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Consumer and Competition Policy
Department of Trade and Industry
1 Victoria Street
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Our ref: CTSA/KW

12 October 2005

Dear Sirs

REDUCING ADMINISTRATIVE BURDENS – THE CONSUMER AND TRADING STANDARDS AGENCY

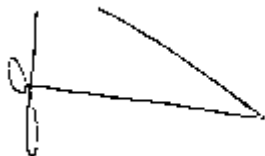
The Panel welcomes this opportunity to comment on the consultation: Reducing Administrative Burdens - the Consumer and Trading Standards Agency. The Panel notes that the DTI intends to consult in early 2006 on whether the responsibility for consumer credit regulation should be transferred from the OFT to the FSA. The Panel looks forward to being involved in this debate and will formulate its view on this matter once it has had time to consider all the issues involved in such an undertaking.

The Panel does not believe the existence of the CTSA as envisaged in the consultation paper will have a significant impact on consumers of financial services. It is however important that there is a clear demarcation of responsibilities between the FSA and the CTSA, for example, in the consumer education area which must be clearly understood on both sides to ensure that there is no gap or duplication. Any overlap of responsibility must be dealt with sensibly and it must be made clear to consumers where they should go for information and advice. This is especially important in view of the continuing development of the Financial Capability Strategy.

The Panel has no strong views about whether the new agency should sit as an independent body or if it should sit within the OFT. Panel members were concerned there could be a migration of staff from the OFT to the CTSA if there was a general perception that most of its work was being moved outside the organisation. It is vital that DTI/OFT senior management ensure that existing consumer safeguards continue and that these are properly enforced up until the formal transfer of responsibilities, if this should happen. We note the OFT has suggested that the right place for the new agency is as a distinct and separate section of the OFT utilising the expertise of staff.

The Panel looks forward to commenting further on these proposals once the detail has been finalised.

Yours faithfully

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John Howard
Chairman
Financial Services Consumer Panel