

## TRANSCRIPT OF WANDA GOLDWAG AT FCA APM – JULY 2019

The Consumer Panel's key issue is to make sure that the consumer's voice is heard everywhere and this is quite a complex area, there are hundreds of products that the FCA regulate. There are lots and lots of consultations they are doing at the moment and one of the things that we have to make sure is that when industry sends in its very large and comprehensive documents that the voice of the consumer is still heard and that is quite complex because consumers aren't, you know, one little person, they are many many different sorts of people and they have very many different requirements. As an example one consumer might want a product incredibly simple with really no frills and another consumer is searching around for products that have complexity or different features and how do we protect all of those people who are sometimes very sophisticated and something not very sophisticated at all.

The Consumer Panel is really concerned about all sorts of products but if I had to say one or two of the things we are really worrying about: pensions and pension freedoms clearly is an issue. I think duty of care is something we are very concerned about because we think that some of the solutions to bad products - misselling, commissions distorting behaviour - is that companies behave better and it is a signal that needs to start at the top. If you say to an employee "customers come first" and that is what you say, actually all evidence – if you are a staff member- is actually if you sell products that are high value to the company but not particularly good value to the consumer and you get bonuses then the culture tells you that the message is not true. So we think that the culture of companies is very important as well and I am afraid it is not always the case. Many many financial companies are impeccable. They are exactly the way you want them to be but it is the ones who aren't that cause the major problems and again and again and again we see financial misselling. People always talk about PPI but there are lots of other products where actually the consumer has no sense of what the real value is. I am going to give you a really trivial example. Pet Insurance: so you get a cat and you think "ooh I better insure my cat for its whole life and what you discover is that you can get a product that is for about 10 years, or 15 years or 25 years, you, as new cat owner have no idea what the average life of a cat is but of course the people who create those insurances know exactly and what they do is they set the length of the policy to what they expect will happen and then they take couple of years off so you, as the new cat owner, in 10 years' time will add an extra product on because your cat is, thank God, still alive you will be charged a great deal more. The insurers always knew that was going to happen. They always knew that the cat would live for a period on average and you don't know that so that is the stuff that really worries me where there is an imbalance in data and knowledge. So the consumer knows A and B but the company knows C, D, E, F, G, H and I on average and can design their product to insure you end up paying extra fees. So it is extremely important it is not just the consumer voice that you hear, it is important that we hear from practitioners, it is important that the regulators are in the room at the same time. What I think is crucial though is that we think we don't always say "This is a problem" "On my God it's so difficult to resolve, there is this operational issue and that operational issue. We need to start from the basis of what we are trying to do. What is the objective and overwhelmingly, I think, the objective should be to do no harm to consumers and if preferably to do good for them.

One of my priorities is vulnerable customers and I think, just to be clear, I do not mean people who are disabled or elderly or frail. I mean people who are vulnerable at that moment. So lots and lots of products are sold to people who are otherwise completely fine but at that moment they are vulnerable. As an example, one of their parent's has died and the other parent needs something, a new house, a mortgage, a flat found for them and actually at that point no matter how educated and

middle class you are, you may well be a very vulnerable consumer and so I want to make sure that all the financial services companies, who are beginning to think about vulnerability, and training their staff, look at it in a much more holistic approach than simply, you know, the obvious characteristics.

I knew the Financial Ombudsman very well because I am also Chair of the Legal Ombudsman so I knew that world and that part of it very well. Coming into the bigger FCA family I have been very surprised by a couple of things. Firstly, I am very surprised by just how consumer focussed all the staff are and secondly, I do not think I understand as an outsider, just how many products the FCA is trying to regulate. I think it must be the biggest range of any of the regulators in the United Kingdom and that in itself is quite a challenge.

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