

Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

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10 March 2021

By email: FCAconsumercredit@fca.org.uk

Dear Sir / Madam,

Financial Services Consumer Panel response to Draft Guidance, Mortgages and coronavirus: updated Tailored Support Guidance.

The Panel is concerned that repossessions are due to recommence on 1 April while Covid-19 lockdown restrictions remain and would therefore advocate an extension to the date. The options for those facing repossessions are severely restricted before people are permitted to mix indoors, which is from 17 May according to current government guidelines.

Nevertheless, the Panel supports the additional guidance for firms, to help ensure repossessions remain a last resort whenever they are re-started. Firms must fully consider the circumstances of individuals before a home is repossessed, ensuring fair and appropriate treatment of customers.

The Panel also makes the following observations:

- **Prioritising essential outgoings and debt repayments:** To help ensure consumers can meet mortgage payments and to prevent repossessions, the FCA must ensure (consistent with its guidance issued in January on Consumer Credit) that individuals' circumstances are fully considered by lenders of unsecured debts. Those with other essential outgoings or debt repayments should be afforded forbearance.
- **FCA vulnerability guidance:** The Panel strongly supports the vulnerability guidance the FCA published in February 2021. The guidance should be promoted to firms as much as possible, including through the FCA's tailored support guidance, and supervised closely, particularly while Covid-19 is still increasing the extent and severity of consumer vulnerability. Anyone facing repossession of their home is in a vulnerable situation.
- **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:** From May firms will have to offer customers a 60-day breathing space on receipt of notification. Providing customers with an appropriate length of time to both seek and consider debt advice 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