



Direct line:

e-mail:

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LETTER FROM DEAN BEALE, CHIEF EXECUTIVE INSOLVENCY SERVICE, TO SHELDON MILLS, EXECUTIVE DIRECTOR CONSUMERS AND COMPETITION FINANCIAL CONDUCT AUTHORITY

We met on 21st April to discuss emerging evidence of concern in the conduct of some debt packagers. Our respective organisations have been working together over the last year to address concerning practice relating to IVA referrals, and we agreed that we would explore all other avenues of cooperation between the FCA and Insolvency Service that could be used to address the risk of harm in this space.

We have an active programme of work underway to address specific issues of concern: The Insolvency Service is working with the Recognised Professional Bodies to explore options to challenge payments made for the introduction of work to volume IVA providers, particularly in comparison to payments of a similar nature (for debt management plans). All parties want to ensure that only fair and reasonable payments are made for work undertaken. We are working with the Joint Insolvency Committee to change its Statement of Insolvency Practice 3.1 to make to make clear that Insolvency Practitioners should only be accepting referrals from FCA regulated 'debt packagers'. (In line with the usual working practice of the Joint Insolvency Committee, this change will be subject to consultation.)

The Insolvency Service and FCA have been working together on the advertising and marketing of debt advice, issuing guidance to Insolvency Practitioners that sets out the remit of both insolvency and FCA regulation in this area, examples of poor practice, and Insolvency Practitioner responsibilities under the Insolvency Code of Ethics. We continue to work actively with the Advertising Standards Authority, FCA and Recognised Professional Bodies when cases are identified in breach of the guidance. And, Our respective teams continue to meet regularly at operational level to ensure the swift sharing of intelligence on specific cases. Furthermore, the Insolvency Service complaints gateway will ensure that all relevant intelligence is shared with the FCA supervisory team for consideration (in so far as that is possible within our current data sharing provisions).

Ministers have also agreed that we should undertake a holistic review of personal insolvency framework, which I expect to commence with a Call for Evidence later in the year. I hope that FCA colleagues will be able to work closely with us in developing this call for evidence.

We also agreed that we should review our formal gateways to ensure that there is no impediment to sharing important intelligence nor to our taking appropriate regulatory action. My Insolvency Practitioner Regulation team will take forward that work.