

Memorandum of Understanding between the Financial Conduct Authority (the FCA) and the Money Advice Service

Introduction

1. This Memorandum of Understanding (MoU):
 - establishes a framework for cooperation between the FCA and the Money Advice Service. It sets out **(1)** the role of each party, and **(2)** explains how they work together. Its aim is to lay out procedures for discussing matters of common interest and sharing information.
 - will be reviewed and updated regularly and in the light of new issues and priorities. The first review will be completed within a year of the relevant provisions of the Financial Services Act 2012 amending the Financial Services and Markets Act 2000 (FSMA) being enacted.
 - is required by FSMA as amended, is a statement of intent and does not create any enforceable rights.
 - has effect from 1 April 2013.
2. The parties acknowledge that they may only provide information under this MoU if permitted or not prevented under applicable laws, regulations and requirements.

Roles and responsibilities of the FCA and the Money Advice Service

3. Broadly, under FSMA the FCA is responsible for:
 - regulating standards of conduct in retail and wholesale markets;
 - supervising trading infrastructures that support those markets;
 - the prudential supervision of firms that are not PRA-regulated; and
 - the functions of the UK Listing Authority (UKLA).
4. The FCA has a single strategic objective to ensure that the markets for financial services function well. Three operational objectives support this:
 - securing an appropriate degree of protection for consumers (including wholesale consumers);
 - protecting and enhancing the integrity of the UK financial system; and
 - promoting effective competition in the interests of consumers in the markets for financial services.
5. FSMA gives the FCA the power to make and enforce rules governing the conduct of regulated firms.
6. The Money Advice Service's statutory function is to enhance:
 - the understanding and knowledge of members of the public of financial matters (including the UK financial system); and
 - the ability of members of the public to manage their own financial affairs.
7. This includes, in particular:

- promoting awareness of the benefits of financial planning;
 - promoting awareness of the financial advantages and disadvantages in relation to the supply of particular kinds of goods or services;
 - promoting awareness of the benefits and risks associated with different kinds of financial dealing (which includes informing the FCA and other bodies of those benefits and risks);
 - the publication of educational materials or the carrying out of other educational activities;
 - the provision of information and advice to members of the public;
 - assisting members of the public with the management of debt;
 - working with other organisations which provide debt services, with a view to improving –
 - i. the availability to the public of those services;
 - ii. the quality of the services provided; and
 - iii. consistency in the services available, in the way in which they are provided and in the advice given.
8. In carrying out its statutory function, the Money Advice Service must have regard to the duty of the FCA to advance its operational objectives.
9. In considering what degree of consumer protection may be appropriate, the FCA must have regard to any information which the Money Advice Service has provided to the FCA.

Principles for the relationship

10. The FCA and Money Advice Service will each take steps as they consider appropriate to co-operate with the other in the exercise of their functions. The following principles will guide and govern the working relationship between the FCA and the Money Advice Service:
11. The Money Advice Service is independent of the FCA in carrying out its statutory function. However the FCA is required to ensure the Money Advice Service is capable of undertaking that function. These provisions are set out in a Framework Document.¹
12. The Money Advice Service will help the FCA in ensuring that the relevant markets work well by:
- empowering people to engage confidently with the retail financial services market;
 - giving people a sense of control of their financial affairs;
 - promoting informed choices;
 - providing trusted, free to consumer advice; and
 - encouraging and enabling people to take appropriate further action.
13. Along with other bodies the Money Advice Service will help the FCA secure appropriate consumer protection by providing the FCA (and others) with information about potential

¹ www.fca.org.uk/your-fca/list

consumer detriment and communicating to the public about issues and risks associated with the financial marketplace.

14. The FCA and Money Advice Service will consult each other on issues which may be of significance to the other party.
15. Both organisations will work together to create an efficient and effective system, including by minimising duplication.

Working together

16. In the course of their respective activities, each party will undertake reasonable endeavours to engage the other, particularly where there is substantial gain to be realised from that involvement or where the activities of one will have a material impact on the other.
17. The FCA and Money Advice Service will on occasions engage in similar activities, for example when providing information directly to consumers. The FCA and the Money Advice Service will work on the principle of non-duplication and will take a coordinated approach. It will be the decision of the initiating organisation as to the appropriate point to involve the other – this may be at a project’s inception, but equally may be at any other juncture.
18. Areas where the FCA and the Money Advice Service expect to work together closely include:

19. Consumer information and advice

To minimise inconsistency and duplication and to promote coordination, the FCA and the Money Advice Service will, where appropriate, work together on information aimed at consumers.

- The Money Advice will continue to initiate a regular review of their material by FCA policy owners twice a year and can also approach them to review changes to relevant existing material or new material for technical accuracy.
- Where material forms part of or is referenced in the FCA rules, when making changes to these materials, the Money Advice Service will request sign off from FCA policy owners for technical accuracy.
- The Money Advice Service will keep the FCA informed of significant changes to their material and provide an opportunity for the FCA to comment.
- The FCA’s own consumer communications capability will seek to complement, and not duplicate, the work of the Money Advice Service. Where appropriate, when the FCA finds reason for the creation of new consumer information it will, in the first instance, inform the Money Advice Service so that an appropriately co-ordinated response can be agreed.
- Occasionally, the FCA and Money Advice Service may publish information jointly, in which case full sign-off will be undertaken by both organisations.

- The Money Advice Service has ultimate responsibility for, and editorial control, over all material (except where content is jointly owned).

20. Advice landscape

The FCA and the Money Advice Service will endeavour to involve each other in discussions around the framework and landscape for financial advice and in particular how this impinges on consumer understanding of the types of advice available to them and the rights and responsibilities attached to these types of advice.

21. Access to products and financial inclusion

Where appropriate and taking account of the statutory objectives of each organisation, the FCA and Money Advice Service may collaborate to ensure that both organisations' work enhances access to products and takes account of relevant policy developments that affect financial exclusion.

22. Strategic oversight of financial education

To minimise duplication and promote co-ordination with the financial services industry, the Money Advice Service will undertake a strategic oversight role in respect of financial education for young people and, as appropriate, share information with the FCA where this is judged to be relevant to the exercise of the FCA's statutory functions.

23. Regulatory transparency

The Money Advice Service may advise the FCA on how best to achieve regulatory transparency, to help consumers make better financial choices and make use of regulatory information.

24. EU and international issues

The FCA and Money Advice Service will share their respective views on relevant EU and international issues, including relevant policy developments, discussed by the European Supervisory Authorities and other international bodies, where appropriate. The FCA and Money Advice Service will also seek to co-ordinate their engagement with EU and international bodies on matters of common interest, so as to deliver effective representation and influencing. Where appropriate, the Money Advice Service will lead participation on financial capability, financial education and other matters within its remit.

25. Equality Duties

Working together will also extend, where appropriate, to FCA and Money Advice Service's duties under Equality legislation, particularly each organisation's duty to have due regard to the need to promote equality, eliminate discrimination and foster good relations.

Exchanging information

26. Timely and focused exchange of relevant information is essential to delivering effective co-ordination and co-operation in the necessary areas. The FCA and the Money Advice Service will exchange information where it is judged to be useful to help both organisations in fulfilling their respective functions.

27. Exchange of information will take place at many levels. Where one organisation considers that it has, in its opinion, information that would be of assistance to the other, it will actively offer such information to the other. Not all information will be shared because that is unnecessary and would overwhelm each organisation with information that was not central to its mission.
28. The FCA will, as appropriate, share consumer-related information where it is not specific to a named firm or individual, including:
- regulatory changes;
 - emerging consumer risks derived from its from market and conduct risk analysis;
 - product features, particularly where any changes may give rise to opportunities or risks for consumers;
 - concerns about specific classes of products or practices;
 - firm or product news, health warnings and warning notices.
29. In the same way, the Money Advice Service will, as appropriate, share information (on an anonymised basis) including:
- consumer intelligence;
 - emerging consumer risk information, including information involving concerns about specific products or practices;
 - consumer research and evaluation reports.
30. Each organisation will take a judgement-based approach to sharing information and each will be responsible for validation and quality checking, as well as collecting information in a timely and efficient manner.
31. The FCA will abide by the restrictions imposed on it by FSMA on disclosing confidential information (as defined in FSMA) it receives in the course of carrying out its functions.
32. The Money Advice Service agrees that, where the FCA shares information that is not yet publicly available, that information may not be disclosed to any third party without prior consent from the FCA, or until such time as it becomes publicly available.

Meetings and informal contact

33. Each organisation will appoint a senior executive responsible for the co-ordination set out in this MoU.
34. The FCA and Money Advice Service agree to communicate regularly. This will be underpinned by regular meetings and informal contact at executive level and includes strategic dialogue with the Money Advice Service's Board, including half yearly meetings with the Money Advice Service Chairman, quarterly meetings with the CEO and regular meetings at executive and working level.
35. The FCA and Money Advice Service agree to:
- consult one another on issues which might have significant implications for the other organisation.
 - invite one another to participate, where appropriate, in one another's policy-making forums.

36. Where conflicts arise, these will be handled at working level; escalated as appropriate to senior management and, exceptionally, to Board level.
37. The FCA and the Money Advice Service will allocate resources to ensure liaison between the two agencies is managed effectively.