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Our ref: KW/Unclaimed Assets

6 November 2006

Dear Mr Pike

## **The Social Investment Bank**

The Consumer Panel welcomes this opportunity to comment on the Commission's report setting out its key findings and vision for a new social investment bank. Whilst the Panel's main remit is to advise the FSA on whether its general policies and practices are consistent with its general duties under the Financial Services and Markets Act, the Panel can also have regard to the interests of particularly disadvantaged consumers. The proposals in the Commission's report are therefore of keen interest to the Panel.

The Panel generally welcomes any initiative which aims to alleviate the financial difficulties faced by many consumers, and therefore is broadly supportive of the Commission's proposals. That said there are a number of observations which the Panel wishes to make in connection with these proposals.

Firstly, the report makes no mention of the means by which consumers will be reunited with their funds in the event that a claim is made on the assets by their true owner. The Panel believes this could happen in a number of circumstances, and any proposal to establish the Bank must take account of not only the practicalities of reuniting the original owner with their funds, but the implications this will have on the investment bank generally.

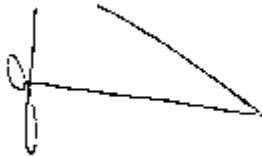
There has been much debate over the need to establish a generic financial advice service, whereby consumers can obtain basic financial advice which is totally separate from the normal sales process. The Panel is very keen to see such a service set up as soon as possible, and whilst there is a lot of work being undertaken to establish the feasibility of the service, one of the main barriers to this happening is the funding of it. There seems little hope of a commercial case being made for the industry itself to establish generic advice services, and therefore alternative sources of funding must be explored. The Panel feels that the Social Investment Bank may be one source of funding, although it is probably unrealistic to expect the total funding to be provided.

The report's central proposal is that the social or third sector could benefit greatly from the funding the bank would be able to provide. The Panel agrees that the sector will benefit greatly from additional funding. However, the Panel would be keen to see the Bank maximise the benefit of the initiative and to include the most disadvantaged when looking at financial capability. The Panel therefore feels the target for the project should be as wide as possible.

The Panel is also keen to see what arrangements will be put in place for the accountability of the bank, although it appreciates that this initial report is early in the process.

The Panel looks forward to being involved in the continuing debate on this very interesting and worthwhile initiative.

Yours sincerely

A handwritten signature in black ink, consisting of a vertical line with a small loop at the top, followed by a horizontal line that extends to the right and then curves upwards at the end.

John Howard  
Chairman  
Financial Services Consumer Panel