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By email: [cp19-12@fca.org.uk](mailto:cp19-12@fca.org.uk)

Dear Clive

**Financial Services Consumer Panel (FSCP) response to CP 19/12: Consultation on Investment Platforms Market Study (IPMS) Remedies**

The Panel agrees with the FCA proposals set out in the final report, however, it is our view that the FCA should move more quickly and address conflicts of interests within the value chain of retail fund distribution and investments sector. The Panel believes that the onus should be on firms to put their clients at the fore of what they do.

*Proposals relating to facilitating in-specie transfers*

In our view, the proposals will have the effect of requiring firms to take pro-active steps to minimise the impact on consumers of costs, potential losses from market movement and crystallising of tax liabilities when a consumer wishes to switch between platforms.

The Panel believes the findings in the IPMS show that the retail investment value chain of advisors, platform providers and insurance companies need an overarching duty of care. The Panel further sees this study as an example of where an 'automatic upgrade' (which will be set out in a Panel position paper imminently), will avoid endless rule making by the FCA. Firms should have the obligation to facilitate movement among products that provide better value. It seems especially unfair that firms who have marketed products with daily trading should set up any barriers to consumers' ability to move freely between offerings.

We are concerned about the lack of clarity around who is responsible for looking after orphan clients - the advisor or the platform? Advisors (and others in the value chain) should not be able to receive fees if they are not providing a service to a consumer. The FCA should put a stop to this issue, including considering whether assets should be held in a type of trust for orphan consumers.

*Implementation period*

We do not agree with the proposed implementation of July 2020. Consumers should not have to wait another year for firms to start treating them fairly, and to stop engaging in

conduct that depletes their savings and investment value. The proposals are simple and could be easily implemented immediately.

#### *Exit fees*

The Panel supports a complete ban on exit fees in the retail investment market where the exit fees are imposed on products that have been marketed to consumers as liquid products. We agree with the FCA that any administrative fees associated with facilitating a consumer's request to terminate holdings should be covered by the fees paid to the value chain (which unfortunately continue to be opaque - consumers have unsatisfactory methods of comparing providers on the basis of fees, because reporting is erratic.)

We are concerned by what appears to be a fundamental mismatch between fund structures (e.g. open-ended vehicles that trade daily) and the various costs and administrative processes limiting consumers' ability to switch. This issue has been borne out in recent investment fund scandals.

The proposals should apply to all retail distribution and investment services that sell daily traded products to retail consumers.

We believe the position set out in clause 4.18 of the report demonstrates the highly complex nature of the sector and the jargon that leads to consumer confusion and inertia i.e. the distinctions between the retail fund exit fees and 'product' exit fees. The jargon limits consumers' ability to compare retail investments in a meaningful way. The FCA should look at ways to address this.

Yours sincerely

Wanda Goldwag

Chair, Financial Services Consumer Panel