

# Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

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By email: [cp23-08@fca.org.uk](mailto:cp23-08@fca.org.uk)

Dear Sir / Madam,

## **Financial Services Consumer Panel response to FCA consultation on Multi-occupancy Building Insurance**

The Financial Services Consumer Panel (the Panel) is an independent statutory body. We represent the interests of individual and small business consumers in the development of financial services policy and regulation in the UK.

We welcome the opportunity to respond to this consultation on multi-occupancy building insurance and fully support the measures set out in this consultation together with the Department of Levelling-up, Housing and Communities' intention to bring forward legislation prohibiting property managing agents, landlords and freeholders from receiving commissions and other payments when taking out building insurance, and to improve transparency and disclosure for leaseholders.

The Panel would like to express the following general observations:

- The risk of poor outcomes experienced by leaseholders because of secret commissions and payments to property managing agents and freeholders by insurance brokers is of concern to the Panel. The poor outcomes experienced risk being compounded by weak market competition together with questionable insurer and broker conduct.
- The interests of leaseholders (and others in similar positions) should be properly considered when firms design their products with the leaseholder considered as a customer and insurance firms required to act in their best interests.
- Premiums charged must provide fair value to leaseholders as well as freeholders.
- The remuneration of all parties involved in the insurance distribution should be disclosed and commensurate with the risk, work done, and importantly, the benefits, support and services provided to leaseholders.
- Leaseholders should be provided with sufficient information to enable them to challenge poor practices and unfair premium costs charged to them.
- The FCA should look closely at brokers establishing captive insurance vehicles as a means of seeking to provide an income to third parties and thwart the proposed regulatory change that would stop the payment of secret and excessive commission plus improve transparency, value and treat the property owner/leaseholder as the customer.

Our responses to the questions posed in the consultation are included at Annex A below.

Yours sincerely,

Helen Charlton  
Chair, Financial Services Consumer Panel

## **Annex A – responses to questions**

### **Q1: Do you have any comments on our proposed three-month implementation period?**

The Panel is very concerned by this issue and believes that implementation is required as soon as possible and therefore agrees with the three months proposed.

### **Q2: Do you agree with our proposal to introduce new disclosure requirements for multi-occupancy building insurance policies? If not, please explain why?**

The Panel strongly agrees.

### **Q3: Do you agree with the proposed contents of disclosure, if not, please explain why?**

The Panel agrees with the approach to disclosure proposed.

### **Q4: Do you agree with the proposed format and timing of the disclosures? If not, please explain why?**

The Panel agrees with the approach to disclosure proposed.

### **Q5: Do you agree with the inclusion of contracts of large risks in our proposals? If not, please explain why?**

The Panel agrees.

### **Q6: Do you agree with our proposed changes to how the PROD rules apply for the protection of leaseholders? If not, please explain why?**

The Panel agrees.

### **Q7: Do you agree with our proposed extension of the PROD rules to cover all policyholders and policy stakeholders? If not, please explain why?**

The Panel agrees.

### **Q8: Do you agree with our proposed changes to the ICOBS customer's best interests rule, and related rules? If not, please explain why?**

The Panel agrees.

### **Q9: Do you agree with our proposed changes to SYSC remuneration rules? If not, please explain why?**

The Panel agrees.

### **Q10: Do you have any comments on our cost benefit analysis?**

No comment.