Fin prom research 2008 – key messages

- The project involved a review of financial promotions in national newspapers, published on Friday 15th February 2008, together with two regional daily newspapers from the Yorkshire area and two local newspapers from the London area. In total, 226 financial promotions were published.

- Overall 33% of financial promotions reviewed did not comply compared with 57% last time around.

- The improvement in the figures is skewed by the general insurance results which were particularly poor last time the research was conducted but now indicate a relatively high level of compliance. The FSA has evidently done some good work in this sector, reflected in these improvements.

- Outside of the general insurance results, though, there are still unacceptably high levels of non-compliance in many key markets, including some where there are high levels of potential consumer detriment:

    - One of the worst areas for compliance is investment products, a particularly difficult area for consumers to navigate.

    - Mortgage promotions showed no discernible improvement from the last research, which is of concern at a time when the market is particularly fragile.

    - One of the poorest areas for compliance was home reversion firms. These were not regulated last time the research was conducted. As these are high risk products offered to often vulnerable consumers there is a significant chance of consumer detriment should firms breach the rules.

- As the Panel recommended after the previous research in 2006, the FSA should consider putting greater transparency measures in place to help to raise the standards in print and online promotions, by publishing promotions and advertisements that do not reach the standard as soon as they are identified. This already happens with broadcast financial services advertising, under the auspices of OFCOM and the Advertising Standards Authority.

- Broken down according to the individual product areas, the percentage of promotions found to be *non-compliant* were (with figures in brackets for the last project in 2006):

    - 43% of mortgage promotions (47%);

    - 42% of investment promotions (43%); and

    - 2% of general insurance promotions (79%).

- Where the same financial service brand produced different adverts advertising different products the same types of rule-breaches tended to be repeated – for example, over emphasis on headline points and underemphasis on important drawbacks. There did not appear to be a relationship between the size of the firm and the level of compliance. Some major banks appear to have some problems over the level of compliance. One major bank produced clear adverts in the mortgage category but unclear adverts in the investment category. However, the financial promotions for another major bank exhibited good practice across their range of products.