

# Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

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Kyra Paraschaki  
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Our ref: KW/QCP 07/18

5 December 2007

Dear Kyra

## **Quarterly Consultation Paper CP 07/18 - Chapter 4**

The Panel welcomes this opportunity to comment on the proposed changes to MIPRU which deal with the checks firms must undertake when using insurance or home finance intermediaries.

The Panel is not in favour of these proposed changes, especially as a result of the stated consequence that where the intermediary firm is in another EEA state, there will be a reduction in consumer protection. We believe that the requirement for firms to take reasonable steps to ensure that both direct and indirect intermediaries are authorised represents an appropriate consumer protection measure even though there are associated costs. In this respect we are concerned that the FSA's analysis of costs is based on an unverified estimate by just one firm.

Where a provider firm is accepting business from an intermediary, the existing requirements at MIPRU 5.2.4 would appear to only require a statement from its direct intermediary that other intermediaries with whom the broker does business are not acting in contravention of the general prohibition. The Panel does not feel this is particularly onerous and wonders if firms are over-interpreting the requirement by suggesting it needs to be done for each transaction. Would the alternative be to require intermediary firms to make an annual undertaking to its provider firms that it does not accept business from unauthorised sources?

The Panel would therefore urge the FSA to reconsider these proposals.

Yours sincerely



John Howard  
Chairman, Financial Services Consumer Panel