

Telephone: 020 7066 9346
Local fax: 020 7066 9728
Email: enquiries@fs-cp.org.uk

Treating Customers Fairly
Retail Themes Division
Financial Services Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS

25 October 2006

Our ref:

Dear Sirs

DP 06/4: The responsibilities of providers and distributors for the fair treatment of customers

This is the response of the Financial Services Consumer Panel to DP 06/4 the responsibilities of providers and distributors for the fair treatment of consumers.

In most markets liability for the performance of goods remains with the seller. The seller and the manufacturer (distributor and product provider in financial services) then resolve between themselves who will cover the costs of any settlement. Unfortunately there are cases where consumers making complaints about financial products have found themselves caught in the middle when product providers and distributors disagree over where liability for a problem lies.

As a result of such situations the Panel welcomes the clear statement that the primary responsibilities of the product provider are to ensure that the products are soundly designed for the target market, are sold with clear, understandable information (for distributors, and where relevant consumers) through appropriate channels and perform as promised. In the case of distributors their primary responsibilities are stated as being to ensure that the consumer has the information they need, in the case of advised sales the product is suitable for the consumer and that post-sale service meets any created expectations. We are particularly pleased that the statement contains illustrations of the responsibilities to assist firms in understanding their respective roles.

We hope that the statement will result in firms using the principle of treating customers fairly to ensure that consumer complaints are handled effectively.

As you are aware we continue to be concerned that smaller firms may face difficulties with the principle of treating customers fairly and look forward to hearing how these firms will be assisted.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'J. Howard', with a vertical line extending downwards from the bottom of the signature.

John Howard
Chairman