

**CONFIDENTIAL**

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**FINANCIAL PROMOTIONS:**

**SURVEY OF NATIONAL PRESS PROMOTIONS PRINTED ON 13 MARCH 2010**

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**Prepared for the  
Financial Services Consumer Panel**

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## 1. Scope

1. This survey and report was prepared for the Financial Services Consumer Panel. It reviews all the FSA regulated financial promotions that were printed in 15 newspapers published on Saturday 13 March 2010. These comprised:
  - 1.1. 11 national newspapers (Daily Express, Daily Mail, Daily Mirror, Daily Star, Financial Times, Racing Post, The Daily Telegraph, The Guardian, The Independent, The Sun and The Times);
  - 1.2. two Scottish newspapers (The Scotsman and the Daily Record); and
  - 1.3. two newspapers from the Birmingham area (Birmingham Post and Birmingham Mail).
  
2. All the FSA regulated financial promotions in these newspapers have been collated. These promotions were then analysed for their compliance with the applicable provisions of the FSA Handbook, i.e.:<sup>1</sup>
  - 2.1. The Conduct of Business Sourcebook (COBS);
  - 2.2. The Insurance: Conduct of Business Sourcebook (ICOBS);
  - 2.3. The Mortgages and Home Finance: Conduct of Business Sourcebook (MCOBS); and
  - 2.4. The Banking: Conduct of Business Sourcebook (BCOBS).
  
3. Where the analysis revealed that the promotion had failed to comply with one or more rules, the promotion was graded as high, medium or low risk to consumers. The grading of risk was assessed by reference to the number of rules breached, the severity of the breaches, the likelihood of misleading consumers and the damage they might suffer. For example:
  - 3.1. the failure to state in a promotion for a cash ISA that the tax treatment of such accounts may change in future was graded low risk;
  - 3.2. a promotion for spread betting which failed to make clear the significant risks of spread betting and instead boasted that spread betting was '*a simple ... way to profit*' was graded high risk.
  
4. For the purposes of this review it was assumed that:
  - 4.1. each firm was authorised to carry on the business in the relevant promotion;

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<sup>1</sup> No assessment has been made of compliance with any other applicable statutes, regulations or voluntary codes of conduct.

- 4.2. representations as to appointed representative status were true;
  - 4.3. all information set out or referred to the promotions was true, unless it was self-contradictory or obviously wrong.
  - 4.4. each brand is a separate firm (e.g. First Direct and HSBC have been treated separately).
5. Many promotions referred readers to a website. Where a promotion was obviously lacking in detail the website was checked for further information (e.g. if a property development advertisement also appeared to be offering mortgages). In all other cases no reference was made to the websites referred to in the promotions and no other external sources have been checked.

## 2. Summary of Findings

6. In summary, there were 224 financial promotions, of which 35.7% (80) did not fully comply with the applicable rules. The majority of these breaches were rated low risk to consumers (a total of 23.7% of all regulated promotions). 7.6% of the promotions were rated medium risk and 4.5% were rated high risk.
7. Banking promotions had the highest rate of non-compliance (40%). The majority of these, however, were rated low risk, and many resulted from a failure to include the full required tax warning in promotions for cash ISA accounts. There were no high risk breaches in banking promotions.
8. Mortgage promotions had the highest rate of compliance (23.1%). One mortgage promotion was deemed to pose a high risk to consumers.
9. Insurance promotions had the second highest rate of compliance (35.8%); four such promotions were regarded as posing a high risk to consumers.
10. Investment promotions had the second lowest rate of compliance (36.6%). The majority of breaches (15 out of 26) were high or medium risk. These promotions were typically for inherently highly risky products (for example CFDs or spread betting).
11. Two newspapers did not contain any FSA regulated financial promotions.

## 2. Comparisons of findings with previous surveys

12. Table 5.1 below sets out a comparison of the headline results of this survey with those carried out in 2008 and 2006. In the earlier two surveys BCOBS did not exist, therefore, for the purposes of comparison, the banking products in this survey have been combined with the investment products.
13. For mortgage, banking and investment products, the trend over the past four years has been a reduction in the proportion of financial promotions in breach of the rules. This is despite the change in rules between the surveys, i.e. the changes from ICOB to ICOBS, COB to COBS and the introduction of BCOBS. The types of breaches recorded in each survey appear to have remained relatively constant. The following points are of particular note:
  - 13.1. There has been a large improvement in compliance with the financial promotion rules in MCOB by mortgage promotions (from 43% non-compliance in 2008 to 23.1% in this survey).
  - 13.2. There has been an increase in high risk breaches between this survey and the last (1% to 4.5%). This, however, remains a very small proportion of all financial promotions (less than one high risk promotion per newspaper surveyed).
  - 13.3. There were high risk promotions in both this survey and in 2008 which promoted spread betting and CFDs. These did not make clear that they were promoting specialist financial products with the potential to lead to severe losses. Promotions for these products now also appear to be more widespread – having appeared in the Birmingham Post, The Times and The Daily Telegraph as well as the Racing Post and the Financial Times.
  - 13.4. There is a continuing trend for some investment promotions to rely heavily on past performance. This is contrary to COBS 4.6.2R(1).
  - 13.5. There have been a very small number of promotions in both this survey and the last which were not readily identifiable as financial promotions – for home reversion plan in 2008 and for some investment products in this survey.
14. The trend with regards to non-investment insurance product promotions is more complicated. Between 2006 and 2008 there was a very large decrease in the rate of non-compliance (79% to 2%), but, between 2008 and 2010 there was large increase in the rate of non-compliance (2% to 35.8%). These changes would appear to be due to changes in the use, and potentially differing treatment, of ‘from’ rates, which are

widely found in non-investment insurance promotions (i.e. advertising '*travel insurance from £6.87*').

15. In the 2006 survey (applying ICOB) the use of a 'from' rate appear to have been regarded as breaching the rules. This led to a very high recorded rate of non-compliance. In the 2008 survey (applying the then new ICOBS), however, they were not treated as breaching the rules.
16. ICOBS does not provide such detailed guidance as ICOB, save for ICOBS2.2.4G, which refers to claims that a firm could reduce a customer's premium. The approach taken in both this and the 2008 survey has therefore been that, when appropriately used, 'from' rates can provide consumers with a quick and easy comparison tool between products. They do not therefore breach the general requirement that the promotion is fair, clear and not misleading. In this survey, however, thirteen insurance promotions used 'from' rates where those rates were not suitable to be used as a comparison tool. These were travel insurance promotions that gave a 'short trip' premium but did not say how long such a trip was, or motoring cover promotions which gave a 'from' rate that was only available to less than 10% of applicants. These were recorded as low risk breaches and appear to have been chiefly responsible for the large increase in percentage non-compliance.

### 3. Common trends and themes across categories of products

#### 3.1 Banking

##### *General comments*

17. Banking promotions are now subject to the rules in BCOBS. These rules have not been considered in previous surveys. Although the headline figure for non-compliance is relatively high (40%), these were almost all minor breaches posing a low risk to consumers.
18. Another new development in this survey was promotions for packaged accounts, which offered a range of insurance products alongside traditional banking services for a monthly fee. They were therefore also subject to ICOBS. These promotions, of necessity, contained a large amount of small print, but succeeded in meeting the applicable rules.

##### *BCOBS 2.2.1R - Fair, clear, not misleading*

19. This rule imposes a general 'fair clear and not misleading' requirement. There were nine promotions that did not comply, two of which were deemed medium risk.
20. The low risk breaches tended to place undue reliance upon the small print at the foot of the advert to set out restrictions to the benefits (typically interest rates) set out in the main body.
21. The two medium risk promotions were from BLME and appeared in the Daily Telegraph and the Times. At first glance, they appeared to be marketing a fixed rate account for a fixed period, but only very small print set out that this prominent rate of interest was in fact only an expected rate. There was no warning that this might not be achieved and was not a reliable guide to the actual interest rate that would be obtained.

##### *BCOBS 2.3.1R – specific requirements*

22. This rule imposes four specific requirements, in addition to the general requirement in 2.2.1R. The breaches of the specific sub-rules reflected the breaches of more general BCOBS 2.2.1R.

##### *BCOBS 2.3.7R – Comparisons*

23. Only one promotion drew comparisons with other products. It was not possible to judge whether this comparison fulfilled the requirement of the rule by the comparison products offering a fair and balanced view. This appeared to be the case, but without more information there is a residual risk that the products could have been selected to create an unduly favourable comparison.



**BCOBS 2.3.8R – Tax**

24. This rule requires promotions that refer to a specific tax treatment to set out that that treatment: (1) depends on the individual circumstances of the customer and (2) may be subject to change in the future.
25. The majority of banking promotions that breached the rules in BOCBS breached this specific rule. All the breaches were deemed low risk.
26. A large number of promotions for cash ISAs did not include one or both elements of the warning. In some cases, the promotion included both elements but was hidden in the middle of the small print section at the foot of the promotion. This approach of firms to this rule is to be contrasted with COBS 4.5.7R (the parallel rule for investment promotions), which is more widely complied with, with the requisite warning typically being found in the main body of the promotion.

**3.2 Mortgages**

27. There was a relatively high level of compliance with the MCOB rules. There was no discernable pattern to the breaches.
28. One promotion was exempt under MCOB3.2.4R, and there were no home reversion plan promotions which gave rise to the high risk breaches of MCOB in the 2008 survey.
29. The single promotion deemed high risk in this survey offered a ‘15% deposit free’ offer on the purchase of a new flat. Further investigation suggested that this would most likely be by way of secured loan. Almost no further details, and no warnings, were given in the promotion.
30. The other breaches were all deemed low risk and were caused by three different promotions:
  - 30.1. One promotion did not make the requirement of opening another account with the bank prominent, and did not therefore comply with MCOB 3.6.11R. This promotion was found in three different newspapers.
  - 30.2. In one promotion the required ‘your home may be repossessed...’ warning appeared completely divorced from the main body of the promotion, it was not therefore a prominent feature of the promotion. Accordingly, the promotion did not comply with the general ‘fair, clear and not misleading’ requirement of MCOB 3.6.3R(1), or the more specific requirement of MCOB 3.6.13R.
  - 30.3. One further promotion failed to make sufficiently clear that the availability of the offered 90% LTV mortgage depended upon individual circumstances. The main body of the promotion suggested that it was

inevitable, and only very small text at the base of the promotion properly set out the position.

### 3.3 Non-investment insurance

31. ICOBS 2.2.2R imposes the broad requirement that a promotion should be ‘fair, clear and not misleading’. The majority of promotions complied with this rule.
32. Generally, there was extensive use of ‘from’ rates. Where they are suitably defined these can be a useful tool for comparison between policies and do not prevent promotions from being fair clear and not misleading. Notwithstanding this, in several promotions, ‘from’ rates were given for single trip travel insurance, but no definition was given of the duration of the cover. These promotions did have the potential to mislead: they impede consumers from using the ‘from’ rates in these promotions as a comparison tool since there is no means to ensure that like is compared with like. This type of breach was deemed low risk.
33. High and medium risk breaches were found in only a very small number of non-investment insurance promotions:
  - 33.1. In two different promotions for the same life insurance product, which was printed in four newspapers, large text boasted that the product was available for 20p a day. The rest of the promotion then (1) set out the rising costs of funerals in an apparently calculated attempt to instil fear, (2) offered a variety of free gifts, and (3) featured celebrity endorsements. There was insufficient emphasis upon the potentially varying cover under the policy, the dependence on individual circumstances and that the cover provided (presumably) might not pay the funeral costs which otherwise featured prominently in the promotion. Given the context and characteristics of this promotion it was deemed to pose a high risk to consumers.
  - 33.2. One promotion was of the newspaper reader offer variety. It set out a link to what was described as an article describing how to save money on car insurance. This in fact led through to extensive further promotional material for a single firm. This was deemed medium risk.
  - 33.3. One further type of promotional campaign overstated the potential savings to the consumer. The promotions set out a headline premium or saving, but then very small print set out that that headline saving would not be available to all consumers. This is plainly misleading. This category of breach was deemed medium risk.

### 3.4 Investment

34. As in previous surveys, the riskiest products have given rise to the highest risk promotions.

35. The main breaches of COBS were of the following rules:

*COBS 4.2.1R – Fair, clear and not misleading*

36. The most common breaches were where the main body of the promotion was undermined by details in the small print, or where the details in the small print were insufficient or breached one of the more detailed rules (in particular COBS 4.5.7R and 4.6.2R). These were deemed low risk.
37. There were also several promotions posing high or medium risks to consumers:
- 37.1. Promotions for spread betting. These promotions in the Racing Post portrayed spread betting as being essentially the same as conventional gambling. One set out that spread betting was '*a simple way to profit*'. Other promotions contained risk warnings, but these were not sufficiently prominent given the contents of the rest of the promotion. These were deemed high risk. They are to be compared with the advertising for spread betting that appears in the Financial Times, which typically goes little further than brand advertising.
- 37.2. Promotion for an iPhone CFD trading app. This significantly downplayed the risks of CFD trading by showing someone using the app to trade in the park and in a restaurant. It appeared in a range of newspapers and must therefore have been targeted at a wide (and not just specialist) audience. Although the promotions contained a warning, this was insufficient given the general tenor of the promotion. These were deemed medium risk. Again, these promotions can be compared with the promotions for similar products in the Financial Times.
- 37.3. One promotion in the Racing Post simply invited readers to call a mobile telephone number for an '*investment opportunity*'. No firm name was given and it was unclear precisely what was being offered. This was deemed to pose a high risk to consumers.
- 37.4. One promotion appeared to be for a timeshare type arrangement called the 'holiday property bond', with a heavy emphasis on the ability to access a number of attractive holiday properties. The small print, which was detached from the main body of the promotion, made clear that the product was actually an investment life assurance bond (potentially held offshore), in which the capital invested would be at risk. This was deemed a high risk breach.
- 37.5. One promotion appeared to offer currency derivatives without containing any risk warnings. This was deemed medium risk.
- 37.6. One promotion apparently offered a free guide to ISA investment. It did not contain any warnings that the value of such investments could fall.

The website referred to in the promotion, however, was for an online ISA trading platform. This was deemed medium risk.

*COBS 4.5.2R – General retail requirements*

38. The promotions that breached this rule also breached the general requirement of ‘fair, clear and not misleading’ in COBS4.2.1R.

*COBS 4.5.7R – Tax*

39. Eight promotions failed to include the full tax warning required by this rule that tax treatment (1) depends on individual circumstances and (2) may be subject to change. These were all promotions for investment ISAs. The breaches were deemed low risk.

*COBS 4.5.6R – Comparative information*

40. Four promotions did not comply with this rule. They provided insufficient information as to the assumptions and suitability behind the comparison, and typically overlooked the impact of charges on the claimed returns of the product being promoted.

*COBS 4.6.2R – Past performance*

41. This rule requires that past performance is not the most prominent feature of the promotion and that where past performance is referred to there is a prominent warning that it is not a reliable guide to future performance. The majority of promotions that referred to past performance failed to comply with this rule:
- 41.1. Some promotions complied with the requirement that past performance should not be the most prominent feature, but nonetheless failed to include a prominent warning that it was not reliable guide to future performance. These were deemed low risk.
- 41.2. Four promotions relied heavily upon past performance. These were deemed high risk.

*COBS 4.6.7R – Future performance*

42. Only three promotions referred to future performance, but one promotion (printed in both the Telegraph and the Times) failed to prominently contain the appropriate warnings that the indicated performance was not a reliable guide. These were deemed medium risk breaches.

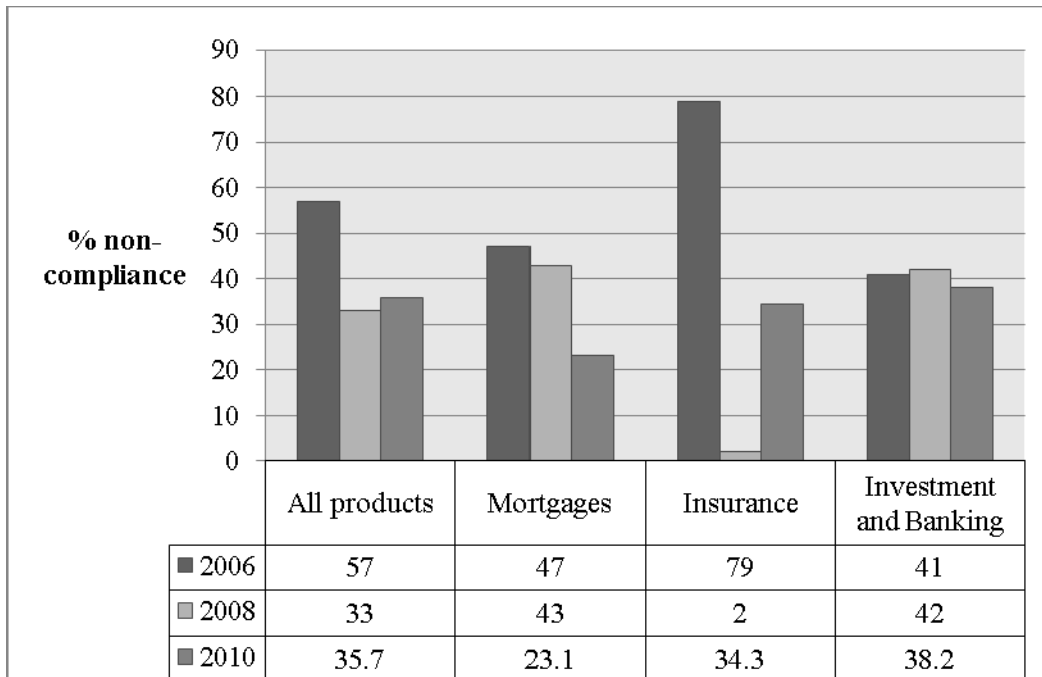
#### **4. Common trends and themes across brands and publications**

43. As in previous surveys, each brand tended to use the same promotion across all the newspapers. The same rule breaches were therefore repeated.
44. There did not appear to be any relationship between the size of the firm and the number of breaches.
45. There were a much fewer financial promotions in the traditional tabloid and red top newspapers. Importantly, there also appeared to be a high rate of non-compliance in promotions in those newspapers (e.g. 50% in The Sun, The Star and The Mirror).
46. The Racing Post had the lowest level of compliance – all of the financial promotions that it contained breached the applicable rules. In all but one case these were for spread betting, which was marketed in a manner to suggest it was little different to conventional gambling.
47. Two newspapers (the Birmingham Mail and The Scotsman) did not contain any FSA regulated financial promotions. The Birmingham Mail did, however, contain adverts offering loans secured on cars, which would appear to be an increasing trend in non-FSA regulated lending.

## 5. Tables

48. The tables and figures in this section summarise the results of the survey.

### 5.1 Comparison with previous survey results



## 5.2 Financial promotions and compliance for all publications

Product type	Number of Financial Promotion	Breaches and risk		% non-compliance
<b>All</b>	<b>224</b>	<b>All</b>	<b>80</b>	<b>35.7</b>
		<i>High</i>	<i>10</i>	<i>4.5</i>
		<i>Medium</i>	<i>17</i>	<i>7.6</i>
		<i>Low</i>	<i>53</i>	<i>23.7</i>
<b>Banking<sup>2</sup></b>	<b>60</b>	<b>All</b>	<b>24</b>	<b>40.0</b>
		<i>High</i>	<i>0</i>	<i>0</i>
		<i>Medium</i>	<i>2</i>	<i>3.3</i>
		<i>Low</i>	<i>22</i>	<i>36.7</i>
<b>Mortgages</b>	<b>26</b>	<b>All</b>	<b>6</b>	<b>23.1</b>
		<i>High</i>	<i>1</i>	<i>3.8</i>
		<i>Medium</i>	<i>0</i>	<i>0</i>
		<i>Low</i>	<i>5</i>	<i>19.2</i>
<b>Insurance<sup>3</sup></b>	<b>67</b>	<b>All</b>	<b>23</b>	<b>34.3</b>
		<i>High</i>	<i>4</i>	<i>6.0</i>
		<i>Medium</i>	<i>6</i>	<i>9.0</i>
		<i>Low</i>	<i>13</i>	<i>19.4</i>
<b>Investments</b>	<b>71</b>	<b>All</b>	<b>26</b>	<b>36.6</b>
		<i>High</i>	<i>5</i>	<i>7.0</i>
		<i>Medium</i>	<i>10</i>	<i>15.5</i>
		<i>Low</i>	<i>11</i>	<i>15.5</i>

<sup>2</sup> including five financial promotions for packaged accounts

<sup>3</sup> excluding financial promotions for five packaged accounts

## 5.3 Financial Promotions and compliance by publication

Publication	Number of Financial Promotions	Total % non-compliance	FPs by Sourcebook		Breaches and risk			
					All	High	Med	Low
<b>Birmingham Mail</b>	<b>0</b>	<b>-</b>	<b>All</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
			<i>BCOBS</i>	0	-	-	-	-
			<i>MCOB</i>	0	-	-	-	-
			<i>ICOBS</i>	0	-	-	-	-
			<i>COBS</i>	0	-	-	-	-
<b>Birmingham Post</b>	<b>3</b>	<b>0</b>	<b>All</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
			<i>BCOBS</i>	0	0	-	-	-
			<i>MCOB</i>	0	0	-	-	-
			<i>ICOBS</i>	1	0	-	-	-
			<i>COBS</i>	2	0	-	-	-
<b>Daily Express</b>	<b>20</b>	<b>30</b>	<b>All</b>	<b>20</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>4</b>
			<i>BCOBS</i>	5	2	0	0	2
			<i>MCOB</i>	2	1	0	0	1
			<i>ICOBS</i>	12	3	1	1	1
			<i>COBS</i>	1	0	0	0	0
<b>Daily Mail</b>	<b>14</b>	<b>28.6</b>	<b>All</b>	<b>14</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>3</b>
			<i>BCOBS</i>	2	0	-	-	-
			<i>MCOB</i>	0	0	-	-	-
			<i>ICOBS</i>	10	4	0	1	3
			<i>COBS</i>	2	0	-	-	-
<b>Daily Mirror</b>	<b>8</b>	<b>50</b>	<b>All</b>	<b>8</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>3</b>
			<i>BCOBS</i>	0	0	-	-	-
			<i>MCOB</i>	0	0	-	-	-
			<i>ICOBS</i>	8	4	1	0	3



			<i>COBS</i>	0	0	-	-	-
Publication	Number of FPs	% non compliance	FPs by sourcebook		Breaches and risk			
					All	High	Med	Low
<b>Daily Record</b>	2	<b>0</b>	<b>All</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
			<i>BCOBS</i>	0	0	-	-	-
			<i>MCOB</i>	1	0	-	-	-
			<i>ICOB</i>	1	0	-	-	-
			<i>COBS</i>	0	0	-	-	-
<b>Daily Star</b>	2	<b>50</b>	<b>All</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>
			<i>BCOBS</i>	1	0	-	-	-
			<i>MCOB</i>	0	0	-	-	-
			<i>ICOB</i>	1	1	1	0	0
			<i>COBS</i>	0	0	-	-	-
<b>Financial Times</b>	18	<b>0</b>	<b>All</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
			<i>BCOBS</i>	2	0	-	-	-
			<i>MCOB</i>	0	0	-	-	-
			<i>ICOB</i>	0	0	-	-	-
			<i>COBS</i>	16	0	-	-	-
<b>Racing Post</b>	4	<b>100</b>	<b>All</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>0</b>
			<i>BCOBS</i>	0	0	-	-	-
			<i>MCOB</i>	0	0	-	-	-
			<i>ICOB</i>	0	0	-	-	-
			<i>COBS</i>	4	4	3	1	0
<b>The Daily Telegraph</b>	60	<b>45</b>	<b>All</b>	<b>60</b>	<b>27</b>	<b>1</b>	<b>8</b>	<b>17</b>
			<i>BCOBS</i>	17	9	0	1	8
			<i>MCOB</i>	6	0	-	-	-
			<i>ICOB</i>	12	4	0	1	3
			<i>COBS</i>	25	14	1	6	7

Publication	Number of FPs	% non-compliance	FPs by sourcebook		Breaches and risk			
					All	High	Med	Low
<b>The Guardian</b>	<b>25</b>	<b>40</b>	<b>All</b>	<b>25</b>	<b>10</b>	<b>0</b>	<b>2</b>	<b>8</b>
			<i>BCOBS</i>	<i>11</i>	<i>5</i>	<i>0</i>	<i>0</i>	<i>5</i>
			<i>MCOB</i>	<i>6</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>1</i>
			<i>ICOBS</i>	<i>5</i>	<i>3</i>	<i>0</i>	<i>1</i>	<i>2</i>
			<i>COBS</i>	<i>3</i>	<i>1</i>	<i>0</i>	<i>1</i>	<i>0</i>
<b>The Independent</b>	<b>20</b>	<b>30</b>	<b>All</b>	<b>20</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>6</b>
			<i>BCOBS</i>	<i>9</i>	<i>3</i>	<i>0</i>	<i>0</i>	<i>3</i>
			<i>MCOB</i>	<i>3</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>1</i>
			<i>ICOBS</i>	<i>5</i>	<i>2</i>	<i>0</i>	<i>0</i>	<i>2</i>
			<i>COBS</i>	<i>3</i>	<i>0</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>The Scotsman</b>	<b>0</b>	<b>-</b>	<b>All</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
			<i>BCOBS</i>	<i>0</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
			<i>MCOB</i>	<i>0</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
			<i>ICOBS</i>	<i>0</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
			<i>COBS</i>	<i>0</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>The Sun</b>	<b>6</b>	<b>50</b>	<b>All</b>	<b>6</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>1</b>
			<i>BCOBS</i>	<i>0</i>	<i>0</i>	<i>-</i>	<i>-</i>	<i>-</i>
			<i>MCOB</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>0</i>	<i>0</i>
			<i>ICOBS</i>	<i>5</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>1</i>
			<i>COBS</i>	<i>0</i>	<i>0</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>The Times</b>	<b>42</b>	<b>35.7</b>	<b>All</b>	<b>42</b>	<b>15</b>	<b>1</b>	<b>4</b>	<b>10</b>
			<i>BCOBS</i>	<i>13</i>	<i>5</i>	<i>0</i>	<i>1</i>	<i>4</i>
			<i>MCOB</i>	<i>7</i>	<i>2</i>	<i>0</i>	<i>0</i>	<i>2</i>
			<i>ICOBS</i>	<i>7</i>	<i>1</i>	<i>0</i>	<i>1</i>	<i>0</i>
			<i>COBS</i>	<i>15</i>	<i>7</i>	<i>1</i>	<i>3</i>	<i>4</i>

## 5.4 Breaches by rule

Applicable sourcebook	Rule	Number of individual rule breaches	% non-compliance
<b>BCOBS (60 FPs)</b>			
	2.2.1R – Fair, clear, not misleading	9	15
	2.3.1R(1) – Name of firm	0	0
	2.3.1R(2) – Accuracy and risk	1	1.7
	2.3.1R(3) – Presentation	5	8.3
	2.3.1R(4) – Important information	3	5.0
	2.3.7R – Comparisons	0	0
	2.3.8R - Tax	16	26.7
<b>MCOB (26 FPs)</b>			
	3.6.1R – Name of firm	1	3.8
	3.6.3R (1) – Clear, fair, not misleading	3	11.5
	3.6.3R (2) – Comparison or contrast	0	0
	3.6.8R – Prohibited words and expressions	0	0
	3.6.9R – Other words and expressions	0	0
	3.6.11R – Conditional transaction	3	0
	3.6.13R – Required risk statements	2	7.7
	3.6.17R – Annual percentage rate	1	3.8
	3.6.25R – APR varies	0	0

	3.6.26R – Multi-rate mortgages	0	0
	3.6.27R – Fees for advice / arranging	0	0
	3.8A.1R - HRP	0	0
	3.8A.3R - HRP	0	0
<b>ICOBS (67 FPs)</b>			
	2.2.2R– clear, fair and not misleading	24	35.8
<b>COBS (71 FPs)</b>			
	4.2.1R – Fair, clear and not misleading	20	28.2
	4.2.4G – Specific instances	7	9.9
	4.3.1R – Promotion identifiable as such	4	5.6
	4.4.1R - Compensation information	0	0
	4.5.2R – General retail requirements	10	14.1
	4.5.6R – Comparative information	4	5.6
	4.5.7R – Tax	8	11.3
	4.6.2R – Past performance	7 <sup>4</sup>	9.9
	4.6.6R – Simulated past performance	0	0
	4.6.7R – Future performance	2 <sup>5</sup>	2.8
	4.7.1R – Direct offer FPs	0	0
	4.9.3R – Overseas business	0	0

<sup>4</sup> NB only 11 FPs referred to past performance, i.e. 63.6% did not comply

<sup>5</sup> NB only 3 FPs referred to future performance i.e. 66.6% did not comply

