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Kate Richards  
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Canary Wharf  
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2<sup>nd</sup> August 2014

Dear Kate,

## **Fairness of changes to mortgage contracts**

This is the Financial Services Consumer Panel's response to the discussion paper on fairness to changes mortgage contracts.

The Panel believes the Financial Conduct Authority (FCA) is right to look at this area. We have seen two or three cases recently where banks have pulled out buried terms to justify rate increases or other fundamental changes to mortgage contracts.

The Panel believes that where a term exists that can fundamentally reduce or alter key features of the mortgage it must be made clear to the consumer at the earliest opportunity so they can make an informed decision on whether or not the product meets their long term needs.

## **Mortgage Prisoners**

We have longstanding concerns about mortgage prisoners – those unable to re-mortgage due to stricter lending requirements. Normal market forces of competition and consumer choice do not apply to this group. While we recognise that the FCA is confident that provisions within the rulebook to protect this group are appropriate, we would urge it to keep this under review, particularly as interest rates rise.

## **Reaching consumers**

The aim of the paper is to gather the views of consumers on fairness of changes to mortgage contracts. When we discussed the outline of the paper with you earlier this year, we made the point that there are potentially more effective ways of doing this than through a discussion paper. Online discussion forums can be a particularly good channel, for example. We would be happy to discuss other potential methods with you in further detail if you would find this helpful.

Sincerely,



Sue Lewis  
Chair - Financial Services Consumer Panel