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By email: Sean.Cafferky@fca.org.uk
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Dear Sean and Ruby

Financial Services Consumer Panel (the Panel)'s response to the Updated Guidance for Insurance and Premium Finance Firms: Coronavirus and Customers in Financial Difficulty

The Panel again welcomes the FCA's proactive approach to addressing consumer needs in this sector and fully supports an extension of the measures to help those who are in financial difficulty and vulnerable at this time.

We would like to refer you to our previous response on the guidance¹ which highlights areas we feel are of particular importance with regards to firms' approach to consumers, especially given the lack of trust consumers had towards the insurance sector even before the coronavirus outbreak.²

As we stated previously, we welcome the suggestion whereby firms consider offering consumers an alternative or a modified product that better suits the consumer's needs which is akin to our position on automatically upgrading consumers to products that are more suitable to them, as explored in the Panel's own research.³

Although we welcome the guidance around firms reviewing their product lines fully to determine value for money, and we look forward to the outcome of this review, the FCA has rightly identified that a review of product value to consumers alone will not address the immediate needs of consumers suffering financial hardship and/or find themselves in vulnerable circumstances at this time.

We re-iterate the importance of clear, simple and jargon-free language used in all consumer communications and especially as temporary relief measures come to an end, so consumers are clear on next steps and can easily contact the firm to address any further needs.

¹ https://www.fs-cp.org.uk/sites/default/files/final_fscpr_response_coronavirus_and_consumers_guidance_for_insurance_firms_20200505.pdf

² <https://www.fca.org.uk/publication/corporate/sector-views-2020.pdf>

³ https://www.fs-cp.org.uk/sites/default/files/automatic_upgrades_position_paper.pdf

We remain concerned that vulnerable customers and others will need to access one-to-one conversations with staff members and that overburdened call centers with very long wait times may not be able to fulfil this requirement.

We welcome the guidance around firms working with Credit Reference Agencies where necessary and ensuring the status of consumer credit files are not worsened by any temporary measures. The treatment on credit files and its communication needs to learn from other areas where consumers have been surprised to find further credit denied on grounds of a deferral. The FCA and firms must make it absolutely clear to consumers that credit file data is only one source of information that firms use to make decisions. Again, as any temporary measures come to an end, consumer communications must be clear, as per Principle 7, and given in a timely manner in this regard.

As people's circumstances change post-Autumn, with furlough support coming to an end and redundancies likely to increase, firms must be mindful of their ICOBS⁴ responsibility to act in the customers best interests even when the temporary measures to support those in financial difficulty come to an end.

Yours sincerely

Wanda Goldwag

Chair, Financial Services Consumer Panel

⁴ ICOBS 2.5-1R