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Dear Marcia

Office of Fair Trading's Annual Plan consultation, 2012-13

This is the Financial Services Consumer Panel's response to the Office of Fair Trading (OFT) consultation on their 2012-13 Annual Plan.

Overview

The Panel supports the work undertaken by the OFT to ensure markets work well for consumers. We believe the role of the OFT is especially important in the current economic climate to help protect all consumers, especially those that are more vulnerable.

We support the OFT's key strategic objectives for 2012-13 and welcome the strong focus on consumer credit. The Panel is concerned that the adverse economic climate creates the potential for problems in the consumer credit sector, but takes comfort that the OFT will undertake at least one in-depth compliance review in the next year and maintain strong standards around the provision of consumer credit licences.

The Panel recognises the growing pressure on OFT resources and budget, but hopes this will not prevent further progress towards a strong working relationship with other regulatory bodies. This cooperation has been essential in tackling the worst failures in the financial services market, including the mis-sale of Payment Protection Insurance.

Detailed questions

Q1: Do you agree with the priority themes and objectives we have identified in Chapters 5–8?

The Panel supports the OFT's proposed strategic objectives and cross cutting themes. We recognise that growing pressure on the OFT's budget will require projects to be prioritised and resources to be allocated as appropriate. Given the

challenging economic climate, this will require strong management oversight of the OFT's delivery against these objectives.

The Panel supports the proposal to focus enforcement activities on areas that will 'produce direct market outcomes and achieve maximum behavioural change across the economy'. We consider it especially important that the OFT looks to protect consumers from market problems created by the adverse economic conditions. We therefore welcome a key cross-cutting theme focusing on the protection of 'vulnerable consumers and consumers challenged by the adverse economic climate'.

Despite the 25% reduction in OFT resources, we believe the focus on the consumer credit market should be increased, or at least maintained. This is especially important given the current economic climate which is likely to increase pressure on household finances and mean more consumers become reliant on credit. This makes consumers especially vulnerable to poor firm behaviour. For this reason, we believe resources should be allocated to monitor all credit and debt-related services targeted at people on low-incomes or who are in debt; including sub-prime lending, debt collection and paid-for debt management services.

The Panel is pleased that the OFT will publish a further report on the personal current account (PCA) market. Like the OFT, the Panel is concerned that the lack of transparency around the true price of these accounts prevents consumers from assessing whether they are receiving value for money and comparing different services.

Q2: Are there any other areas that you think we should look at over 2012–13?

The Panel do not have any suggestions for additional projects the OFT should undertake in the next year.

Q3: Are there any activities or functions which you consider we should deprioritise or cease, to ensure the best return on our resources?

The Panel do not believe there are any activities the OFT should deprioritise or cease in 2012-13, reflecting the important role the OFT plays.

Yours sincerely,

Adam Phillips