

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

Advice & Distribution Team
Banking, Lending & Protection Department
Financial Conduct Authority
25 the North Colonnade,
London E14 5HS

11 July 2017

Dear Sir / Madam,

GC17/4: Financial Advice Market Review (FAMR): implementation part I – Sections, 2, 3 and 5: streamlined advice, fact find and the factsheet for employers and trustees

The Financial Services Consumer Panel welcomes the opportunity to respond to the remaining sections of the FAMR guidance consultation.

Section 2: Streamlined advice

As we have said many times, the FCA rules are completely clear irrespective of the type of advice being given, but the industry has been determined not to recognise this. We hope the final guidance will give firms the confidence to develop streamlined services so that consumers receive the advice they need.

We welcome the FCA clarifying that: “Offering a streamlined advice service with a narrower scope does not allow a firm to lower the level of protection due to clients.”, and that the MIFID rules on product governance and suitability will apply equally whether firms are providing full, focused or simplified advice or whether a firm is providing the advice in person, by telephone or as an online service.

We are also pleased that the FCA has given a firm steer to firms that they must define those consumers they believe can benefit from streamlined advice and those consumers whose needs would not be met by streamlined advice.

FG 15/1 related to retail investment products, but we assume that streamlined advice can also be applied to other regulated products such as mortgages and protection products. It would be helpful to have an example of both of these in the guidance.

When providing streamlined advice services for mortgage and protection products, commission payments should be transparent.

Q1: Do you agree with the guidance set out in this section?

Yes. See comments above.

Q2: Is there any guidance in FG 15/1¹ or FG 12/10² which is not covered here which you consider helpful and which should be retained?

FG 15/1 is clear and useful, and we were surprised that FAMR did not reference it in more detail. Section 3, which lays out the existing regulatory regime, should be brought up to date to take account of the recent changes to the RAO. The summary of the range of distribution models/levels of advice for retail investment products on page 19, and the issues and examples in Section 5 should also be included.

The explanation of ‘simplified advice’ in FG12/10 is useful. In addition, the explanations of what constitutes a personal recommendation and a re-stating of the suitability rules should be included for the final guidance.

¹ <https://www.fca.org.uk/publication/finalised-guidance/fg15-01.pdf>

² <https://www.fca.org.uk/publication/finalised-guidance/fg12-10.pdf>

Finally, if it is the FCA's intention to retain Basic Advice then the rules that relate to this type of advice should also be included in the final guidance.

Q3: Is there any guidance in FG 15/1 or FG 12/10 which you believe is no longer relevant and should be withdrawn?

No.

Section 3: Fact Find information and Portability

A truly portable fact find should bring down costs and encourage consumers to seek advice more readily. However, the FCA should ensure firms are discharging their responsibility to use up to date information. We suggest the FCA might require firms to check information periodically, say once a year.

It would be helpful if the FCA were to approve third party providers of digital data solutions. An approval system could provide comfort to financial advisers that they were using a reputable provider and encourage consistency and some uniformity within the market. Approvals could also demonstrate a firms' commitment to complying with data protection regulations and operating without conflicts of interest.

Q4: Do you agree with the guidance in this section?

Yes.

Q5: Do you agree with our proposal not to publish a standardised fact find proforma?

No. The FCA has not made a compelling argument for ruling out standardisation of information. It is also unclear how the FCA intends to monitor the information gathered.

Section 5 – Employer and Trustee Factsheet

It is unclear who the FCA proposes will take the factsheet forward and promote it.

Q10: Do you agree with the guidance in this section?

Yes.

Yours faithfully

Sue Lewis
Chair, Financial Services Consumer Panel