

Financial Services Consumer Panel



Annual Report 2024/2025



An independent voice for consumers
of financial services

Who we are

The Financial Services Consumer Panel (the Panel) is a statutory body set up under the Financial Services and Markets Act 2000 to represent the interests of financial services consumers (we do not represent individual consumers). When we refer to 'consumers', this includes private individuals as well as small businesses. We are independent of the Financial Conduct Authority (FCA).

Our members are appointed by the FCA and recruited through open competition. Members come from a diverse range of professional backgrounds, bringing expertise in consumer advocacy, law, economics, regulation, market research, financial services, public policy, communications, data and technology, risk management and retirement planning.

What we do

Our principal role is to provide independent advice and challenge to the FCA in relation to its statutory duties, in particular its consumer protection objective. Under our Terms of Reference, we also consider wider issues of financial services policy and legislation when they are directly or indirectly related to the FCA's general duties.

We perform our role by responding to consultations, meeting with relevant teams from the FCA, and engaging with a wide range of other stakeholders to inform our views and advocate for consumers. These activities are set out in Chapters 2 and 3 of this report.

We also commission research to support our own independent projects. We aim to stimulate debate and influence policy in areas where there are risks to consumers that are not being addressed, or gaps in understanding of the consumer experience of financial services. Chapter 4 of this report sets out our research activities in 2024/25.

How we do it

We meet twice a month – once in full Panel meetings and once in our two Working Groups (except for the month of August). FCA staff regularly present to Panel and Working Group meetings and we report our primary concerns monthly to the FCA Board. We also have out of cycle or informal meetings with teams from across the FCA, to support the FCA in meeting deadlines and/or to help inform the FCA's work at the earliest stage of project development.

We work also with a wide range of stakeholders and consumer groups and our members sit on various other bodies. We are a member of the FCA's Consumer Network which provides a gateway for certain consumer organisations and the FCA to share insights and discuss policy issues. This helps us surface insights from a wide range of sources which we then strengthen throughout the year by engaging with different consumer organisations on various topics.

How we measure our impact

We evaluate our impact by reference to our duty to represent the interests of consumers, and our responsibilities under our Terms of Reference. More detail on our activities over 2024/25 is included in Chapter 2.

Our commitment to diversity

Whilst Panel appointments are made by the FCA, we are committed to maintaining a diverse Panel as we know that this will enable us to be most effective in our role as a critical friend to the FCA. When we talk about diversity, we talk about it in the broadest sense: different perspectives, characteristics and lived experience, as well as being broadly representative of the consumers and SMEs whose interests we represent. The FCA's annual diversity statement is provided in our annex.

This annual report

This report covers the Panel's activity between 1 April 2024 and 31 March 2025. Where there have been important subsequent developments, we make reference to these in this report, and they will be addressed more fully in the next Annual Report.

During the reporting period there were changes in membership of the Panel as Francis McGee reached the end of his term on 30 April 2024, and new members Caroline Siarkiewicz (appointed 1 April 2024), and Bailey Kursar and Chris Warner (appointed 1 June 2024), joined the Panel.

Find out more about us on our website: [FSCP Home](#)

Financial Conduct Authority

Financial Services Consumer Panel – Annual Report 2024/2025

presented to Parliament on July 2025 pursuant to section 47(1) of the Financial Services and Markets Act 2003



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Any enquiries regarding this publication should be sent to us at

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12 Endeavour Square
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E20 1JN

ISBN 978-1-5286-5792-1

E03376558

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office

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***Our vision:***

**That financial markets work well for consumers –
both individuals and small businesses –
and consumer harm does not occur.**

Foreword by the Chair

This year's Annual Report covers a period of significant change, notably a General Election in the UK, resulting in a new Labour Government with a strong emphasis on economic growth, and a US Presidential election, with resulting shifts in US foreign policy and world trade (the reporting period ended in the midst of escalating tariffs with much uncertainty about their outcome). These events will impact consumers both immediately and potentially in the long-term.

As the year drew to a close, April 2025 saw a significant rise in households' non-discretionary spend through increases in Council tax, the energy price cap, water bills, and car tax. Ongoing uncertainty around the war in Ukraine, likely increases in government spending on defence, implications for benefits and other areas of government spending are likely to impact consumers. Higher trade tariffs are expected to drive up prices on imported goods and may result in job losses and lower growth. So, the challenging financial pressures on consumers remain and look set to continue.

Against this backdrop, the Panel has had a productive and impactful year.

We believe in a thriving and sustainable economy which delivers benefits for all stakeholders, including consumers. Their protection, interests and contribution are a foundation for growth and are critically important considerations in discussions around growth. This is especially important for application of the FCA's secondary statutory objective to facilitate the international competitiveness and growth of the UK economy (SIGCO). This issue was a theme in our evidence to the Treasury Select Committee¹ and the Financial Services Regulation Committee² in December 2024; and throughout the year the Panel has been consistent in its focus on ensuring that SIGCO is applied with no 'trade-off' against or 'balance' with the FCA's primary consumer protection objective. This will remain a focus for the Panel.

In our discussions with the FCA as it formulated its strategy for 2025-2030, we emphasised consumer protection as a primary objective, and that consumers should be protected against harm, and empowered to make financial decisions that are right for them. We were pleased the FCA has framed the 'consumer pillar' of its strategy in terms of helping consumers navigate their financial lives; we were also pleased to see in the strategy recognition that it is crucial for consumers to have high trust in financial products. Giving consumers the confidence and support they need to take part in a thriving financial sector so they can make informed decisions, including around risk, has been and will remain a key focus for us.

We continued to call for the consumer voice to be substantively incorporated across all the FCA's policy making. We challenged the FCA around the imbalance between the consumer voice and that of industry, emphasising the need to ensure that contributions from

¹ <https://committees.parliament.uk/oralevidence/15069/pdf/>

² <https://committees.parliament.uk/oralevidence/15170/pdf/>

consumers and the groups that represent them are included at all levels of the regulatory system, and that the consumer voice and a consumer-centric perspective are considered, incorporated, and reflected in the FCA's approach. We were gratified to see in the FCA's 2025/26 Workplan a specific commitment to build on their engagement and to work with others to develop a deeper knowledge and understanding of different consumer experiences.

The Consumer Duty is a fundamental aspect of all our work; in July 2024 closed book products were brought within scope, and in the Autumn we visited four firms to gain their perspective of the Duty. We challenged the FCA on its supervision and enforcement of the Duty: timely and effective supervision and enforcement are critical to ensure the Duty delivers – and is seen to deliver – the much needed raising of standards to ensure positive outcomes for consumers. This has been especially important in our conversations with the FCA on its Handbook review as it moves to a more outcomes-based form of regulation. But we were disappointed with the FCA's decision in February to relax the requirement for firms to have a Consumer Duty Board Champion so soon after its introduction and absent a post-implementation review, especially given the FCA's positive findings in their thematic review of the first Consumer Duty Board reports. The Panel believes this is not the time for firms to be relaxing their focus on Duty compliance (as the FCA has often said, compliance with the Duty is not a 'once and done' exercise), this sends the wrong signal to firms and consumers. For similar reasons, we were disappointed by the weakening of the FCA's proposals to reform its enforcement process to bring an increased focus, pace and transparency to its investigations.

Motor finance, and the issues arising from various legal challenges and appeals, has been widely reported. During the year the Panel discussed these with the FCA and in April 2025 the Supreme Court hearings took place. The case has significant implications for consumers and the sector: the Panel will continue to work with the FCA and others to address these.

During my three years as Panel Chair, consumers have experienced serious ongoing socio-economic challenges associated with Covid and its aftermath, a cost-of-living crisis, and the repercussions of geopolitical conflict. The Panel's work is vital in ensuring the FCA as a financial services regulator keeps the consumer interest front and centre. It has been interesting, at times challenging, but never dull, and always worthwhile.

I would like to thank all those who have engaged with me and the Panel, not only in the period covered by this report but throughout my time as Chair, and across a very wide range of topics, providing welcome insight around existing and emerging issues in a constantly moving industry. My thanks in particular to the FCA for its constructive engagement with us.

Finally, I would like to express my sincere gratitude to Panel members, past and present, for their invaluable expertise, experience and insights, and their continued dedication and positive attitudes to the Panel's work; and to the Panel Secretariat for all their hard work and support they provide to me and other Panel members.

I end with all my good wishes for my successor, Panel members, and the Panel Secretariat in continuing the Panel's important work.



Helen Charlton

July 2025



Joined the Panel on 02 June 2025

Introduction by new Chair

As Helen has outlined in her introduction, 2024/25 was a turbulent year for consumers of financial services. Against a backdrop of geo-political uncertainty affecting consumers at home and a continuing cost of living crisis, the Panel continued to ensure that the consumer voice was heard loud and clear in regulatory and government circles. This report documents the enormous amount of work carried out by the Panel, supported by the secretariat. I want to pay tribute to Helen's leadership over the last three years in helping the Panel to all its successes.

The coming year will also be challenging, as the Panel helps the FCA find the right balance between consumer protection and the responsible risk-taking necessary to support economic growth and an improvement in living standards. I'm looking forward to working with Panel members, whose expertise and commitment to consumer well-being is unparalleled, and with the highly professional secretariat team who will be there to support our work.

A handwritten signature in dark ink that reads "Chris Pond".

Chris Pond

July 2025

I. Our vision, aims and priorities

Our vision for financial services

Our vision is that financial markets work well for consumers – both individuals and small businesses – and consumer harm does not occur.

This means that:

- Consumers are well-informed and empowered to take decisions
- Firms act in consumers' best interests – those that do not are robustly sanctioned or barred; those that are unlikely to act in consumers' best interests are not admitted to market
- Consumers are protected from harm, know when they are protected, understand what "protected" means – and understand the limitations of that protection or when they have no protection at all
- Regulators act swiftly and effectively to protect consumers against harm, including new and emerging harms, and regulation keeps up with technological change
- Regulation takes account of the wider socio-economic and demographic context, including diversity of consumers' lives, vulnerability, and relative skill and knowledge compared to firms
- Consumers receive prompt and commensurate redress when things go wrong
- Innovation which benefits and protects consumers is encouraged and supported.

Our aim as a Panel

We represent the consumer interest. Our aim is to ensure the voice of the consumer is heard, and duly considered, by the FCA, policymakers and industry.

Our priorities

We seek to focus on areas with risk of significant harm to consumers, or with the most significant implications for consumers.

2. Our priorities, thematic issues, and activities in 2024/25

OUR PRIORITIES FOR 2024/25

Each year we review our priorities and consider our progress against them; and we set our priorities for the upcoming year in the context of the FCA's own priorities and the external environment.

For 2024/25 our priorities were:

Socio Economic Environment

Cost of living challenges persist for many consumers, especially those who are vulnerable, with scams and fraud remaining a risk. We are keen to see a maintained regulatory focus on this issue.

We highlighted to the FCA issues and insights around the cost of living, for example products or services being 'hollowed out' by providers, and delays in satisfaction of insurance claims. We had regular discussions with the FCA on how they will continue to factor in ongoing living costs impacting consumers into its policy making decisions. We also highlighted cost of living pressures and the deepening worry for consumers, with various other stakeholders in the work they did, for example with the Money and Pensions Service in relation to its Debt Advice Strategy.

We met the FCA and Payment Systems Regulator (PSR) to discuss fraud and scams, highlighting the impact and implications these financial crimes can have on both consumers directly and the wider public trust in financial institutions. We voiced our disappointment in the PSR's decision to lower the cap on the reimbursement model for authorised push payments scams.

Consumer Duty

We will retain our focus on the Duty, challenging the FCA to implement, supervise and enforce the Duty so that standards improve across existing and new products and services. Alongside this, we will continue our engagement with the FCA on its strategy for overseeing the implementation of the Duty on closed book products. We remain of the view that the Duty should be enshrined in primary legislation. This will put the Duty at the pinnacle of regulation.

Since the launch of the Duty, newly written regulations have become shorter, as many of the elements relating to consumers and consumer outcomes previously prescribed in the various regulations are now considered, by the FCA, to be covered by the Consumer Duty. The Duty is also being raised as one of the opportunities enabling the Handbook to be simplified and shortened. Whilst on one hand this makes sense, it is important that consumer protections and outcomes are protected. The Panel has encouraged the FCA to ensure that in framing any new regulation and in rewriting the Handbook, the FCA adopts a realistic view as to what the Duty can and will deliver.

The Panel was disappointed to see the FCA remove the requirement for a Board level Consumer Duty Champion and believe this was done too soon, with the Duty still in its early stages and when some firms stated how valuable they had found the Champion to be.

During the past year the Panel had the opportunity to visit four firms to better understand how they were delivering the Duty and measuring their progress and the outcomes for consumers. This insight showed that firms have taken the Duty seriously and are continuing to work to deliver it. We observed that the approach to measurement, and the measures used, differed widely between these firms with both pre-existing and new measures being used to try to evaluate both compliance with the Duty and the impact on consumers. We would encourage the FCA to publish best practice examples here to help firms better understand how their implementation and importantly measurement of the Duty is driving consumer outcomes and to identify any remaining gaps and opportunities.

Regulation that Delivers for Consumers

The framework for financial services should deliver good outcomes for all consumers (including SMEs) throughout the economic cycle. This includes ensuring that the perimeter is appropriate and that there are processes for keeping abreast of innovation and change. Additionally, there should be no trade-off between the FCA's primary and secondary objectives that could lead to a dilution of consumer protections. We are keen to see, as the Cost Benefit Analysis (CBA) Panel evolves, how costs and benefits to consumers and SMEs are being treated.

The Panel supports the objective of the UK having a thriving and sustainable economy; we are mindful of the Government's new approach to ensure regulators and regulation support growth³.

We believe in a thriving and sustainable economy which delivers benefits for all stakeholders, including consumers. We also believe strongly that the protection, interests and contribution of consumers are a foundation for growth, and a critically important consideration in discussions around the application of SIGCO. Throughout the year the Panel was consistent in its focus on ensuring that SIGCO is applied as a secondary objective, with no 'trade-off' against or 'balance' with the FCA's primary consumer protection objective.

The FCA published their first Annual Statement on SIGCO⁴ in July. We challenged the FCA on their reference to 'putting competitiveness and growth at the heart of the FCA' as we considered this risks elevating and prioritising SIGCO. Rather, we felt consumer protection should be at the heart of the FCA; similarly, we challenged the reference to SIGCO 'shaping' the FCA's primary objectives. We encouraged the FCA to be more consistent with its communication in future reports. In our evidence to both the Treasury Select Committee⁵ and the Financial Services Regulation Committee⁶ we emphasised the need to ensure the consumer protection objective is not diminished by SIGCO; we explored these issues further in our response to the Government's December 2024 Call for Evidence on Financial Services Growth and Competitiveness Strategy⁷.

SIGCO ran through much of our engagement with the FCA throughout the year; for example, in our risk discussions with the FCA we highlighted the risk of emphasis on

3 <https://www.gov.uk/government/publications/a-new-approach-to-ensure-regulators-and-regulation-support-growth/new-approach-to-ensure-regulators-and-regulation-support-growth-html>

4 <https://www.fca.org.uk/publication/corporate/sicgo-report-2023-24.pdf>

5 <https://committees.parliament.uk/oralevidence/15069/pdf/>

6 <https://committees.parliament.uk/oralevidence/15170/pdf/>

7 <https://www.fca.org.uk/panels/consumer-panel/publication/20241212-fscp-%28final%29-response-to-hmt-financial-services-growth-and-competitiveness-strategy-call-for-evidence.pdf>

growth undermining consumer protection and regulatory independence. The FCA's approach to SIGCO was also a topic we discussed when we met the Chair of the FCA's Cost Benefit Panel.

In our discussions with the FCA as it formulated its strategy for 2025-2030, we emphasised consumer protection as a primary objective: that consumers should be protected against harm and empowered to make financial decisions and to take on risks that are right for them. So, we were pleased that the FCA chose to frame the 'consumer pillar' of its strategy in terms of helping consumers navigate their financial lives, and we were also pleased with the FCA's recognition that it is crucial for consumers to have high trust in financial products.

The Consumer Perspective and Voice

We will persevere in advocating for consumers and the groups that represent them to be able to input into all levels of the regulatory system. We will challenge the FCA on whether and how the consumer voice and a consumer-centric perspective are used, incorporated, and reflected in the FCA's approach, with due emphasis on, and greater transparency around, the consumer voice.

To deliver good outcomes that benefit consumers, UK financial markets and the wider economy, consumer interests must be at the heart of the FCA's work – consumer needs and experiences, impacts and outcomes must be considered when developing policy, guidance, rules and in other approaches, including authorisations and enforcement. We have consistently encouraged the FCA to have a consumer-centric focus when it comes to its policy work, and to 'look through the consumer lens' in order to shape and deliver products and services that meet consumers' needs. The consumer voice is comparatively underrepresented and so in a weaker position than other stakeholders, which is why the FCA must make special efforts to strengthen representation. We emphasised the need to facilitate and undertake effective engagement with consumers and with consumer organisations that are often resource-constrained; we encouraged the FCA to be innovative in its approaches, to foster and facilitate more effective engagement, and we made suggestions as to how they might go about this. We advocated for more transparency as to how the consumer voice is incorporated and reflected in the FCA's approach. We were pleased to see in the FCA's 2025/26 Workplan⁸ a specific commitment to build on their engagement and to work with others to develop a deeper knowledge and understanding of different consumer experiences-to help shape many of the FCA's strategic activities and help more consumers engage with their work to deliver good consumer outcomes.

⁸ <https://www.fca.org.uk/publications/business-plans/annual-work-programme-2025-26>

We continued to emphasise the need for new products and services and/or changes to products or services to be tested with consumers; for example, we advocated⁹ strongly for consumer testing of the FCA's emerging proposals in its Advice Guidance Boundary Review, and we were pleased that the FCA then undertook consumer testing, in consumer research and in 'Sprints' with firms.

Ethical Use of Data and AI Highlight/Box

We will continue to encourage the FCA to maintain a clear focus on firms' use of data and AI, ensuring regulation and consumer protection keep pace with technological advances. We will advocate for the ethical treatment of consumer data and use of artificial intelligence (AI) embedded into firms' governance frameworks.

We are experiencing dramatic technological change. AI, and other emerging technologies are transforming the financial services market. AI has significant potential in the financial services industry to make products and services more efficient and accessible for consumers. However, this depends on the availability, accessibility, and fair and ethical use of data by financial services providers. In wholesale markets, technological advances are already delivering efficiencies through faster reactions to new information. But they also bring the potential for increased volatility and market abuse.

During the year, the Panel had discussions with FCA teams and met with the FCA's Data, Technology and Innovation Department. We also engaged in internal and external discussions on digital innovation and the responsible and ethical use of data and emerging technologies. Through these engagements, the Panel encouraged the FCA to provide clear guidance to firms on the use of technology—particularly on how existing rules and policies apply to emerging technological applications. The Panel also urged the FCA to proactively test such technologies within its sandbox environments, ensuring meaningful consumer participation and involvement, to effectively identify and mitigate potential risks to consumer welfare and market integrity.

In May 2024, the Panel responded¹⁰ to the FCA's Synthetic Data Expert Group paper on the use of synthetic data in financial services¹¹. The Panel acknowledged the potential benefits of synthetic data, particularly in addressing data scarcity, mitigating bias, and enhancing privacy protections. However, we also emphasized the need for strong consumer safeguards, warning that synthetic data can introduce risks—

9 <https://www.fca.org.uk/panels/consumer-panel/publication/20250213-final-response-to-fca-cp-24-27-advice-guidance-boundary-review.pdf>

10 https://www.fca.org.uk/panels/consumer-panel/publication/20240517_final_fscp_response_to_fca_synthetic_data_expert_group_survey.pdf

11 <https://www.fca.org.uk/publication/corporate/report-using-synthetic-data-in-financial-services.pdf>

such as unreliable results, privacy breaches, and bias—if not properly managed. Furthermore, the Panel advocated for international collaboration and called on the FCA to establish clearer governance standards to ensure that existing rules and policies are appropriately mapped to, and comprehensively cover, AI and emerging technology applications. This is essential to foster ethical and responsible innovation in the financial sector.

In January 2025, the Panel participated in the FCA's AI Sprint¹², alongside other consumer-focused organisations, to discuss the opportunities and challenges of AI in financial services for consumers.

Overall, the Panel's engagement in these areas has emphasised consumer protection and meaningful consumer involvement in policymaking in this area. We have advocated for the regulator to consider fair, ethical, and outcome-focused solutions that maximise the benefits of innovation for consumers, while also supporting innovation across the industry.

THEMATIC ISSUES

There are several issues that span most financial service products and services and therefore affect large numbers of consumers.

These are reflected in the themes below, which were a priority for us in 2024/25; many will remain so for 2025/26¹³. We selected these as areas with risk of significant harm to consumers, or with the most significant implications for consumers, for consideration every time the Panel meets with the FCA or responds to a consultation:

The needs of vulnerable consumers	Firms must understand that vulnerability – whether permanent or temporary – may be caused by a wide range of risk factors: social, medical, situational, and, indeed, by the behaviours of financial services firms. The FCA and firms should focus on the barrier/difficulty the consumer faces, rather than the cause of vulnerability. We expect to see outcomes for vulnerable consumers improve under the Duty.
Financial Inclusion	we see this as a key part of markets working well (one of the FCA's strategic objectives). In the long term, we would like to see the FCA be required to have regard to financial inclusion.

¹² <https://www.fca.org.uk/publications/corporate-documents/ai-sprint-summary>

¹³ See Chapter 5

The needs of smaller businesses as users of financial services	The FCA's perimeter in relation to smaller businesses is complex. Issues facing smaller businesses are typically an afterthought, especially in terms of vulnerability. We would like to see the FCA do a thematic review of smaller business issues.
Redress	Consumers should have access to prompt and commensurate redress. There should be consistency in the accountability and outcomes across the regulatory family. It should be clear where consumers can go when something has gone wrong, and they should have confidence they will be appropriately reimbursed.
Sustainability	In light of climate change, many consumers are looking for more sustainable products. This brings the risk of products being mis-described as 'green' or 'sustainable' in order to attract customers.
<u>Consistency in regulatory outcomes</u>	<u>Products which are similar, or appear similar to consumers, should be regulated in the same way and attract the same regulatory protections.</u>

Below we provide some examples of how we have brought these themes into our work:

Continued emphasis on the treatment of consumers in vulnerable circumstances:

The Panel believes that firms must understand that vulnerability – whether permanent or temporary – may be caused by a wide range of risk factors: social, medical and situational. These factors can impact consumers' ability to understand information, communicate, make decisions and pursue redress.

We worked closely with the FCA as it developed and later published its review¹⁴ of the ways that firms treat consumers in vulnerable circumstances. We were pleased to see the FCA proactively incorporate the consumer voice in its decision-making process here and were encouraged by the examples of good and bad practice for firms to learn from, along with a commitment to use its supervisory powers to ensure that firms apply the guidance, and identified best practice, in all their communications with consumers.

We continued to advocate for consumers in vulnerable circumstances in other discussions with the FCA; for example, in relation to every day banking services, credit, and debt advice we advocated for the design and delivery of inclusive products and services that meet the diverse and complex needs of consumers and offer appropriate support, for instance through provision of access, information and support tailored to their needs to facilitate understanding and effective decision-making.

¹⁴ <https://www.fca.org.uk/publications/good-and-poor-practice/delivering-vulnerable-customers>

Financial inclusion

We believe an inclusive design approach across the entire customer journey is crucial to achieve good outcomes for consumers and is something we consider in all aspects of our work and engagement. We continued to call for the FCA and other policy makers to adopt an inclusive design approach and encouraged the FCA to remind firms of their responsibilities around inclusion under the Consumer Duty. We welcomed the establishment of the Government's Financial Inclusion Committee, which sat for the first time in December.

We were particularly pleased to see the FCA launch a new consumer-facing Register of firms, after widespread engagement and feedback from key stakeholders, including the Panel. Consumers are repeatedly told to use the Register to avoid being scammed or induced to deal with unregulated businesses, so we were pleased to see this development which is aimed to allow them to use the Register with greater ease and confidence. In turn, this will help consumers determine when they are, and are not, protected by regulation when engaging with financial services firms. We look forward to seeing the results of this initiative, and its extension in due course to a consumer-facing Register of individuals.

SMEs

The challenging economic situation for consumers is just as likely to affect small businesses when they access products and services in the financial services industry. High interest rates and economic uncertainty have been a significant challenge for SMEs to face. For these reasons we reminded the FCA to consider the vulnerability of SMEs as well as individuals when it is supervising firms, especially in terms of supporting those in financial difficulty. Additionally, we have asked the FCA to consider the difficulties that some small businesses have in opening bank accounts.

We continued to engage with the Federation of Small Businesses (FSB) to discuss issues faced by SMEs and inform our engagement with the FCA. Our conversations with the FSB have focussed on SMEs' access to finance, de-banking, access to cash and, more recently, the FSB's Super Complaint¹⁵ to the FCA about banks' use of personal guarantees.

Protection and redress

The Panel believes that ensuring consumers have an effective means to obtain redress if things go wrong is critical to delivering well-functioning markets and facilitating sustainable growth. It is essential to building consumer trust and confidence: without access to redress, consumers are less likely to engage with new products or different firms.

¹⁵ Press Release | Super-complaint calls out banks' use of harsh personal guarantees which can force small business owners to put their homes on the line

Redress has been a key aspect of the Panel's work during the year, and it will continue to be so going forward. We engaged extensively with the FCA, met regularly with the Financial Ombudsman Service (FOS), and responded to several consultations. We have met with the Financial Services Compensation Scheme (FSCS) and the Financial Regulators Complaints Commissioner. During this engagement, we have advocated for redress that is, amongst other things:

- **Timely:** we have encouraged the FCA to develop a more effective redress scheme for mass redress events, where redress is provided proactively and without the need for consumers to go to FOS. We have also advocated for timeframes for firm responses to individual complaints to be reduced to 4 weeks, from the current 8-week limit¹⁶.
- **Efficient:** we have supported¹⁷ the FCA's work in relation to Motor Finance complaints to ensure any required redress is provided efficiently, while reminding the FCA that this needs to be undertaken without any unnecessary delays for consumers.
- **Fair:** we have worked with the FCA on its review of the FSCS levy, advocating for a greater focus on reducing consumer harm rather than on reducing the FSCS levy. We have advocated for increased FSCS protection, including higher limits to reflect inflation as well as for a broader coverage.
- **Equitable:** we have welcomed the emphasis on the 'polluter pays principle', as we consider this should be the cornerstone of any redress mechanism. We have supported the FCA's work on Capital Reductions for Redress¹⁸, but considered the FCA could go further. We have supported the introduction of case fees by FOS for professional representatives¹⁹, while encouraging the FOS to actively monitor the consumer impact of its proposals.

Sustainability and climate change

In light of climate change, many consumers are seeking truly sustainable investment products. They require clear and consistent information about products that either support a sustainable transition or are genuinely sustainable.

With so many competing priorities, the Panel has encouraged the FCA to keep sustainability at the core of its thinking and policy development. The new labelling rules around investments is an important first step, but consumers want to understand how the financial products they buy and use impact the climate, e.g. are firms' energy efficient, how do insurers deal with waste, what is the energy used to underpin crypto.

The FCA has a key role in ensuring firms consider sustainability and climate change in the design of their products. For example, there is already a disconnect in the

16 20250130-fscsp-response-to-fca-fos-modernising-the-redress-system-final.pdf

17 20241205-final-fscsp-response-to-fca-motor-finance-cp24-22.pdf and 20240828_final_fscsp_response_to_fca_cp24_15_extending_the_temporary_changes_to_handling_rules_for_motor_finance_complaints.pdf

18 20240320_final_fscsp_response_fca_capital_deductions_for_redress.pdf

19 20240704_final_fscsp_response_to_fos_charging_cmcs_and_other_professional_reps.pdf

timescale for the removal of the Flood Re reinsurance scheme (ending in 2039) and the term of mortgages being issued today which extend well beyond this deadline. This is an example of a lack of joined-up-thinking around the issues relating to and impact of climate change; the FCA has an important role to ensure the industry considers these issues better.

This year, the Panel welcomed the FCA's decision to extend the Sustainability Disclosure Requirements Regime²⁰ recognising its importance in protecting consumers from greenwashing and ensuring transparency in sustainable investments. Consumers need to trust in sustainability claims and the Panel advocates for robust disclosures, clear portfolio labelling, and responsible marketing practices. While supporting the overall framework, the Panel also highlighted the need for consumer testing, standardised disclosure templates, and careful implementation to maximise effectiveness.

The Panel also responded to the HM Treasury UK Green Taxonomy Consultation²¹, recognising its potential to enhance market integrity, transparency, and consumer protection.

OUR ACTIVITIES in 2024/25

To deliver on our priorities, perform our role and meet our duties in 2024/25 we:

- Held 11 Panel meetings and 23 Working Group meetings
- Had 95 discussions with the FCA of which 21 were with the Chair, Chief Executive and other Senior Executives.
- Discussed 71 financial services policy subjects affecting consumers across the range of stakeholders we engage with.
- Responded to 44 consultations issued by the FCA, other regulators and government.
- Met with 26 different external organisations including consumer organisations and advocates, industry bodies and charities.
- Met with 4 firms to see their work around the Consumer Duty
- Submitted 11 reports to the FCA Board bringing to their attention our view of the most significant issues impacting consumers.
- Completed and published the results of two research projects on: insurance pricing and renewals; and basic bank accounts, which are explored further in Chapter 4
- Participated in 9 third party events.

²⁰ 20240614_final_fscp_response_to_fca_extending_sdr_and_investment_labels_regime_to_portfolio_management.pdf

²¹ 20240614_final_fscp_response_to_fca_extending_sdr_and_investment_labels_regime_to_portfolio_management.pdf

3. Specific financial services issues

This chapter sets out the Panel's activities for the year in relation to specific issues or sectors of the financial services industry. Our remit is not limited to these issues, but in keeping with our Vision and priorities and to make best use of our time and resources, we focus our attention on areas where we see a significant risk of harm to consumers, or where there could be the most significant implications for them.

For each topic we list the Panel's relevant response(s) to consultations and policy proposals during the year and provide a link to the response on the Panel's website.

Payments and e-money

A safe, resilient and universally accessible payment system should be available to all. It should offer consumers clear informed choices and ensure consumer protections and privacy, while enabling seamless low-cost value transfers across the economy.

Payments are essential for everyone to participate in modern society. We remain highly concerned about poor behaviour by firms, inconsistent consumer protections and the costs, risks and settlement delays faced by smaller merchants. These concerns are further exacerbated by a high pace of change and innovation and a lack of transparency and understanding. For this reason, we view payments as one of the highest risk sectors in terms of consumer harm and non-compliance with the Consumer Duty.

We have discussed our concerns with the FCA and PSR throughout the year, in meetings and through formal responses to consultations and by providing further input in relation to HM Treasury's Future of Payments Review, to which we made a formal response last year²². The key points we have raised include:

- For payments to deliver good outcomes for consumers, consumers must trust individual payment systems and the wider payments landscape. This requires payment systems to be safe, secure, integrated and reliable. A key threat to safety and security is the prevalence of fraud, and so we have called for strengthening of the regulatory regime addressing payments, as well as for enhanced protections against APP scams and mandatory reimbursement for APP scam victims.
- Consumer protection, redress and remedies across the Payment System are not consistent, making payments complex for consumers to understand. As a result, consumers are not able to make informed choices about which payments mechanism to use for which payment. We have argued that all payment accounts should have FSCS-like protection attached, rather than the weaker safeguarding regime.

²² 20230905_final_fscp_response_-_hmt_future_of_payments_review_call_for_input.pdf

- We welcome digitisation in payments, however the increasing digitisation – including via crypto currency offered by financial services firms and a potential Central Bank Digital Currency – poses the risk of creating fragmentation in the overall system, if not carefully implemented. In turn, this fragmentation could lead to a greater rate of financial exclusion, fragmentation and friction, higher costs, new unwanted risks, a loss of competition, significant economic inefficiencies and, ultimately, economic, and societal instability.
- Smaller merchants, particularly consumer-facing merchants, are highly dependent on card acceptance and in so doing face higher charges, greater risks and slower settlement times than their larger peers. Improvements should be encouraged in this area – including by stimulating greater merchant awareness and transparency around the risks and charges they face.

We support the long-term and strategic approach to addressing these (and other) issues in the payments sector via the development of the National Payments Vision ²³. We will continue to engage with regulators and HM Treasury as this Vision is implemented.

We have also conducted research to assess consumer use and understanding of non-traditional payment mechanisms. This is discussed in Chapter 5 of this report.

Our consultation responses:

FCA CP24/20: changes to the safeguarding regime for payments and e-money firms

FCA GC24/5: enabling a risk-based approach to payment processing

PSR CP24/11: faster payments APP scams – changing the maximum level of reimbursement

FCA and PSR call for information on Big Tech and digital wallets

PSR market review of card scheme and processing fees interim report and consultation

JROC's proposals for the design of the Future Entity for UK Open Banking

Access to essential banking services

All consumers and SMEs should be able to access fair value essential banking services to support their everyday lives, using the method that best suits their needs and preferences (including those who, by necessity or choice, rely on cash and/or face-to-face contact with their banking provider). This includes the right to deposit, store, transfer and withdraw money.

The scope of banking services includes current and savings accounts (including basic bank accounts), cash withdrawals and deposits, and additional services (whether online or

²³ <https://www.gov.uk/government/publications/national-payments-vision>

in person) that support customers with a range of needs and requests such as transfers, power of attorney and bereavement.

We have engaged with debates around access to banking services, including for vulnerable consumers, and the importance of accessibility for all consumers as services move towards a more digital platform. We have also shared views with the FCA on the importance of ensuring appropriate channels for accessing banking services remain available to consumers in light of closures of physical bank branches and Post Offices (which also provide some banking services).

We were also encouraged to see the work published by the FCA on both its final rules on Access to Cash²⁴ and an update on account closures²⁵, including ‘de-banking’, after numerous conversations with the FCA throughout the year. The Panel continues to advocate for all consumers, particularly those who may be vulnerable or disadvantaged, to be able to access everyday banking services that are inclusive, fair and good value.

The Panel also published the findings and recommendations on research it conducted into the ways consumers understand and use non-traditional payment mechanisms and basic bank accounts, the details of which you can read about further in Chapter 4.

Open Banking

Open Banking must deliver safety, control, and value for consumers (including those in vulnerable circumstances). There should be clear accountability for data, supported by secure and robust systems. Open Banking data-sharing and payment processes should be accessible and transparent so consumers can make informed choices. Ongoing innovation and system design in this area must put the needs of consumers first.

Open Banking is a secure way for consumers and businesses to give regulated third-party providers (TTPs) access to their payment account data and to initiate payments. Its rollout has progressed this year and prominently featured as a key component of the National Payments Vision.

In 2024, the Competition and Markets Authority announced the completion of the initial Open Banking Roadmap²⁶, and in early 2025 the FCA and PSR set out next steps²⁷ focused on transitioning to a long-term regulatory framework. A group of firms has agreed to fund a new company to deliver the initial phase of work on commercial Variable

24 <https://www.fca.org.uk/publications/policy-statements/ps24-8-access-cash>

25 <https://www.fca.org.uk/publications/corporate-documents/uk-payment-accounts-access-and-closures-update>

26 <https://www.openbanking.org.uk/news/cma-confirms-full-completion-of-open-banking-roadmap-unlocking-a-new-era-of-financial-innovation>

27 FCA and PSR set out next steps for open banking | FCA

Recurring Payments (cVRPs), aiming to improve payment flexibility for consumers and businesses.

Open Banking is playing an increasingly central role in how consumers and SMEs make payments and manage their financial data, making it essential to address current gaps in protection.

We are concerned that innovation in this space is too heavily shaped by industry voices, leaving consumer interests underrepresented. The current system exposes consumers to risks from poor agent oversight, weak dispute resolution, and limited fraud protections. Many consumers lack visibility over where their data goes or how it is monetised and are unaware that Open Banking payments carry fewer protections than other methods. Without clear accountability, equivalent safeguards, and stronger consumer control, Open Banking risks leaving consumers, particularly those in vulnerable circumstances, exposed to harm.

In our discussions with the FCA, we have continued to advocate for equivalent consumer protections to apply to Open Banking. We have also asked that innovation in this space puts consumer needs first.

Our consultation responses:

JROC's proposals for the design of the Future Entity for UK Open Banking

Lending

Consumers should be able to understand the products available to them and make informed decisions about suitability, long term implications and costs. They should be supported when they face temporary repayment difficulties and not face unfair barriers to switching.

The cost-of-living crisis, along with higher interest rates and the impact of geopolitical disturbances has forced many consumers to increase their borrowing to fund day-to-day expenditure. It is for this reason we were very pleased to liaise with the Illegal Money Lending Team²⁸ to understand what we could do through our engagement with the FCA to limit consumers falling victim to illegal money lenders. Although by their very nature these lenders are not regulated and are therefore outside the perimeter of the FCA, by liaising with the FCA and stressing the importance of affordable credit lines for non-mainstream borrowers, we felt that we could impact the number of consumers who feel forced to take out illegal loans. The Panel was pleased to see the FCA and Fair4allFinance work together with other parties to try to create a sustainable business model for affordable credit.

²⁸ <https://www.stoploansharks.co.uk/who-we-are/>

Consumer access to credit is heavily impacted by credit ratings and the FCA's 2023 Credit Information Market Study supported the Panel's long-held view that the inaccuracies in credit files were creating consumer harm. We welcomed the key reforms suggested by the FCA and want to ensure more than token consumer representation in the new Credit Reporting Governance Body. Additionally, we would like to see greater incentives for Credit Reference Agencies and Data Providers to ensure accurate and more timely data. These changes should increase financial inclusion. On a related topic, the Panel had mixed views on the FCA's review of 'credit builder' products. Here the FCA concluded that many of these innovative fintech products were giving consumers poor value, which of course we would not want to encourage; however, the prevailing Credit Reference Agencies have their own credit builder products that operate in a similar manner and therefore we would like to ensure a level playing field.

The Panel supports the move to bring Deferred Payment Credit (DPC) products (more commonly known as Buy-Now-Pay-Later products) into the regulatory perimeter. The risk of harm by consumers taking on many of these small loans without lenders having sight of their wider borrowing, will be reduced, which will reduce the likelihood of DPC turning into problem debts. These interest free products are important lifelines for many consumers and when used sensibly can smooth out payment profiles and improve affordability. We therefore encouraged the FCA to ensure that the market operates in such a way that consumers still have access to these products, where it is an affordable option for them.

Our consultation responses:

FCA CP 24/29: Consumer Credit Regulatory Returns: credit broking, debt adjusting, debt counselling and providing credit information services

HMT consultation on draft legislation: Regulation of Buy-Now, Pay-Later

Financial difficulty and debt advice

Consumers should have access to high-quality and tailored support and advice when they need it. This should allow them to resolve debts without compromising their ability to pay for essentials, as well as promote their long-term financial wellbeing. The system of support for consumers in financial difficulty should work holistically and efficiently as a whole so that harm is minimised.

The system of support for consumers in financial difficulty – whether it be short-term issues meeting payments or bigger and longer-term issues requiring formal debt advice – should work holistically and efficiently as a whole, so that consumers receive good outcomes as required by the Consumer Duty. This continues to be important as the increased cost of living continues to impact millions of people across the UK.

With this in mind, we have had meetings with the Money and Pensions Service whose work identifies the level of need for services across the UK to share our views about capacity and quality in the debt advice sector. We are looking forward to discussing with the FCA its work to review CONC rules and the importance of this in the provision of debt advice services.

We had meetings with Fair for All Finance and noted the increasing number of people struggling with debts and the changing nature of these debts, underlining the importance of ensuring capacity exists in the system over multiple channels.

Our consultation responses:

Money and Pensions Service Debt Advice Strategy 2025-28

General insurance

General insurance products are vital for consumers and provide them with protection when things go wrong. Consumers should not only have a clear understanding of products and charges, but they should also receive fair value, understand any commission paid, and be able to make claims in a straightforward manner.

We remain engaged with the issues arising in the General Insurance (GI) market and continue to bring to the FCA's attention our key concerns regarding the poor conduct of firms – and consequent risk of poor consumer outcomes – in the insurance sector. One of our longstanding concerns is that loaded premiums are being used to generate commissions, contrary to the consumer interest. This does not offer fair value to consumers. Combined with inflation and the ongoing cost of living issues, consumers are facing harm which is not in line with the principles under the Consumer Duty. We remain concerned about consumer confusion around whether or not they have received regulated advice when insurance products are distributed online. With the increased use of social media, we are also concerned about the increased volume of advertising on social media and misleading adverts by social media influencers.

We responded to the FCA's discussion paper on the regulation of commercial and bespoke insurance business and will read with interest the FCA's follow up consultation. Our long-held Panel position is and remains that consumers, microbusinesses and most smaller SME firms should enjoy the same level of safeguarding and protection as provided for the FCA handbook and the ability to bring cases to the Financial Ombudsman Service and Financial Services Compensation Scheme.

The Panel also welcomed and fully support the FCA's inaugural Pure Protection Market Study. We will continue to meet regularly with FCA teams to discuss this area of the industry, along with the wider general insurance market, to share insights, updates, and next steps.

The Panel also had regular representation at the quarterly meetings of the Association of British Insurers' Consumer Advisory Group alongside a roundtable discussion with Which?, Citizens Advice and StepChange on the findings from the Panel's research on insurance renewals, discussed further in Chapter 4.

Our consultation responses:

FCA DP24/1: Regulation of commercial and bespoke insurance business

Advice and Guidance

Consumers should have access to high-quality, timely and affordable financial help. Regulation and policy should be informed by consumers' holistic needs and supported by robust evidence that proposals will lead to mass market solutions leading to improved financial outcomes and reduction in harm for all consumers. Consumers should understand the limits of any protections, complaints processes, and routes to redress and compensation.

We acknowledge the imperative to improve the provision of financial advice and guidance but remain unconvinced that the current proposals will benefit the majority of consumers. We discussed our concerns with the FCA throughout the year. We are particularly concerned about the following aspects of the proposals to launch a new service called Targeted Support:

- The absence of critical success factors and SMART measures to ensure the proposals are focussed on appropriate activities and outcomes
- A lack of evidence underpinning the ambition that the new service should be a mass-market solution
- Little information on consumer protections, casting doubt on the likely impact of the proposals
- An approach that focuses on the customers of individual firms, rather than on the holistic needs of consumers, potentially leading to confusion, loss of trust, and/or inaction by consumers

We urged the FCA to leverage their regulatory independence in order to ensure that they take the time necessary to develop final proposals that are likely to deliver their intended aims for consumers, the economy, and the FCA.

We commissioned research to understand the types of financial help needed by consumers in response to various life-triggers, such as divorce, and will share our findings with the FCA when our research is complete.

Our consultation responses:

FCA CP24/27: Advice Guidance Boundary Review – proposed targeted support reforms for pensions

Pensions and later life

The Panel believe consumers should be able to make informed, appropriate, and timely decisions about later life products and services to ensure they obtain good financial outcomes in retirement.

Consumers benefit from ongoing engagement with their pensions throughout their working lives because decisions at critical times will impact their financial outcomes in retirement. However, widespread engagement has not been achieved, for a variety of reasons. Poor financial outcomes in retirement also impact negatively on economic growth and welfare costs.

We responded to consultations from the FCA, Treasury, and Department of Work and Pensions. Our key points are:

- Proposals aimed at reducing harms and improving the outcomes of individual savers are highly likely to generate economic growth. In contrast, proposals aimed first and foremost at economic growth increase the likelihood of harms eg mis-selling scandals, loss of consumer confidence and trust
- Proposals should be based on data at the level of the consumer, rather than at the level of separate pensions ('pots')
- Value for money in pensions: digital tools should be tested with consumers to obtain evidence about their emotional and behavioural reactions
- Consolidation of pension pots: consumers should have access to simple comparator tools to ensure they understand the risks and benefits
- Pensions and compensation limits should be standardised across regulators (FCA and The Pensions Regulator) and ombudsmen (FOS and The Pensions Ombudsman)
- The Consumer Duty should be emphasised and be assertively enforced where necessary
- While we support the possibility to utilise a wide range of investments in pensions, we have serious concerns about the pressure to invest pensions funds in higher-risk productive assets to grow the economy. We believe that this is a decision that should be left to the trustees.

Our consultation responses (in addition to the AGBR proposal listed under Advice & Guidance):

FCA DP24/3 Pensions: Adapting our requirements for a changing market

Pensions Investment Review Call For Evidence

FCA CP 24/4: The regulatory framework for pensions dashboard service firms: further consultation

DWP public consultation on options for defined benefit schemes

Consumer investments

The Panel believes consumers should be served by an effective investment market that meets their needs where they are able to understand the options available to them and have the right information to make effective investment decisions.

We will continue to recommend the use of client self-certification is removed; we were discouraged with announcements made by the previous Government to reverse changes to the financial promotions order exemption²⁹.

With the rise of crypto, we anticipate that Consumer Investments in both regulated and unregulated products will only continue to grow. As a result, it is crucial that consumer disclosures are designed in a way that allows consumers to make effective decisions and easily compare the risks and benefits of different options, including across product types. We have and continue to advocate for standardised disclosures where it will likely benefit consumer decision making. We have encouraged the FCA to think broadly in relation to disclosures (e.g., written, video and in app). Within the majority of our consultation responses and interactions with the FCA, we have stressed the importance of effective consumer testing to determine which approaches are most effective in supporting consumers in making decisions about their investment options. This applies for asset management, stablecoins, and all other consumer investment areas.

Access to capital for SMEs remains a major obstacle to economic growth. Consumers' better use of capital also plays an important role in driving economic development. While the UK Pension Reform, the Private Intermittent Securities and Capital Exchange System (PISCES), and the Private Offering Platform (POP) regimes promise to improve capital and investment access for consumers, including SMEs and high-growth businesses, such initiatives should not dilute investor protection in the pursuit of growth.

²⁹ <https://www.fca.org.uk/news/statements/changes-financial-promotions-order>

Our consultation responses:

HMT call for evidence on Pensions Investment Review

FCA's consultation on a new Public Offer Platform

HMT call for evidence on the Financial Services Growth & Competitiveness Strategy

FCA's Consumer Composite Investments consultation

4. Our research projects, our recommendations and the FCA's response

We have a small annual budget to carry out research. We aim to stimulate debate and influence policy in areas where there are risks for consumers that are not being addressed, or gaps in understanding of how financial services products and services affect consumers.

In our previous year's annual report (2023/24), we highlighted some quantitative research projects we were undertaking. We have since published our findings and recommendations on these projects, firstly on the experience consumers face when renewing their insurance³⁰ and secondly on consumers' use and understanding of non-traditional payment methods and basic bank accounts³¹.

Below we set out a summary of our research projects but encourage those interested to read further using the above links. We also provide here our recommendations to the FCA, based on the insights from the research and subsequent discussion with other consumer organisations. Finally, we provide the FCA's response to our recommendations.

Insurance Renewals

SUMMARY OF FINDINGS

The Panel commissioned research into consumers' experience of home, car and travel insurance pricing at renewal. This research found that many consumers experienced price increases – averaging 27% for car, 22% for home and 13% for travel insurance. Beyond these averages, some consumers faced even more significant price increases at renewal. The research also showed that consumers were taking action to reduce the impact of price increases, with negotiation the most likely to succeed but the least likely action to be taken. The fact that 85% of consumers who negotiated with their existing provider received a reduced price raised questions for the Panel regarding the value for money of the initial renewal quote and the outcome for those consumers not willing or able to negotiate.

³⁰ https://www.fca.org.uk/panels/consumer-panel/publication/8a_final_general_insurance_research_paper.pdf

³¹ https://www.fca.org.uk/panels/consumer-panel/publication/9a_final_fscp_summary_report_payments_and_bbas_final.pdf

OUR RECOMMENDATIONS

1. The FCA needs to act to ensure that consumers renewing their insurance achieve a good outcome, receive value for money and are treated fairly, in line with the obligations on firms contained within the Consumer Duty, without having to shop around, negotiate or change their cover.
2. As the research demonstrates, consumers can reduce the renewal price through negotiation with their existing provider. Therefore, the FCA must question how the original renewal price meets the obligations on firms contained in the Consumer Duty:
 - How does the original renewal quote meet the fair value criteria?
 - Are those consumers who don't negotiate overpaying? Is this a good outcome?
3. The FCA should consider whether vulnerable and other consumers, who are or may be less likely to negotiate, are being harmed by over-paying for their insurance on renewal and/or are receiving reduced value.
4. To support consumers in making informed decisions around provider, product and value the FCA should ensure that regulation enables consumers, and consumer groups, to request full disclosure of the data fields used to determine insurance premiums. (note: this echoes the Panel's call on the FCA following The Panel's research into AI and algorithms in 2023)
5. The FCA should develop disclosure rules to ensure firms are more proactive and transparent about why a consumer's premium has changed at renewal;
 - Information must be understandable and go beyond 'inflation' or 'higher repair costs' it should explain changes in risk assessment in relation to the consumer and other factors underlying the increase e.g., changes in the rating of postcode areas or car group, or claims history/points accumulated.
 - Firms should include information on the average renewal pricing change across the firm over the preceding 6 months with the renewal invitation – this helps inform consumers and allow them to make better, more informed decisions.
 - Firms should give consumers information on how they can reduce renewal premiums, for example by altering the level of excess or reducing cover (along with full disclosure of the risks associated with such changes).
6. The FCA should consider the consequences of high renewal pricing, such as increases in uninsured consumers, under-insurance and the impact of increased switching.
7. The Panel believes the FCA needs to pay close attention to pricing in relation to insurance products, especially with regard to:

- mandatory insurance such as motor, home (for mortgagors) and professional indemnity insurance; and
- how commission is disclosed and the degree to which commission influences prices in insurance premium

FCA RESPONSE

The Panel commissioned research into consumers' experience of home, car and travel insurance pricing at renewal. This research found that many consumers experienced price increases – averaging 27% for car, 22% for home and 13% for travel insurance. Beyond these averages, some consumers faced even more significant price increases at renewal. The research also showed that consumers were taking action to reduce the impact of price increases, with negotiation the most likely to succeed but the least likely action to be taken. The fact that 85% of consumers who negotiated with their existing provider received a reduced price raised questions for the Panel regarding the value for money of the initial renewal quote and the outcome for those consumers not willing or able to negotiate.

The FCA thanks the Panel for its comprehensive research and recommendations on consumer experiences of insurance renewals. We appreciate the insights provided, particularly regarding the price increases faced by consumers at renewal and the challenges around negotiation and value for money. We have undertaken significant work to ensure that consumers renewing their insurance receive good outcomes. This takes several forms – for example, our fair value rules require insurers to regularly assess if their products represent fair value, and to act where necessary. The Consumer Duty complements this, by requiring firms to produce and review management information on consumer outcomes. We also introduced rules in 2021 to tackle 'loyalty penalties', preventing firms from using negotiation to 'price-walk' customers. We are evaluating the impact of our pricing rules this year and will consider your findings through this work.

We agree that ensuring that customers are provided with an appropriate level of information about the options available to them is also key. There is an important balance to strike here, between transparency and ensuring that customers receive appropriate information that enables them to make informed decisions. We have found in the past that disclosing granular details, such as rating factors, can inadvertently lead to quote manipulation by customers, potentially resulting in a lack of coverage at the time of a claim. Our 2023 [guidance on supporting customers in financial difficulty](#) emphasised the importance of providing information to customers in a timely and understandable format.

We have looked at consumer understanding in our payments strategy work and are also considering it in ongoing open banking strategy work. We are prioritising work on the clarity of foreign exchange pricing to help ensure consumers better understand what they are paying and on 1 May 2025 we published Consumer Duty: International payment pricing transparency – good and poor practice. We will continue to support firms in improving their practices and take action where standards are not met.

We understand the impact that rising insurance premiums have had on consumers, and our Insurance Portfolio Strategy for 2023-25 identified the delivery of fair value as our number one priority. We will continue to push this forward through several initiatives – for example, we are currently undertaking additional priority work to analyse the motor insurance market, alongside a Government-led taskforce, to better understand the reasons for recent increases, and to ensure that all customers receive fair value, – including those less likely to negotiate.

Use and understanding of non-traditional payment methods and basic bank accounts

SUMMARY OF FINDINGS

Traditional payment methods were the most used by respondents, with a lack of knowledge and trust in the provider/technology preventing greater use of other new payment types, such as Open Banking, crypto and third-party money transfer services. While respondents claimed to have a good understanding of protections, redress and costs related to new payment methods, the Panel was concerned that this may be at odds with the real situation, which is varied and complex with levels of protection often lower, and fees higher, than some traditional methods.

In light of a rapidly evolving and complex payments sector, long-term cost-of-living pressures and increasing vulnerability, the Panel wanted to explore consumer use and understanding of basic bank accounts (BBAs) and new payment methods. The survey revealed that 13% of respondents had a BBA, having opened one to make it easier/less complicated to manage money, budget and stay debt-free. However, analysis suggested a quarter (25%) of people without a BBA had experienced issues that would make a BBA helpful.

OUR RECOMMENDATIONS

Non-traditional payment methods

The FCA should consider asking providers of non-traditional payment mechanisms how they are assuring themselves that customers understand the information

provided about the costs, risks protections and redress that apply to chosen payment mechanisms, as required by the consumer understanding outcome of the Duty.

The FCA should consider conducting consumer research to test consumers' actual understanding of the costs, risks, protections and redress that apply to the types of non-traditional payment mechanisms covered by the Panel's research. The FCA could also consider a mystery shopping exercise to test the usefulness of firms' information on this point.

Basic Bank Accounts

The FCA should explore with firms that are required to provide BBAs how they are promoting and making available BBAs so that all those who may benefit from a BBA are made aware of and can access them.

Given the importance of BBAs for consumers in vulnerable circumstances, the FCA should pay particular attention to whether and how firms are promoting and making available BBAs to these consumers.

The FCA should ensure that firms are promoting and making BBAs available through a wide range of communications channels in a way that is easily accessible to consumers, and in keeping with the Customer Support and Customer Understanding Outcomes under the Consumer Duty (the Duty). This will ensure information reaches the greatest number of consumers, according to their circumstances, needs and preferences, enabling them to make suitably informed decisions.

FCA RESPONSE

The FCA thanks the Panel for its research and valuable recommendations.

We welcome your focus on ensuring consumers are equipped to understand the costs, risks and protections associated with non-traditional payment mechanisms. We recognise the importance of this and expect firms to provide clear and timely information, presented in a way they can understand, under the Consumer Duty's consumer understanding outcome.

Last year, we published the key findings from our review of payment firms' implementation of the Consumer Duty including examples of good and poor practice. We set out our priorities for payments firms in our Dear CEO letter of February 2025, including our continued focus on effective implementation of the Consumer Duty, particularly the consumer understanding outcome. We are continuing to engage with the sector through a number of channels regarding the Consumer Duty and are intending to deliver a further webinar to firms later this year.

We have looked at consumer understanding in our payments strategy work and are also considering it in ongoing open banking strategy work. We are prioritising work on the clarity of foreign exchange pricing to help ensure consumers better understand what they are paying and on 1 May 2025 we published Consumer Duty: International payment pricing transparency – good and poor practice. We will continue to support firms in improving their practices and take action where standards are not met.

Furthermore, as part of our follow-up work on payment account access and closures, we published a report in September 2024 which included our findings on the provision of Basic Bank Accounts (BBAs). We found that many firms were not making the existence of BBAs clear to customers and that there was significant scope for improvement in several areas. We set out our expectations for improvements including on consumer understanding and awareness of BBAs, on adapting the application journey to make it easier for eligible consumers to apply for and obtain BBAs and on ensuring firms are embedding the requirements of the Consumer Duty. We subsequently conducted a review of firms' websites which concluded that firms appear to have made limited progress in implementing the recommendations of our report.

The Panel's research is in line with the findings from our own work. We recognise the importance of BBAs in improving financial inclusion, including firms sufficiently promoting and making available BBAs to eligible consumers, particularly those in vulnerable circumstances and in line with their obligations under the Consumer Duty. We will be following up with firms on the implementation of our recommendations and will take the Panel's recommendations into account in our approach. We will start later in 2025, to allow firms sufficient time to have implemented our recommendations and tested their effectiveness. We will continue to engage with the Panel while we progress this crucial area of work.

Our research for 2024/25

This year, the Panel set out to better understand what types of help consumers seek and prioritise when facing key financial decisions, particularly at critical life events or financial trigger points. We are exploring whether consumers' needs align with the FCA's product-focused approach within the Advice Guidance Boundary Review (AGBR).

Our working hypothesis is that consumers making life-event-driven financial decisions may place greater value on holistic, personalised support rather than narrowly product-focused advice.

The research is made up of both quantitative and qualitative projects in collaboration with YouGov which we hope to publish the findings of later this calendar year. We look forward to engaging with the FCA on these findings, our recommendations and any potential next steps. We will also provide an update in our next Annual Report.

5. Our priorities for the year ahead

Each year we review our priorities and set them for the upcoming year in the context of the FCA's own priorities and the external environment. This section sets out the Panel's priorities for 2025/26. We reprioritise during the year if circumstances require us to do so.

Keeping consumers front and centre, protecting against harm

As the repercussions of geopolitical change unfold, consumers face an uncertain future, ongoing financial challenges and heightened risk of harm. We will keep consumers' interests and protection against harm at the forefront of policymaking. We will advocate in particular for consumers who are vulnerable; and for consumers to be protected against and appropriately reimbursed where they fall victim to fraud and scams. We will press the FCA to keep the Consumer Duty at the forefront of its approach: actively and effectively supervising and enforcing the Duty to stamp out poor practices and deliver positive outcomes for consumers.

Ensuring innovation, economic growth and risk transfer benefit consumers

We want consumers to participate in and benefit from a thriving, dynamic economy, with innovative financial products and services delivering tangible, lasting benefits, value for money and good consumer outcomes. But innovation and growth must not come at the expense of consumer protection and should be inclusive of all consumers – empowered to take part in a thriving financial sector, so they can make informed decisions-including around the risks they are taking on.

Safeguarding consumer interests during regulatory change: the consumer voice-transparency-fairness- good outcomes for consumers

During a period of regulatory change-for example in redress, FOS review, absorption of the PSR into the FCA, a new crypto regime and Open Banking and Finance- we will maintain a strong focus on the consumer interest and delivery of good consumer outcomes. We will continue to press for improvements in incorporating the consumer voice in the FCA's approach. We will advocate for the FCA's emphasis on proportionality for firms to be matched with an equivalent focus on improved transparency at the FCA: in particular around demonstrable independence, and robust, evidenced-based decision-making.

Thematic issues

There are some issues which run throughout all that the Panel does. These do not have specific deliverables attached like the workplan items. Rather, they are to be considered as appropriate when the Panel meets with the FCA and when it responds to a consultation. Below is a summary of the key considerations under each theme:

- **Consumer Testing** – Consumer testing is essential to inform any FCA policy change with the potential for direct or indirect consumer impacts. Firms must be incentivised to use consumer testing throughout the customer journey to ensure products and services achieve appropriate consumer outcomes.
- **Financial inclusion** – Financial inclusion is a key part of markets working well (the FCA's strategic objective). In the long term, the Panel would like to see the FCA's statutory duties include a requirement to have regard to financial inclusion.
- **Redress** – Consumers should have access to timely, fair and transparent redress. There should be consistency in the accountability and outcomes across the regulatory system. It should be clear to consumers the steps they should take when something has gone wrong, and they should have confidence they will be appropriately reimbursed.
- **SMEs, financial services and growth** – SMEs face challenges in accessing fair and appropriate financial services. Regulatory protections for them are often unclear; the Panel is concerned that their experiences are not fully understood or reflected in policy decisions. Although SMEs play a vital role in fuelling economic growth, their access to capital is a major obstacle to growing the economy. While the UK Pension Reform, the Private Intermittent Securities and Capital Exchange System (PISCES) and Private Offering Platform (POP) regimes promise to help SMEs and high-growth businesses better access to capital, such initiatives should not come at the expense of appropriate investor protection.
- **Technology**: Technology must be developed and deployed with all consumers in mind (including those who are digitally disadvantaged) to minimise harm and maximise fairness through the responsible collection, use, and sharing of data. Consumer representation throughout the development of systems, processes, and procedures is essential. Understanding consumer needs, experiences, and potential risks will help regulators and firms stay focused on positive consumer outcomes and ensure data and systems are used fairly and ethically to provide benefits to consumers.
- **Vulnerability** – Firms must recognise that vulnerability – permanent or temporary – may be caused by a wide range of risk factors (social, medical or situational) – including firms' own behaviour. The focus should be on the challenges consumers face, not the cause. The Panel expects to see outcomes for vulnerable customers improve under Duty.

Appendix I:

Diversity Statement

The FCA has agreed to adopt diversity targets for all the FCA's Independent Panels. These targets reflect those introduced by the FCA in April 2022 for the board and executive management of listed companies:

- At least 40% of each Panel are women
- At least one of the senior positions (Chair, Deputy Chair or equivalent) across the Panels is held by a woman
- At least one member of each Panel is from an ethnic minority background

To monitor our progress against these targets diversity monitoring information is collected from Panel members on a voluntary basis. Based on the data collected, as of 31 March 2024:

- 71% of the Consumer Panel are women. This meets the target set by the FCA
- Across all the Independent Panels, the target for at least one senior position to be held by a woman is exceeded
- 4 Independent Panels meet the target that at least one member is from an ethnic minority background

The Panel supports the FCA in its objectives of improving diversity in the appointments it makes to all the Independent Panels

NOTE – Data is reported across all Panels where disclosure on an individual Panel basis would lead to the release of personally identifiable information.

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978-1-5286-5792-1