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The Pensions and Retirement Income Themes  
Team  
Supervision Division  
Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London  
E14 5HS

3 June 2016

Dear Sir, Madam,

**TR 16/2 Fair treatment of long-standing customers in the life insurance sector**

This is the response of the Financial Services Consumer Panel (the Panel) to the FCA's thematic review on the fair treatment of long-standing customers in the life insurance sector.

The findings from this thematic review are really quite shocking, as firms should already be aware of their obligations towards long-standing customers through treating consumers fairly (TCF) and COBs. Our main concern here is that the FCA's chosen approach suggests it believes that it has just failed to communicate its expectations clearly. But the scale of the problems the FCA found point to serious cultural issues within firms, particularly when it comes to governance and treating customers fairly.

So the FCA's decision to refer six firms to enforcement is welcome. However, we believe the FCA should go further. First, it should extend its assessment of the firms in the sample in order to identify other areas in which cultural shortcomings have caused, or could cause detriment for customers. The findings should be viewed as a potential indicator of the overall culture of the firms involved, and not simply through the prism of the product areas concerned.

We would also urge the FCA to identify any consumer detriment that resulted (or may result) from the poor practices uncovered by the review and take steps to measure and remedy that detriment. The scale of the poor practice makes it quite unlikely that no one has lost out as a result.

The Panel is satisfied that the proposed guidance makes it clear to firms what the FCA expects from them, and so is not responding to the consultation questions individually. There is one exception, which relates to paragraph 3.152 of the thematic review, which notes that "many of the firms did not assess whether fund performance added value after the impact of charges, either while specifically reviewing fund performance, or as part of an ongoing product review process". This doesn't appear to be addressed in the guidance that immediately follows, and we believe that it should be.

The firms in the sample fell a long way short in each of the TCF outcomes, providing another reminder that the TCF regime is not working as it should do. The onus should be

on firms to comply, not with the FCA to issue more and more detailed guidance which has little or no impact. Yet again, we reiterate our call for a change in the law to oblige providers of financial services to act with their customers' best interests in mind - to owe a duty of care.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "S. Lewis".

Sue Lewis  
Chair, Financial Services Consumer Panel