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Dear Philippa

Retail Distribution Review – Independent and Restricted Advice

This is the Financial Services Consumer Panel's response to the February Guidance Consultation on independent and restricted advice.

We have no specific comments on the detail of the draft guidance itself, but we are concerned that there is a significant risk of potential consumer detriment if firms are not given more prescriptive guidance on how they explain the nature of the advice service offered by the firm to their customers.

Currently we feel that there is room for much confusion if advisers offering a restricted advice service are not required to explain this in clear and straightforward terms and how this differs from independent advice. This is especially so with face to face advice, where there is no lasting evidence of interaction between adviser and client as there is, say, with telephone advice which is usually recorded.

To mitigate this risk we strongly recommend that the FSA mandates prescribed text to be used in such communications, including verbal communications. There is still time for this to be tested and implemented by the end of the year.

We would also like to see the FSA/FCA undertaking mystery shopping before the end of 2013 to assess the effectiveness of the disclosure requirements from the consumer perspective.

Yours sincerely

Adam Phillips
Chair
Financial Services Consumer Panel