

Telephone: 020 7066 9346

Email: enquiries@fs-cp.org.uk

Mei Gant
Recovery, Resolution and Redress policy
Financial Services Authority

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Dear Mei

CP12/23 - Addressing the implications of non-EEA national depositor preference regimes**

This is the Financial Services Consumer Panel's response to the FSA consultation to address the implications, for UK consumers, of non-EEA national depositor preference regimes.

The Panel is concerned that UK consumers, who deposit savings with a firm from a non-EEA country that operates a depositor preference regime, could have any future claims subordinated to the bank's home country depositors. This exposes UK consumers to significant and complex risks which are difficult to assess both at the point a deposit is made and on an ongoing basis.

The Panel fully supports the FSA's proposal to require non-EEA deposit branches in the UK to eliminate the subordination of UK branch depositors as soon as possible. Given firms may not be able to meet these requirements immediately, we also support plans to require firms to clearly disclose details of any national depositor regime which could apply in the interim. We believe it is important for this information to be free of technical jargon so that both prospective and existing depositors can fully understand the risks to their savings. In particular, we feel the phraseology used throughout this consultation (including depositor sub-ordination, hierarchy of creditors, depositor preference regime and home country depositors) will mean little to most consumers and should therefore be avoided.

I trust that you find these points useful. The Panel would be happy to discuss further should you wish.

Yours sincerely,

Adam Phillips
Panel Chair