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By email: Sean.Cafferky@fca.org.uk
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20 October 2020

Dear Sean and Ruby

Financial Services Consumer Panel (the Panel)'s response to the Additional Guidance for Insurance and Premium Finance Firms: Coronavirus and Customers in Financial Difficulty

The Panel again welcomes the FCA's approach to addressing consumer needs in this sector and fully supports an extension of the measures to help those who are in financial difficulty and vulnerable at this time. We agree with the statement that '*firms should not take a 'one size fits all' approach and a firm offering a single solution to all customers is unlikely to be acting in a way that is consistent with this guidance or [FCA] rules.*'

These measures are particularly important as household budgets become even more strained¹ due to the impact of COVID-19 and the furlough scheme coming to an end. The lack of trust consumers had towards the insurance sector even before the coronavirus outbreak² is a consideration one should not forget. The FCA must remind firms of their ICOBS³ responsibility to act in the customers best interests. Contrary to the guidance, the Panel feels firms *should* be proactive and contact those who have missed payments as there will likely be a new group of consumers who now find themselves struggling financially, where they may not have been before. The FCA even recognised this group of consumer in the guidance.

As stated previously, we welcome the suggestion whereby firms consider offering consumers an alternative or a modified product that better suits the consumer's needs which is akin to our position on automatically upgrading consumers to products that are more suitable to them, as explored in the Panel's own research.⁴

We would like to stress that a firm's review of its product lines to assess value to consumers will not address the immediate needs of consumers suffering financial hardship and/or find themselves in vulnerable circumstances at this time.

¹ <https://wearecitizensadvice.org.uk/coronavirus-has-hit-household-budgets-government-action-can-help-avoid-a-debt-crisis-cce3ab7aac19?gi=b5625f4d973e>

² <https://www.fca.org.uk/publication/corporate/sector-views-2020.pdf>

³ ICOBS 2.5-1R

⁴ https://www.fs-cp.org.uk/sites/default/files/automatic_upgrades_position_paper.pdf

We re-iterate the importance of clear, simple and jargon-free language used in all consumer communications, so consumers are clear on next steps e.g. when temporary forbearance measures come to an end, and can easily contact the firm, through a variety of ways⁵, to address any further needs.

We are still concerned that vulnerable customers and others will need to access one-to-one conversations with staff members and that overburdened call centers with very long wait times may not be able to fulfil this requirement. We would also expect IT systems to be robust and effective enough to provide online customer service that delivers in the consumers' best interests.

Yours sincerely

Wanda Goldwag

Chair, Financial Services Consumer Panel

⁵ <https://www.moneyandmentalhealth.org/wp-content/uploads/2020/04/Money-and-mental-health-coronavirus-policy-note.pdf> *'Half of people experiencing a mental health problem already struggle to contact essential services providers over the telephone.'*