

Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

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

Daniel Measor
Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London E14 5HS

5 February 2018

Dear Daniel,

CP17/37 Consultation Paper on Industry Codes of Conduct and Discussion Paper on FCA Principle 5

This is the Financial Services Consumer Panel's response to CP17/37 Consultation Paper on Industry Codes of Conduct and Discussion Paper on FCA Principle 5.

The FCA's proposes that its public recognition of industry codes should extend to retail markets. While this may appear superficially attractive, we do not think it is appropriate. This is principally because consumers may not understand the difference between a firm that is formally authorised and regulated by the FCA and a firm that merely subscribes to a recognised code. Recognition of industry codes therefore has the potential to mislead retail consumers.

We also consider that recognising industry codes in retail markets would create reputational risk for the FCA. This is because its supervisory and enforcement activity would be limited to checking the application of the Senior Managers' regime (SMCR) rather than monitoring compliance with the codes.

However, if the FCA decides to recognise industry codes in retail markets the Consumer Panel would be happy to provide input and views to FCA on codes submitted to the FCA for recognition.

Finally, the Panel supports extending the application of FCA Principle for Businesses 5 ('A firm must observe proper standards of market conduct') to unregulated activities. We agree that this would helpfully place both unregulated firms and their staff under obligations to observe proper standards of market conduct.

Yours sincerely

Sue Lewis
Chair, Financial Services Consumer Panel