

Log of live Wider Implications issues November 2024

1. British Steel Pension Scheme (BSPS)				
Issue outline	Actions so far	Outcomes sought	Timescales	Organisations involved
<p>Ensuring that consumers who were given unsuitable advice to transfer out of the British Steel Pension Scheme (BSPS) and suffered harm get redress.</p>	<ul style="list-style-type: none"> • In-person and virtual events with steelworkers and MPs in Scunthorpe and South Wales held between 2021 -2023 • Publication of case studies and information for BSPS members. • Targeted communications to encourage complaints. • Intelligence and information sharing between members. • Consumer redress scheme implemented at the end of February 2023. • Response to complaints received on FCA's handling of the issue published April 2024. • Joint action report (with FOS and FSCS) on the consumer redress scheme published on 24 July 2024. • The FCA, tPR and MAPS are discussing with the Secretary of State for Wales the impact of (potential) future redundancies at Port Talbot. 	<ul style="list-style-type: none"> • Support the outcomes targeted by the FCA's consumer redress scheme as set out in CP 22/6 and PS 22/14. • Ensure that steelworkers who received unsuitable advice receive consistent outcomes regardless of who their case is dealt with (firms, Financial Ombudsman Service or FSCS). • Ensure communications to stakeholders are effective and joined up. • Share insight and intelligence to help prevent future harm in the pension transfer market; and • Co-ordinate on the joint actions arising from the Public Accounts Committee Report on BSPS published on 21 July 2022. 	<ul style="list-style-type: none"> • Consumer redress scheme under section 404 of the Financial Services and Markets Act 2000 implemented in February 2023. • Firms had to carry out the scheme steps within set deadlines. Most consumers should have received any redress owed to them from firms by end of Q1 2024 with some exceptions (e.g. if cases have been referred to FOS, a Skilled Person has been appointed, or the firm has gone insolvent). 	<p>FCA, Financial Ombudsman Service, FSCS, tPR, MaPS.</p>

Log of live Wider Implications issues November 2024

2. Self-Invested Personal Pensions (SIPPs)				
Issue outline	Actions so far	Outcomes sought	Timescales	Organisations involved
<p>Significant delays to consumers receiving redress due to firms failing to promptly settle complaints or being unable to meet redress liabilities and claims falling to the FSCS.</p> <p>SIPP-related FSCS compensation was previously a significant factor in increasing levies, though levies have since decreased.</p>	<ul style="list-style-type: none"> Working level fortnightly meetings. Since cooperation has begun, there has been a decrease in complaint volumes from around 7,000 to 1,500. Continued dialogue over remaining cases to ensure orderly conclusion. Implementation of learnings from FOS decisions to ongoing supervision work to help prevent consumer harm. 	<ul style="list-style-type: none"> Share insight and intelligence to help prevent future harm in the SIPPs sector, particularly given the economic climate and continued levels of fraud and scams across the UK. Effective and efficient cooperation and coordination to ensure consumers receive appropriate redress as quickly as possible Reduction in FOS complaints (to be in the low hundreds). Continuation of working relationship until cases of the largest stock numbers (cases at FOS) is down to smaller numbers. For reference, the top six largest firms make up the majority of outstanding cases. 	Ongoing.	FCA, Financial Ombudsman Service, FSCS.

Log of live Wider Implications issues November 2024

3. Consumer Duty ¹				
Issue outline	Actions so far	Outcomes sought	Timescales	Organisations involved
<p>Through the introduction of the Consumer Duty (CD) the FCA is setting higher expectations for the standard of care that firms give consumers. Some stakeholders are concerned that outcomes-based regulation may lead to inconsistent interpretation of the CD by FCA & Financial Ombudsman Service.</p>	<ul style="list-style-type: none"> Regular working and senior level meetings to keep each other abreast of our comms plans and publications, for example FCA portfolio letters to sectors and findings from reviews. Pre-implementation of the Duty: <ul style="list-style-type: none"> FCA delivered training to FOS colleagues. Regularly appeared together at external speaking engagements with a focus on how the Duty will not be applied retrospectively. Following implementation of the Duty on 31 July 2023 for new and existing products: <ul style="list-style-type: none"> As FOS starts to receive cases, we're working together to ensure timely discussions take place at a sector level between FCA and FOS about key issues to support consistency in understanding and interpretation. We continue to look for opportunities for joint external events, for example roundtables with industry, with a focus on how we continue to be aligned with how the Duty applies. 	<ul style="list-style-type: none"> Ensure a consistent and complementary approach to the application of the CD whilst respecting the different independent statutory roles of the members. 	<ul style="list-style-type: none"> FCA published a policy statement summarising responses to its consultations and making new rules and guidance on 27 July 2022. The CD was subject to a phased implementation period. The duty applies to new and existing products and services open to sale or renewal from 31 July 2023. The duty applies to closed products and services from 31 July 2024. 	<p>FCA, Financial Ombudsman Service</p>

¹ This issue was originally logged as 'New Consumer Duty' and was revised on 10 March 2023

Log of live Wider Implications issues November 2024

4. Authorised Push Payment (APP) Fraud and Scams				
Issue outline	Actions	Outcomes	Timescales	Organisations involved
<p>Complaints about APP fraud and scams have risen significantly in recent years.</p> <p>Continued cooperation is important to help ensure consumers are provided with protection and information to avoid scams.</p>	<ul style="list-style-type: none"> Joint working between the Payment Systems Regulator, the Bank of England (as CHAPS operator) and Pay.UK (as Faster Payments Operator) to develop and apply mandatory reimbursement rules for fraudulent APP payments made via the Faster Payments or CHAPS payment systems. Came into effect on 7 October 2024. This places incentives on firms to prevent APP fraud. The FCA has written to Payment Service Providers to highlight firms' obligations to their customers under the Consumer Duty with regard to APP fraud that occurs via 'On Us' intra-firm transfers. This was focused on the risk of APP fraud on payment systems not covered by the mandatory reimbursement requirement. The FCA consulted on guidance on 9 September 2024 to support industry in implementing HMT's legislative provisions on payment delays which came into force on 30 October 2024^h (these enable a PSP to delay processing an authorised outbound push payment by up to four business days where fraud is suspected). Establishment of a cross-regulator working group (FCA and PSR) to monitor the impact of the reimbursement requirement and payment delays legislation. 	<ul style="list-style-type: none"> Tackle instances of APP fraud by delivering a joined-up approach across regulators. Deliver similar outcomes across payment systems with respect to fraud prevention. Facilitate effective data sharing across relevant regulatory organisations to monitor APP fraud trends and the impact of interventions. 	<ul style="list-style-type: none"> Mandatory reimbursement requirement came into effect on 7 October 2024. The Payment Services (Amendment) Regulations 2024 came into effect on 30 October 2024. Revisions to the FCA's Approach Document (relating to the use of the payment delays legislation and use of force majeure provisions in relation to inbound payments) to be completed by end of November 2024. 	<p>WIF members: FCA, Financial Ombudsman Service, MaPS, Additional members: PSR, Bank of England</p>

Log of live Wider Implications issues November 2024

5. Undisclosed commission ²				
Issue outline	Actions so far	Outcomes sought	Timescales	Organisations involved
Issues relating to undisclosed commissions, particularly in the motor finance sector.	<ul style="list-style-type: none"> Working level and Director level meetings and engagement. CEO level meeting between FCA and Financial Ombudsman Service Trilateral meeting with FCA, Financial Ombudsman Service and the Finance and Leasing Association (FLA) 	<ul style="list-style-type: none"> Ensure a consistent and complementary approach to the interpretation of rules, guidance, legislation and relevant law related to commission complaints with respect to the different roles of the framework's members. 	Ongoing.	FCA, Financial Ombudsman Service

² This issue was originally logged as 'Wood and Pengelly' (Wood v Commercial First Business Ltd & ors and Business Mortgage Finance 4 plc v Pengelly [2021] EWCA Civ 471) and was revised appropriately on 10 March 2023.

Log of live Wider Implications issues November 2024

6. Cost of Living				
Issue outline	Actions so far	Outcomes sought	Timescales	Organisations involved
<p>Current economic conditions may lead to a growing number of consumers experiencing financial difficulties and resulting harms, including a potential increase in financially vulnerable customers. Consumer communications have a role to play – identifying audiences that would most benefit from support and signposting them to seek help.</p>	<ul style="list-style-type: none"> Working level meetings and engagement CEO and Chair level joint meetings Joint communications work 	<ul style="list-style-type: none"> Work with each other and charities where compatible with the WIF members' independent statutory roles and functions to ensure the help that is available from e.g. MoneyHelper, charities, lenders, debt advisers is well signposted. Share data and insight between members to shape and strengthen strategic responses to cost of living pressures. 	Ongoing.	FCA, Financial Ombudsman Service, tPR, MaPS, FSCS

Log of live Wider Implications issues November 2024

7. Advice Guidance Boundary Review (AGBR)				
Issue outline	Actions so far	Outcomes sought	Timescales	Organisations involved
<p>The advice gap is a complex and long-standing issue where consumers may struggle to make critical decisions about saving and investing, or accessing their pensions, without help.</p> <p>The current regulatory framework has made it difficult to create the sorts of support services that could help consumers with simpler needs for whom full advice is not the answer</p>	<p>DP23/5 Advice Guidance Boundary Review – proposals for closing the advice gap was published in December 2023</p> <p>On 15 November we published a Stakeholder Update on the Advice Guidance Boundary Review. This gave an overview of feedback to our Discussion Paper and explains our next steps, including:</p> <ul style="list-style-type: none"> • Taking forward the 3 proposals from DP23/5: Targeted Support, Simplified Advice and Further Clarifying the Boundary • our initial focus on pensions • Programme of research to better understand how our proposals will support consumers <p>This was published as part of the package of work mentioned in the Mansion House speech on 14 November 2024</p>	<p>The Government and the FCA want to build an advice and guidance framework which consumers can trust, recognising the complexity faced by consumers in making financial decisions.</p> <p>The FCA wants to ensure that members of our regulatory family, particularly FOS, have a clear understanding of our policy objectives to build confidence for consumers and industry in our proposals and how they will be applied.</p> <p>The FCA and the FOS will work closely as proposals are further developed.</p> <p>The statutory role of MAPS will be taken into account in policy development and in the final policy outcome.</p>	Ongoing	<p>FOS, FSCS, MAPS, TPR</p> <p>[This is a joint piece of work between FCA and Government (HMT)]</p>

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