

# Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

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Dear Sir / Madam,

## **Call for evidence on a Working-age money-management commissioning plan**

This is the Financial Services Consumer Panel's response to the Money Advice Service's (MAS) working-age money-management commissioning plan.

It is unclear whether the aim of this commissioning plan is to get people to save more, or whether it is to encourage them to manage their financial affairs better. Saving will probably increase resilience, but will do little for financial capability, as has been starkly illustrated by auto-enrolment.

MAS needs to be clearer on the outcomes it is seeking. Better money management should – among other things - lead to individuals using the most appropriate financial product for their needs. This may, for example, be a savings product, or it could be insurance. MAS could also consider how open banking might help people manage their money, or the many budgeting and savings apps widely available.

A more nuanced definition of 'high need' is required. Income and savings levels are very crude indicators of resilience and say little about financial capability. Other groups are at risk, too. People who have money, for example, are more vulnerable to mis-selling or scams.

MAS should target the groups that will enable it to have most impact on its statutory objectives. It could also look at the evidence it collected for the FAWG rules of thumb and nudges working group, and the final report of the group<sup>1</sup>, which sought to identify some simple rules of thumb and nudges "to help people be aware of, and take action on, their financial needs". This report, and the subsequent work MAS did, covered 'points of contact' that could be used to engage and nudge.

A cut-off age of 54 for 'working age' makes little sense. We disagree that the efforts of TPAS, MAS and PensionWise are having a significant impact on outcomes for older people. PensionWise offers an excellent service, but not nearly enough people use it. So pensions freedoms have led to many people making disastrous decisions about their pensions. An annuity calculator and a few leaflets are of no help in the face of 'hard sell' by the pensions industry or people's desire to 'control' their money, usually by taking it in cash.

Also, people are working much longer. In 2015, over three quarters of men aged 55-59 were working, as were two thirds of women. One in eight men was still working beyond 70<sup>2</sup>. The trend for longer working continues. A cut-off of state pension age seems to be more appropriate than 54.

Yours sincerely

Sue Lewis  
Chair, Financial Services Consumer Panel

<sup>1</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/568240/employment-stats-workers-aged-50-and-over-1984-2015.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/568240/employment-stats-workers-aged-50-and-over-1984-2015.pdf)

<sup>2</sup> DWP employment statistics from 1984-2015 -

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/568240/employment-stats-workers-aged-50-and-over-1984-2015.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/568240/employment-stats-workers-aged-50-and-over-1984-2015.pdf)