

Telephone: 020 7066 9346  
Email: [enquiries@fs-cp.org.uk](mailto:enquiries@fs-cp.org.uk)

Advice & Distribution Team  
Financial Conduct Authority  
25 the North Colonnade  
Canary Wharf  
London E14 5HS

02 October 2017

Dear Sir / Madam,

**CP17/28: Financial Advice Market Review (FAMR): implementation part II and insistent clients**

The Financial Services Consumer Panel welcomes the opportunity to respond to CP17/28.

The FCA will be aware that the Panel did not support the amendment to the Regulated Activities Order (RAO). It will not provide any clear benefits to consumers but will increase risk. The aim of FAMR was to widen access to regulated (and therefore protected) financial advice. The new regime will merely allow product providers to describe product sales as 'guidance'. This will lead to confusion between the impartial guidance services offered by, for example, the Money Advice Service and the Pensions Advisory Service, and the 'guidance' offered by firms who are really looking to sell their products. The two are not the same. We know from the FAMR research that consumers don't understand the regulatory difference between advice and guidance. We also know they think 'guidance' is better than 'advice' – more helpful, more 'on my side'.

It was not the FCA's decision to amend the RAO, but the FCA can take steps to avoid the harm it will cause consumers. Indeed, it has a statutory duty to do so. We support the FCA's proposed handbook changes to allow complainants' access to the Financial Ombudsman Service and the Financial Services Compensation Scheme, where firms have made use of the RAO amendment. But it is not enough.

We note that the FCA is still considering the FAMR recommendation that providers use descriptions of 'advice' and 'guidance' to help consumers understand the service they are getting. As they stand, these are not fit for purpose. We urge the FCA to carry out further research to establish what consumers would find helpful and meaningful. Nobody has been able to explain to us why 'sales guidance' or 'guided sale' should not be used to describe a product sale dressed up as guidance. These terms have not been tested with consumers, and should be. Having done this research, the FCA should require firms to explain clearly the services they are offering in terms consumers will understand, what consumers can expect from them, and their right to complain. The FCA could instruct firms to make this available in a durable medium and on firms' websites.

As we have said before, FAMR was supposed to be consumer driven, not to help the industry understand the difference between advice and guidance, or find ways of selling more products without taking liability. This original intention has been lost. The FCA needs to do more than make a few Handbook changes to avoid widespread detriment.

Yours faithfully

Sue Lewis  
Chair, Financial Services Consumer Panel