

# Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

Telephone: 020 7066 9346  
Local fax: 020 7066 9728  
Email: [enquiries@fs-cp.org.uk](mailto:enquiries@fs-cp.org.uk)

Regulation of Investments Trust Companies Consultation  
Savings and Investment Products Team  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

25 February 2005

Our ref: PR8/MT

Dear Sirs

## **The regulation of investment trust companies**

The Consumer Panel believes that new regulation should not reduce choice by causing investment trusts to cease to exist. We believe that the FSA has been able to take action to deal with the problems of split capital investment trust companies using its existing powers.

We think that in principle consumers who may see investment trust companies as being a comparable type of investment to unit trusts or OEICs should have comparable information given at point of sale and have comparable protection. We believe this to be the case where consumers invest in investment trust companies with advice or in a tax wrapper.

The Consumer Panel is concerned that consumers who invest directly or off the page are not aware that they are not covered by the Financial Ombudsman Service or Financial Services Compensation Scheme. Steps should therefore be taken to ensure that these consumers are made aware of this in the information they are given before they take the decision to buy.

We also think consideration should be given to the name 'investment trusts', which is misleading, since the investment is in a company and not a trust.

Subject to this, the Panel supports option D – do nothing.

Yours faithfully,



Dianne Hayter  
Vice Chairman, Financial Services Consumer Panel