

The Uplink: Financial services regulatory news, 4 November 2022

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Contents

- [Methodology to assess value for money in the unit-linked market](#)
- [FCA's key priorities for the financial advice industry](#)
- [PS22/12: Pensions dashboards rules for pension providers](#)
- [Borrowers in financial difficulty following the Coronavirus pandemic – key findings](#)
- [FOS quarterly complaints data on financial products and services: July to September 2022](#)
- [FOS ombudsman news issue 175](#)
- [LSB 2022 review of firms' adherence to CRM code for APP scams](#)

Methodology to assess value for money in the unit-linked market

Investment insurance products – costs and product governance

EIOPA has published a [Methodology to assess value for money in the unit-linked market](#).

Various regulators have had long-running concerns about the value for money represented by this form of investment, which involves “Benefits... determined by reference to the performance of underlying linked investments... [and] often linked to open-ended, pooled investment funds...” (see the FCA's [Unit-linked funds' governance review](#) from 2018-2019).

EIOPA's methodology follows on from its [supervisory statement](#) of a year ago, which stated that: “costs can have a significant impact on returns of all insurance-based investment products. And... unit-linked products which are not designed in a customer-centric manner continue to be a prominent area of concern, with [supervisory] authorities reporting a number of issues, such as: high complexity, mis-selling, [and] mismatches between actual returns and customers' expectations.”

EIOPA's methodology is intended to help member state supervisory authorities, and also “aims at providing more clarity for insurance manufacturers and distributors on the supervisory approach to addressing value for money risks when supervising product oversight and governance (POG) requirements.” The methodology has 3 'layers':

- Market wide assessment... [to] identify products requiring higher scrutiny;
- Enhanced supervision... [to] determine whether products offer value or not;
- Assessment of... POG documents.

[FCA's key priorities](#) **for the financial advice industry**

Retail investment markets – Consumer Duty

In a speech to the Festival of Financial Planning, the FCA stated

“The [Consumer Duty](#)... will make it easier for us to intervene more quickly and effectively where we identify poor outcomes for consumers.

Customer outcomes, rather than technical compliance with rules,... need to become the focus of [firms'] thinking... [firms] will need to demonstrate that [they] have not facilitated... poor customer outcomes...

... the new Duty will require a cultural change... [which] cannot be achieved... by adjustments in governance, MI, and processes... firms' senior management need to clearly demonstrate to... colleagues throughout their firm what putting good consumer outcomes at the heart of their business means..."

The FCA also emphasised that: "our Consumer Investments Strategy... has a vision of a market in which consumers can:

1. Invest with confidence, understanding the risks they are taking, and the regulatory protections provided.
2. Access and identify investments that suit their attitude to risk and circumstances.
3. Be better protected from scams.
4. Get advice or support to invest, should they want it."

PS22/12: Pensions dashboards rules for pension providers

Pensions – consumer information - technology

The FCA has published a policy statement and rules, saying:

"Pensions dashboards will be secure digital interfaces where consumers can find and view simple information about their pensions (state, work-related and personal) that are not yet in payment.

... By equipping people with basic information about the pensions they have, consumers may find it easier to plan for retirement, get advice or guidance, and ultimately make informed decisions."

"In summary, [the] new rules require that by 31 August 2023 FCA-regulated pension providers must:

- complete connection of their personal and stakeholder pension schemes to MaPS' digital architecture [ie "governance and technology" which results from the The Money and Pensions Service having "convened the Pensions Dashboards Programme (PDP) to develop and implement the infrastructure that will enable dashboards to operate"] in line with MaPS' connection, security and technical standards and having regard to MaPS' guidance on connection
- be ready to receive requests to find pensions, and search records for data matches
- be ready to return pensions information to the consumer's chosen pensions dashboard ('view' data)".

Borrowers in financial difficulty **following the Coronavirus pandemic – key findings**

Lending markets – guidance on customer fair treatment

The FCA has published a report in which it says that during the pandemic it "acted to help firms and customers manage the financial impact and ensured firms supported their customers who were struggling..."

Guidance for firms to offer payment deferrals was quickly put in place, resulting in 1.8m mortgages and 3.4-4m consumer credit agreements having their payments deferred. Following this... we put in place the Tailored Support Guidance (TSG) for mortgages (MTSG), consumer credit (CTSG) and overdrafts...

The TSG is underpinned by our Principles for Businesses (the Principles) and existing rules in the relevant sections of our Handbook, in particular the Mortgages Conduct of Business (MCOB) and Consumer Credit (CONC) sourcebooks...

We reviewed firms' policies and processes and spoke to them about their implementation of the TSG. We published a report in March 2021 that detailed our findings from this review. Our review at this early stage of firms' implementation of the TSG found that firms had progressed well, acting quickly to build their capacity to support customers. We also identified some risks firms needed to address..."

The key element in the FCA's latest report is firms' engagement with customers: procuring that customers engage, and ensuring that the engagement is effective for each customer's fair treatment.

FOS quarterly complaints data on financial products and services: July to September 2022

Complaints data

On 2 November 2022, FOS published its complaint data for those complaints resolved between July and September 2022 (Q2). The Service received 67,694 new enquiries and 38,470 new complaints across all product areas which shows a slight increase in enquiries but a reduction in complaints compared to Q1.

Complaints about credit cards and current accounts are the most complained about products for Q2 and equate to over 9000 complaints.

The uphold rate for complaints about balance transfers on credit cards is slightly above the average uphold rate (34%) at 40%. There was also a high level of enquiries about current accounts, more than any other product, at 8073 with 1263 complaints being referred to an Ombudsman for a decision.

Funeral Plans became a regulated activity in July 2022 and FOS has provided some insights into those complaints being received and outlined its approach to such complaints. It is clear from the data that enquiries and complaints received during Q2 in respect of funeral plans is 54.

FOS ombudsman news issue 175

Ombudsman newsletter

In the November edition of Ombudsman news, FOS announces the appointment of Jane Cosgrove as Chief People Officer who will be commencing the role in January having left the Civil Aviation Authority. She will be responsible for delivering the People Strategy and Learning and Development function.

Within this newsletter, FOS highlights its new guidance (available online) for customers and businesses in relation to mobile phone and gadget insurance and also provides a link to Pat Hurley's recent talk on BBC One's Rip Off Britain on fraud and scams. There is additional guidance on these types of complaint on its website. As travel insurance has been a hot topic since the start of the Covid-19 pandemic, the Service outlines trends in complaints and some useful points for insurers.

LSB 2022 review of firms' adherence to CRM code for APP scams

APP fraud

The Lending Standards Board published its 9th edition of its bulletin in which it includes its [latest review of signatory firms' adherence to the Contingent Reimbursement Model Code \(CRM Code\)](#) for Authorised Push Payment (APP) scams.

The review evaluated signatories' application of the Code's provisions across the customer's entire payment journey. It concluded that firms have placed an increased focus on scam prevention and enhanced digital effective warnings, amongst other areas of good practice that were found. The review went on to set out areas of focus moving forwards to further strengthen customer protections, such as enhancing customer communications and conducting further work to support vulnerable customers.

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