

MS16/2.2: Annex 9

Market Study

Mortgages Market Study

Interim Report: Annex 9 – Questions for discussion

May 2018

Annex 9: Questions for discussion

Vision for the market and principles for potential remedies

Q1: Do you have any views on our vision for the market?

Making it easier for consumers to find the right mortgage

Q2: Do you think tools of the kind outlined could help consumers find more easily the best mortgage for them?

Q3: What do you think would be necessary for this approach to work and what do you see as the main challenges? (eg what would be required to ensure that lenders can provide intermediaries with the means of identifying (earlier) products for which consumers qualify? Are there any technical barriers to further development? What is needed to give consumers meaningful outputs, even if they don't qualify for products?)

Q4: Could there be any unintended consequences? (eg do our ideas in this area present any risks to consumers or industry? Does this dampen incentives to innovate?)

A wider range of tools giving consumers more choice about the support (including advice) that they need and offering greater convenience

Q5: Do you think consumers would benefit from more choice on the tools they use (including advice) and the support they receive in the way outlined above? (if so, which categories of consumer? Or if only some consumers should have more choice about whether or not to receive advice, which categories of consumer are these? What else could we do to encourage the development of online advice?)

Q6: What do you think would be necessary for this approach to work and what do you see as the main challenges? (eg should we trial an approach to give consumers more information about whether to receive advice? Are there other regulatory barriers to the development of tools to help consumers choose a mortgage more effectively?)

Q7: Could there be any unintended consequences? (eg do you have any views on the impact of reduced regulatory consumer benefits for those consumers who would no longer seek advice? Could there be any unintended consequences to increasing provision of online advice? If so, how might these risks be mitigated)

Helping consumers choose an intermediary on an informed basis

Q8: Do you think consumers should be given more help to assess intermediaries' strengths and weaknesses in the way outlined above?

Q9: What do you think is necessary for this approach to work and what do you see as the main challenges? (eg what information is needed for this to be of practical value to consumers, such as the price, service and quality factors? How can we ensure the information gains traction with consumers?)

Q10: Could there be any unintended consequences?

Reducing barriers for those consumers who do not or cannot switch

Consumers who would benefit from switching to a better mortgage deal but are unable to do so

Q11: Do you think it should be made easier for consumers with active regulated lenders to switch?

Q12: Which consumers should be covered in our approach? (eg do you have views on whether any intervention in this area should be limited to consumers who took out a mortgage or last switched prior to a tightening in lending criteria post-crisis? If so, what would be an appropriate date? Also, should we include other groups of customers such as those who have fallen into financial difficulty as a result of being unable to afford payments on a reversion rate, but would otherwise satisfy the remedy constraints/criteria? Or should we leave customers in arrears to be considered under our payment shortfall rules and guidance in MCOB 13 which set out how we expect firms to treat consumers in payment shortfall fairly given the customer's individual circumstances?)

Q13: What do you think is necessary for this approach to work, and what do you see as the main challenges? (eg How could any changes be effectively communicated to the relevant consumers?)

Q14: Could there be any unintended consequences?

Long-term inactive customers

Q15: Do you think we should do more to encourage long-term inactive customers to switch in the way outlined above?

Q16: What do you think is necessary for this approach to work in the mortgages sector and what do you see as the main challenges? (eg is this something that could be delivered by the industry or would it require new or amended rules or guidance to prove effective? What would be an effective alternative where no suitable product is offered by the customer's existing lender? Do you have any views on how affected consumers could be offered a better deal?)

Q17: Could there be any unintended consequences? (eg any impact this could have on prices for new customers)

Remedies – timeline and general questions

Q18: Do you have any comments on our timelines?

Q19: Do you have any views on the relevance of our findings on first-charge residential mortgages to other mortgage markets that we regulate and which were not within the scope of the market study – for example, second charge?

Q20: Do you have any views on the extent to which these potential remedies (with further enhancement or refinement) are relevant to lifetime mortgages (in light of our assessment of lifetime mortgages in Annex 5)?

Other potential approaches

Q21: Do you have any views on these options or any other alternatives?

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