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Dear Neely

CP 05/12 - Consumer Panel Response**

The Panel welcomes this opportunity to respond to CP 05/12 covering the proposals for the Key Facts Quick Guide. The disclosure of accurate and relevant information at the appropriate time is a vital step in ensuring that consumers are given the ability to make investment decisions which are suitable for their circumstances.

The Panel feels the Guide has successfully met the objective of keeping messages simple and relevant. Bearing in mind the recent criticism that some other disclosure documents, for example, mortgage KFIs, are too long, we are particularly pleased that firms will be required to keep the Guide to a maximum of two pages. The Panel feels that the tabular format and the use of standard questions will provide a clear, easy to follow and understand document, one which will greatly assist consumers in the buying process.

The Panel feels that the use of signposting to other information – possibly marketing material where other key facts are to be found – may need to be expanded upon. It may be necessary for several signposts to be included in the Guide and this may have an impact on its overall size and clarity. Even simple questions may not in fact have simple answers – hence there may be a need to signpost to more than one other document. The Panel understands this will be considered by the FSA before these proposals are translated into Handbook text. The Panel welcomes the requirement for signposts to be shown in shaded boxes.

The Panel is concerned about the treatment of charges within the Guide. Whilst it acknowledges that the final decisions on charges will be part of the consultation in Spring 2006 dealing with the rest of the disclosure package, the Panel is concerned there is scope for inconsistency in the way charges are disclosed in the Guide. The Panel was informed that the main purpose of the charges section in the Guide is to highlight they will be payable and may have an impact on growth. It understands the intention is to allow firms to fully describe simple charges in the guide, but allow the flexibility to highlight that charges are payable and signpost to other documents where the charging structure is more complex. The Panel feels that in cases of more complex charges, it should be possible to illustrate a maximum charge – either as a sum of money, or as a percentage etc. The Panel understands the aim is not to over-complicate the Guide. However, the issue of charges is an important one and consumers should be given this information early in the sales process. It therefore urges the FSA to consider ways in which charges can be expressed simply in every Guide.

The Panel also feels more could be done on the section covering risk. An individual's appetite for risk may vary from product to product, and it may be more helpful to include more in this section by way of explanation or guidance. As with charges, it is important for consumers to consider risk at an early stage in the process.

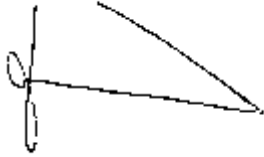
The Panel understands that the rules, when drafted, will not provide a great deal of prescription over the wording used in the Guide. Instead, it will be the responsibility of firms themselves to meet the requirements. Whilst the Panel acknowledges that the FSA is moving to a more principles based regime, consumers will benefit most and be able to shop around more, where consistency of standards is achieved. Allowing for too many variations of wording will not necessarily achieve this aim, and will make it more difficult for consumers to compare the same product from different providers, where each firm has applied the principles in a different way. Lack of consistency will not assist shopping around. The Panel would urge the FSA to consider ways in which some flexibility can be allowed but within a set framework in order to ensure as much consistency as possible.

The Panel appreciates that to implement the Guide before proposals for the rest of the disclosure regime are finalised will be difficult. However, it is disappointed that these proposals will not in fact be implemented before 2007. Bearing in mind the fact that a full Cost Benefit Analysis will not be carried out until the full disclosure package requirements are developed, the Panel is concerned that further changes to the proposed regime may delay final implementation.

The Panel notes there are several issues still to be resolved, including timing and the requirements covering amendment to existing life policies. The Panel looks forward to offering comment on the finalised proposals.

The Panel is grateful for this opportunity to comment, and looks forward the receiving feedback to its highlighted concerns.

Yours sincerely

A handwritten signature in black ink, consisting of a vertical line on the left, a horizontal line extending to the right, and a diagonal line crossing the horizontal one from the top right towards the middle of the horizontal line.

John Howard

Chairman

Financial Services Consumer Panel