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Financial Conduct Authority
12 Endeavour Square
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12 May 2022

By email: CP22-6-Chapter-6@fca.org.uk

Dear Sir/Madam,

Financial Services Consumer Panel response to the FCA's consultation on consumer redress scheme for unsuitable advice to transfer out of the British Steel Pension Scheme (BSPS) – Question 19 Chapter 6

The Panel welcomes the opportunity to respond to this consultation on the proposed consumer redress scheme for unsuitable advice to transfer out of the BSPS. As requested, the Panel will be responding to question 19 in this submission and our responses to the other questions posed, will be submitted at a later date.

Please find response to question 19 in Annex 1 below.

Yours faithfully

Wanda Goldwag

Chair, Financial Services Consumer Panel

Annex 1 - Consultation Question

Q19: Do you have any comments on the high-level proposals for redress calculations?

The Panel is supportive of the high-level proposal for redress calculation and believe that the consumer should be put into the position they would have been in if the advice they received had been suitable.

The Panel would however make the additional points as follows:

1. Where any determination is made about the route a consumer may have taken had suitable advice been given, the Panel would propose the redress calculation assumes consumer decisions would have been made that maximises the redress calculation, not minimises it, only unless the firm has irrefutable evidence to assume otherwise
2. The Panel believe that in instances where consumers suffered further harm due to receiving unsuitable advice (for example, not being able to afford mortgage payments and therefore losing their house), that these instances should be taken into account as they have been caused by the outcome of the unsuitable advice.
3. For many BSPS members, the redress payment may be a large sum, potentially the largest lump sum they have received – it is therefore vital that the FCA ensures that suitable, appropriate, accessible, and free advice is given to the scheme members to help them understand the options available to them, and how best to handle this.
4. The Panel would prefer an approach where a firm must automatically pay redress to the customer as opposed to the customer applying for the money to be sent.