

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

Jonathan Ellis
Wholesale and Prudential Policy Division
Financial Services Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS

17 August 2005

Dear Jonathan

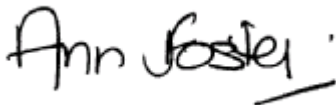
Consultation Paper 05/9*
Proposed Amendments to the Supervision Manual and Credit Unions Sourcebook

This is the Financial Services Consumer Panel's response to the proposals in Consultation Paper 05/9* relating to changes to the Supervision Manual and Credit Unions Sourcebook.

The Panel supports the issue of new guidance on sections of the Credit Unions Act 1979; FSA rules; and clarification of the guidance note to the credit union annual return. We have no objection to the savings and lending limits being increased, although we thought that the proposed new limits might not be high enough to meet customer needs. Similarly while we agree that loan repayment periods should be extended, the current proposals may not go far enough to ensure that borrowers of larger loans can arrange manageable monthly payments.

Finally, although the Panel does not object to preferential loan rates for employees in principle, we are not convinced that it is fair and equitable to the rest of the credit union members, who all share in the common bond.

Yours sincerely



Ann Foster
Chairman, FS Consumer Panel