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Consultation on insolvency changes for payments and electronic money institutions  
Resilience and Resolution  
1 Horse Guards Road  
HM Treasury  
London SW1A 2HQ

14 January 2021

By email: [pemisar@hmtreasury.gov.uk](mailto:pemisar@hmtreasury.gov.uk)

Dear Sir / Madam,

**Financial Services Consumer Panel response to HM Treasury consultation on insolvency changes for payments and electronic money institutions**

The Financial Services Consumer Panel (FSCP) is an independent statutory body. We represent the interests of individual and small business consumers in the development of policy and regulation of financial services in the UK.

The FSCP strongly supports the government introducing changes to help protect consumers in the event of a Payment Institution (PI) or electronic-money institution (EMI) being put into insolvency, and strongly encourages the timely delivery of these changes.

The urgency with which changes should be made is driven by:

1. The immediate need for consumers to access funds that are held for payments.
2. The diversity of the payment firms' customer base.
3. The low likelihood that these customers understand their exposure.
4. The significant financial duress many of these firms are currently facing, highlighted by the FCA's recently published financial resilience survey<sup>1</sup>.
5. The time it takes to complete a return of customer funds in a normal insolvency process.

**Communication with customers:**

- One of the key features outlined of the proposed bespoke Special Administration Regime (SAR) is to impose a bar date for client claims to be submitted to speed up the distribution process. Many customers of these firms are likely to be vulnerable and may be hard to reach.
- In addition, customers may not be aware of the underlying PI or EMI service they are using.
- The level of contact that needs to be made with affected consumers, in advance of any deadline, should be set at a high-bar and strictly enforced.

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<sup>1</sup> FCA publishes coronavirus financial resilience survey data, 7 January 2021.  
<https://www.fca.org.uk/news/press-releases/fca-publishes-coronavirus-financial-resilience-survey-data>

- Consideration should be given here to the multiplicity of ways that Insolvency Practitioners (IPs) should communicate with customers. A customer that relies on a single EMI or PI that has collapsed might be unable to pay their internet or phone bill, preventing access to emails or text messages.
- If affected customers are not notified and able to communicate with the relevant parties in time, this will result in significant consumer harm.

**Reimbursement to customers:**

- Consideration should also be given as to how IPs will deal with reimbursements to customers.
- There will be circumstances in which a firm's collapse results in impacted customers losing their sole means not just of *making* payment, but also of *receiving* payment.

The Panel supports the other key features of the SAR that have been outlined, and reiterates the urgency of the roll-out of this regime.

Yours faithfully,

Wanda Goldwag  
Chair, Financial Services Consumer Panel