

Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

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Dear Sir/Madam,

CP15/31 Strengthening accountability in banking and insurance: regulatory references

This is the Financial Services Consumer Panel's response to the proposals on regulatory references.

The Panel supports the need for consistent and transparent reporting of conduct breaches from firms. We recognise these proposals are required to ensure staff are not able to fall through the gaps. It should not be possible for middle managers to move between firms under the radar of the new conduct regime. However we hope that this is not a box-ticking exercise that in practice does not deliver the required outcomes. We would urge the FCA to carry out a review two years after implementation to ensure the processes are working and there are no unintended consequences. Further, we hope that firms will not be able to circumvent the new rules with legal compromise agreements leading to unreported conduct breaches.

While we agree that all staff should be required to adhere to high standards, there is a firm responsibility on management to train, and where necessary, discipline junior members of staff through internal procedures. The Panel is concerned that, with the new reporting requirements applying to all staff, firms may no longer encourage junior staff to be open about any mistakes they make.

Currently, junior and recently trained staff are encouraged to be honest about mistakes so that they can learn from them, and so that affected customers can receive an apology or redress. We would not want to see this constructive transparency becoming more difficult.

In the same way, it is essential that all firms implement the new rules and create the regulatory references in the same way. Junior staff in one firm should not be at a disadvantage to those in another, due to inconsistency of reporting standards.

Yours sincerely



Sue Lewis
Chair, Financial Services Consumer Panel