



May 2025 update:
This letter is historical. See our [supervisory correspondence page](#) for more information and current views.

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3 March 2016

Dear CEO

Fair treatment of long-standing customers in the life insurance sector

As you are aware the FCA's Business Plan 2014/15¹ set out that we would be conducting a thematic review looking at how life insurers are operating their closed-books and to determine if they are treating their closed-book customers fairly.

We have today published our thematic report TR16/2². The report sets out our findings from the review and also sets out, as draft non-Handbook guidance, the actions we believe firms should be taking in order to treat their long-standing customers fairly. We would encourage firms to engage in this important consultation so that their views can be considered prior to us issuing finalised guidance.

Relevant firms should consider the contents of the thematic report when assessing whether their current and future practices result in the fair treatment of long-standing customers and ensure that they identify and address any shortcomings in their firm's practices.

The FCA will also convene an industry-wide discussion with a view to industry reaching a voluntary solution to capping or removing exit and paid-up charges on investments of the type that were the subject of this thematic review. Our findings indicate that even where customers are aware of the exit and/or paid-up charges they are paying, the impact these charges can have on the returns customers receive can be significant and they can also present barriers to customers shopping around.

¹ <http://www.fca.org.uk/static/documents/corporate/business-plan-2014-2015-interactive.pdf>

² www.fca.org.uk/news/tr16-02-fair-treatment-of-long-standing-customers-in-the-life-insurance-sector

Should you have any immediate questions about the findings, draft guidance or the consultation process more generally then please contact your supervisory contact or email: Fairtreatmentoflongstandingcustomers@fca.org.uk.

Yours sincerely,

A handwritten signature in black ink that reads "Caroline Gardner". The signature is written in a cursive style with a long horizontal line extending to the right.

Caroline Gardner
Head of Department, Pensions & Retirement Income
Supervision Division