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22 December 2020

By email: [cp20-21@fca.org.uk](mailto:cp20-21@fca.org.uk)

Dear Emma,

**Financial Services Consumer Panel response to CP20/21 - Breathing Space regulations: Changes to our Handbook**

The Panel welcomes the opportunity to respond to the FCA's consultation on changes to its Handbook in response to the new Breathing Space scheme. We support the FCA's proposals, but would urge them to also provide guidance directing firms to allow additional 'pre-breathing space' for consumers who may be experiencing long wait times for debt advice due to the operational pressures caused by the Covid-19 pandemic.

Our responses to the specific questions posed in the consultation are set out below.

**Q1: Do you have any comments on our proposals for the consumer credit guidance?**

The Panel is supportive of the changes/clarifications, as outlined in the Consultation Paper.

The Panel would like to point out that while the Breathing Space legislation and associated rule changes will provide statutory protection for consumers, there are additional risks not foreseen by the legislation as a result of Covid-19.

The Panel urges the FCA to provide guidance to firms that in addition to adhering to the provisions of the Breathing Space legislation, due care and forbearance should be shown for consumers who may experience lengthy wait times to receive help from debt advice organisations. As Breathing Space is now a statutory requirement, there is a risk that firms will not allow consumers additional time to seek the necessary support in setting up a Breathing Space Moratorium. The Panel would be supportive of guidance to encourage firms to provide a reasonable amount of time for consumers to seek help. This could form a type of pre-breathing space where debt collection activity is suspended pending implementation of the official breathing space moratorium.

This is important in terms of both equality and vulnerability. Agencies that usually operate face to face advice have consistently reported that people with disabilities and those for whom English is not their first language are presenting much less for advice in the replacement phone and digital services. These people will disproportionately be waiting for advice and so allowing them extra time is necessary for firms in discharging their vulnerable customers responsibilities and equalities duty.

**Q2: Are there any other consumer credit rules or guidance that we should consider amending?**

The Panel agrees the relevant sections of consumer credit rules and guidance are addressed in these proposals.

**Q3: Do you agree that no changes are required to the debt advice rules or guidance in CONC 8?**

The Panel agree that no changes are required to existing debt advice rules and guidance.

The Panel believes the FCA should closely monitor the advertising, lead generation and charging practice of for-profit debt advice organisations related to the provision of breathing space moratoriums. We see a risk for significant consumer harm as a result of excessive fees charged or promoting alternative debt solutions, such as IVAs, as opposed to allowing consumers to access a breathing space moratorium.

**Q4: Do you agree that no changes are required to the rules or guidance in MCOB?**

We agree that no changes are required to rules or guidance in MCOB.

Yours faithfully,

Wanda Goldwag  
Chair, Financial Services Consumer Panel