

Direct line: 020 7066 9346

Email: enquiries@fs-cp.org.uk

Colin Kinloch
Financial Capability
Financial Services Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS

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Dear Mr Kinloch

Consultation Paper 10/01* - Chapter 6

This is the Financial Services Consumer Panel's response to the proposal in Chapter 6 of CP10/01* Guidance note on financial regulation for social housing providers.

The Panel is pleased that the FSA is responding to the needs of social housing providers for guidance on the limits of regulated activity. However, we do not think that the draft guidance set out in Appendix 6 to the Paper will deliver what is required.

For those working outside the mainstream financial services industry, the regulatory framework is complex and often opaque. Social housing providers need clear guidance in plain language about what they can and cannot do when speaking to their clients about financial issues. As currently drafted the guidance is sometimes too legalistic and is not written in a way that is straightforward and easy to understand. For example, in paragraph 3.9 the phrase "remunerated in any way" is used. How should this be interpreted by someone who is paid by the ALMO, such as a housing officer who is talking to one of their tenants? Paragraph 3.14 states that "...the capital information, assuming the deposit-taker to be a body corporate, is either the amount of its paid up capital and reserves, described as such, or a statement that the amount of its paid up capital and reserves exceeds a particular amount (stating it) ..." It must be possible to describe what is meant in a way that is both simple and accurate.

In paragraph 3.16, it would be far more helpful to invite those with more detailed questions to contact the FSA for help – recognising that this will not be formal or legal advice – rather than referring them to the Perimeter Guidance Manual. There are many other areas where we could make similar comments. We recommend that the guidance is reviewed again by the Financial Capability Team for re-drafting.

We do not wish to see this excellent FSA initiative turn out to be a missed opportunity and we strongly recommend that draft guidance is tested comprehensively with social housing providers before it is finally agreed. It would also be helpful if copies of the final guidance could be sent out to as many social housing providers as possible, rather than only being published on the website.

Yours sincerely

Adam Phillips
Chairman
Financial Services Consumer Panel