

# Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

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Natalie Evans  
Association of British Insurers  
51 Gresham Street  
London  
EC2V 7HQ

Our ref: ABI/KW

16 September 2005

Dear Natalie

## **ABI Resource Pack for Financial Promotions**

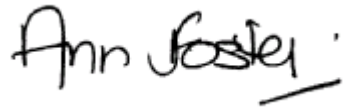
The Panel is grateful for the opportunity to comment on the draft resource pack for financial promotions. The Panel feels this is a positive initiative which will benefit consumers and your members by providing an industry-wide view on what standards in financial promotions in the with-profits and structured products market should be. We have some comments to make; our concerns with the pack are mainly over its status.

The Panel feels that it would be more helpful to consumers if they knew a firm had signed up to the principles in the guide and was following them in the same way they would a code of practice. The fact the guide is not a set of compulsory standards (except where it describes formal FSA rules) diminishes its significance and will result in it being less effective at what it sets out to achieve. There is a danger the guide will raise consumers' expectations without a corresponding increase in standards unless action will be taken if a firm is found to be in breach of the principles in it. The Panel was unclear whether the ABI would name a firm found to be in breach or if it would take any other form of action against such a firm.

The Panel also felt that although the guide is a useful document it is by no means comprehensive. The Panel felt several factors which may be important in developing a promotional campaign were missing. For example, whilst the guide highlights the importance of identifying the needs of the target market, nothing is mentioned about their potential vulnerabilities. Also, how will a firm assess the suitability of the information being distributed? How will a firm explain the product in appropriate terms to the target market? Will the promotion fully address the risks associated – the 'what if' scenario? And what action should a firm take to ensure that a consumer receiving a direct offer promotion understands that it does not constitute advice and that he may go on to complete an execution only purchase of a product?

I hope these observations are useful – and once again thank you for consulting the Panel on this matter.

Yours sincerely

A handwritten signature in black ink that reads "Ann Foster". The signature is written in a cursive style with a horizontal line underneath the name.

Chairman  
FS Consumer Panel