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Dear Andrea

### **Money Advice Service Review**

Thank you for providing me with a copy of Christine Farnish's review into the Money Advice Service (MAS), which I have read with great interest. The review recognises the role MAS plays both in helping those who face problem debt and in helping consumers understand financial services and make informed decisions.

The Financial Conduct Authority (FCA) welcomes the recommendations on debt advice and also welcomes the contribution from stakeholders in the energy and water industries to support the MAS in its work on debt advice. I believe this is an appropriate response to the debt cases that the MAS has seen. It would be appropriate for a contribution to continue on an annual basis and be set in due course at a level that broadly reflects the relative importance of utility problems to financial services related problems.

The FCA notes the recommendations on money advice and is happy to work with the MAS and HM Treasury to explore how the suggested new business model might work in practice. We agree with the MAS that further work is required to assess the evidence on whether there might be duplication between the MAS's website offering and the tools available on other providers' websites.

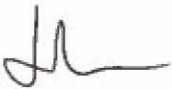
We are also keen to continue to work closely with the MAS on financial capability, an area of work that the review welcomed. We will also explore ways that we can work closely with the MAS to bring together knowledge and expertise to try and ensure markets are competitive and work effectively for consumers.

The review also recommended that the Government and the FCA should consider what short term measures it can take to strengthen the accountability of the MAS. We look forward to working with HM Treasury to see how current arrangements can be strengthened.

There are aspects of some of the review's recommendations that we need to examine in more detail to determine how feasible they are: for example recommendation A11 on requiring the FCA to make rules to require retail firms to promote the MAS's website; recommendation A13 on the setting up of a financial helpline; A14 on simplifying consumer information about products and making them more comparable and A16 on awarding good providers with a Quality Mark. We will consider these in detail and continue to work with your officials to analyse the proposals. We will submit our conclusions and a proposed action plan to the Treasury in the Autumn.

Our more detailed response to those recommendations that relate to the FCA is attached as an annex to this letter. I am copying this letter to Andy Briscoe at the MAS.

Yours sincerely

A handwritten signature in black ink, appearing to be 'JG', written in a cursive style.

**John Griffith-Jones**

**Chairman**

## FCA Responses to the Review's Recommendations

Recommendation	FCA Response
A10. MAS should move to the recommended new website model and minimise spend on marketing activity.	This is an area to review in more detail. However, the FCA is concerned about the value for money of downgrading the website before a full analysis has been carried out, including identifying potential gaps the website can fill, especially given the significant investment to date.
A11. FCA should make rules to require retail firms to promote MAS's website and helpline.	The FCA would want to give careful consideration to potential issues with implementing this recommendation for all retail firms. This would include considering the potential for confusion among consumers, particularly if the MAS website was to be pared back.
A13. MAS should first pilot and then establish a Financial Helpline and this should be promoted by financial services firms. MAS, FCA and FOS should coordinate to ensure effective triage and a "one stop shop" for consumer enquiries on financial matters where possible.	The FCA would want to consider this recommendation in more detail before any decision is taken including assessing the consumer need and whether there is demand for such a service, or whether a simpler solution for cross-referral between agencies could achieve the same outcome at lower cost. A cost benefit analysis should be undertaken.
A14. MAS should work with industry sectors to simplify consumer information about products and help make product features more comparable. MAS should commit to a small number of such projects a year to sustain momentum.	<p>Although the FCA is happy to work with the MAS on this and can see potential benefits, we would also have to consider what competition issues and consumer harm might arise from the over-simplification of information or product features.</p> <p>The FCA is working with firms as part of Project Innovate to test proposals for how firms can communicate more effectively with customers and will publish a resulting Discussion Paper on "Smarter Consumer Communications" in due course.</p>
A16. MAS should establish consumer-oriented quality criteria and a panel of independent experts, list of providers on its website, and explore the feasibility of awarding good providers with a MAS Quality mark; the Government should consider whether it is necessary to	We will explore this as part of wider work the FCA is undertaking to consider simpler disclosures to consumers. However, the FCA has significant concerns about this recommendation, which carries the risk that a firm that has been awarded a quality mark is subsequently found to have not treated customers fairly. This could be a particular problem as there is no statutory gateway for the

<p>clarify the MAS's statutory powers in this area.</p>	<p>FCA to share confidential information with the MAS.</p> <p>This could also be operationally difficult given the wide range of products available, and risks being misleading or confusing to consumers.</p>
<p>A20. MAS should draw problem issues linked to consumer behaviour and understanding to the FCA and other authorities' attention where appropriate, and engage with them on sorts of remedies likely to be most effective.</p>	<p>The FCA is happy to work with the MAS.</p>
<p>A21. The FCA and MAS should coordinate more closely together to seek to make financial information and advice, and debt advice markets work better for consumers.</p>	<p>The FCA is happy to work more closely with the MAS in this area.</p>
<p>A23. The FOS and MAS should build a closer partnership in order to share intelligence and insight.</p>	<p>The FCA has now invited the MAS to attend its quarterly Coordination Committee with FCA, FSCS and FOS where insights are shared.</p>
<p>A24. The FCA and government should consider what short-term measures they can take to strengthen the accountability of MAS.</p>	<p>The FCA will explore with HM Treasury how current arrangements for accountability can be strengthened. The FCA is however concerned that providing an observer on the MAS Board as suggested in the review as this would risk confusing accountability and the independence of the MAS board.</p>