

# Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

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By email: [FCAconsumercredit@fca.org.uk](mailto:FCAconsumercredit@fca.org.uk)

Dear Sir / Madam,

## **Financial Services Consumer Panel response to Draft Guidance, Consumer Credit and Coronavirus: Updated Tailored Support Guidance for firms and Draft Guidance, Mortgages and Coronavirus: Updated Tailored Support Guidance.**

The Panel welcomes the FCA extending the guidance on mortgages so that firms should not enforce repossessions before 1 April 2021, and supports a similar approach to Consumer Credit, rather than allowing firms to repossess goods or services from 31 January 2021.

Allowing repossessions poses numerous risks and harms to consumers.

- **Many goods or services are essential.** Some will have become even more essential in the current environment, such as using a car instead of public transport and providing children with a laptop to access education.
- **The impact on renters is disproportionate.** Half a million people are behind on their rent.<sup>1</sup> This highlights the importance of collaboration with other regulators and the Government to ensure there is a co-ordinated approach across different measures.

County Court Judgements (CCJs) against borrowers in difficulty are rising to record levels<sup>2</sup>, and it is essential that vulnerable consumers and those who have borrowed to finance the purchase of essential goods or services are treated fairly.

The Panel also makes the following observations:

- **Last resort on repossessions:** Firms must be able to illustrate they have considered employing the full range of tailored support before considering repossessions, under any circumstances.
- **Reporting on repossessions:** Firms should be made to continuously report to the FCA on the number of repossession which have begun and the numbers reaching key stages of the process.
- **Access to debt advice:** It is important that consumers make informed decisions, and therefore that they are provided with strong referral routes to debt advice. Firms are required to signpost to debt advice.
- **Breathing space:** Firms should be reminded that from May they will have to offer customers a 60-day breathing space on receipt of notification. There should be an expectation that firms take no enforcement action while a customer is awaiting a debt advice appointment. Providing customers with an appropriate

<sup>1</sup> <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/housing-policy-research/new-year-same-arrears-how-the-pandemic-is-leaving-private-renters-with-unmanageable-debt/>

<sup>2</sup> <https://www.theguardian.com/money/2021/jan/13/calls-covid-debt-relief-package-county-court-judgments-soar>

length of time to both seek and consider debt advice, particularly with the commencement of the regime imminent, is necessary to ensure customers are treated fairly.

Assertive supervision will be essential. It is important that the FCA's Supervision teams are adequately resourced and tasked with ensuring that all customers are receiving fair treatment and consistent levels of support.

The Panel expects the Senior Managers and Certification Regime to be an important tool in the FCA's supervision activity in this area. An individual accountable under SM&CR should be able to attest to the approach the firm takes and how it ensures vulnerable customers are treated.

Yours faithfully,

Wanda Goldwag  
Chair, Financial Services Consumer Panel