, for example, explain that the FSA sets rules or standards with which the firm has to comply.

We make an additional point regarding the way in which consumers dealing with a business over the phone are informed of the status of that firm. We believe that the consumer should

be sent the long-form disclosure in the post either within 5 days or at the first written contact, whichever is sooner.

Q4: Do you agree that our proposed wording (that is, 'authorised and regulated') is flexible enough and appropriate for all relevant firms, and will be adequately understood by private customer?

The FSA has done a lot of work on the wording for disclosing status and we think that the proposed wording is appropriate. We encourage the FSA to go ahead with the proposals as suggested in the consultation paper.

Q 6: Do you agree that our proposals are appropriate for firms that are authorised by another EEA regulator, rather than by us?

Yes.

Q 7: Do you agree with our proposals to impose controls of the way in which a firm operating outside the UK tells a private customer that it is authorised or regulated by us?

Yes. This is an important consumer protection mechanism for those considering doing business with a firm operating outside the UK.

Q8. Do you agree that the terms of our proposed interim guidance on use of our logo by authorised firms are appropriate?

Regarding the use of the FSA's logo, we encourage the FSA to look at this in the context of its public awareness strategy but we do not see a problem with firms using the FSA's logo in an appropriate manner.

Yours sincerely,



Colin Brown
Chairman
FS Consumer Panel

cc.

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