

# Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

Telephone: 020 7066 9346  
Email: enquiries@fs-cp.org.uk

Susan Cooper  
Banking, Lending and Distribution  
Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS

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Dear Susan,

## **Quarterly Policy Consultation 18, Chapter 6: The PRIIPs Key Information Document and personal projections.**

This is the Financial Services Consumer Panel's response to QPC18 on optional disclosure in addition to the PRIIPs Key Information Document (KID).

The Panel supports the FCA's proposed approach of allowing firms to provide personal projections alongside the KID. We agree that but firms should be required to use the methodology set out in the Code of Business Sourcebook rules (COBS) as opposed to the PRIIPs Regulatory Technical Standards methodology. We believe the PRIIPs RTS provides product manufacturers with too much flexibility in the calculation of future performance scenarios and could lead to consumer overconfidence and disappointment in outcomes. In our view, the COBS rules provide a more transparent and consistent framework.

Personal projections are useful to consumers and have the potential to improve consumer engagement with their product providers. We are unclear about how firms will determine whether a customer "needs" a personal projection in addition to the PRIIPs KID, unless the consumer requests it.

There is a risk that consumers will be confused by two different presentations of future performance. It will be imperative that firms include explanations which are fair, clear and not misleading. Firms must make clear how and why the projections differ.

To ensure that the new framework benefits investors without unintended consequences, it would be helpful for the FCA to conduct consumer research as soon as practicable. This should review (1) when consumers ask for, or receive, personal projections, (e.g., at point of sale or post sale), (2) whether consumers understand the difference between the two statements, and (3) if comparable, any material disparity with the future performance projections for MiFID financial instruments. Any changes to the rules should be based on the evidence collected.

We fear that although the introduction of the KID requirements will be helpful in allowing consumers the opportunity to compare key features of different PRIIPs prior to investment, the KID on its own could lead to the loss of the valuable planning tool provided by personal projections.

Yours sincerely

Sue Lewis  
Chair, Financial Services Consumer Panel