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Margaret Sutherland  
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1 Victoria St  
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Our ref:

Dear Ms Sutherland

### **Extending Competitive Markets: Empowered Consumers, Successful Business**

The Financial Services Consumer Panel has read with interest the DTI's consultation document on the future of consumer policy. We do not propose to submit a detailed reply but would like to make some general observations on the review.

We note, in particular, the confirmation in paragraph 1.7 that the strategy only includes those areas for which the DTI is responsible, and does not include financial products. We agree that, as a general perspective, it would be a mistake to try to fit financial services into any new over-arching DTI strategy – there is already a well-established framework for consumer protection in financial services, and for the representation of consumers. The sector as a whole raises major risks and detriments for consumers, most of which are quite specific to financial services and which require tailor made solutions through the regulatory system. It would be pointless to try to reinvent existing arrangements.

However, from our reading of the rest of the consultation, this does not appear to be the end of the story. Whilst some of the proposed measures – for example for the reform of consumer representation in the utilities – are quite specific, and limited to the DTI's remit, many others have potential wider relevance. Examples include

- the overall rationale for intervention (Chapter 3)
- consumer empowerment initiatives, and especially the rollout of Consumer Direct (Chapter 4)
- the reform of the general legal framework, and the implementation of the proposed Unfair Commercial Practices Directive (Chapter 6)
- representative actions and public redress (Chapter 7)
- the future of the trading standards service (Chapter 8).

In each of these areas, proposed reforms require – and will greatly benefit from – consultation with the financial services sector, and especially from consumer interests. In some cases there may be scope for adding significantly to existing financial services sector specific initiatives to help reduce consumer detriment; in others there are likely to be significant messages from financial services experience which may help with the development of general policy. Our

resources on the Financial Services Consumer Panel are limited, but we would like to be included in any follow up action plans you may develop.

We have also noted with great interest Chapters 9 and 10 of the consultation, which deal respectively with international (and especially European) consumer policy and the measurement of success. Neither of these Chapters expressly invites responses, but in both areas, there is much we would welcome.

On the European front, the Panel has for some years been critical of arrangements for promoting and taking on board the interests of financial services consumers. We therefore strongly endorse calls for

- better information and advice services for consumers
- measures to ensure that the consumer voice is heard in EU policy making, especially where there are recurrent problems
- more access to user-friendly mechanisms for cross border redress and dispute resolution
- improved enforcement cooperation
- formal mechanisms for the European Commission to consider complaints from consumer bodies.

The consultation stops short of specific measures in these areas, but all these proposals have significant – and potentially very welcome - implications for consumers of financial services.

On the measurement of success, the DTI's proposals amount to a substantial research programme. There would be little purpose served by excluding financial services from studies of, for example, consumer empowerment, dispute resolution and enforcement benchmarking – and a lot could be gained from including them. Again, we urge the DTI to keep the Panel closely in touch with developments here.

Yours sincerely

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Chairman  
FS Consumer Panel