

On looking at the FCA website, there have been 24 policy statements in 2016. These have covered a range of subjects including credit unions, UCITs V directive, certification regime to whole sale market activities, access to regulated benchmarks Innovative Finance ISA, CCA regulated first charge mortgages, high cost short-term credit and FCA fees among other things.

It should be remembered that the FCA has a very wide remit. It has to cover the whole of the UK financial services market and all the activities that various organisations undertake. The remit has been widened to cover mortgage activity and general insurance.

As far as advisers are concerned, the main issues have been tweaking the initial disclosure regime, pension reforms and capping early exit pension charges.

General insurance brokers are affected by the transparency and engagement at renewal in general insurance markets.

The FCA places great emphasis on good customer outcomes, which it places at the heart of all the directives it ever issues. However, sometimes it would appear that the decision-making is undertaken by people with no experience of dealing with those clients, whose outcomes are of such paramount importance.

Certainly, from pots that I have seen to various articles, many of the directives are actually quite damaging to adviser and broker businesses. Most recently, I have come across the guidance for transparency and engagement at renewal in general insurance. The brokers now need to insert a line which reads “you have been with us for more than 3 years, it may be possible for you to obtain better value by researching the market.” This is a ridiculous statement for a broker that has been dealing with a client for years, researching the market each year and maintaining a long-term broker- client relationship. It is basically telling them to go elsewhere. Not ideal to try to maintain or grow a business.

One of the policy statements was about complaints against the regulator. I have personal experience in this respect. I had an issue that the FCA refused to resolve. I referred to the Complaints Commission and my complaint was upheld. The Complaints Commission recommended that the FCA paid compensation to my client. The FCA simply ignored that part of the recommendation. Throughout the whole episode, it was difficult to see how the FCA was following its own dogma of “Treating Customers Fairly”. The assertions made by members of the organisation were staggeringly ignorant of how real people react.

Having said so many negative things, there is a beacon of goodness emanating from the FCA in the form of the Live & Local events. This has been going around the country throughout the year and is currently showing in London. The tour will continue into early next year and attendance is highly recommended. I have already been to an event covering Effective Governance. The Positive Compliance pieces that I have attended have given an invaluable insight into FCA thinking. The live and local events also offer the opportunity to meet FCA personnel to discuss specific issues, a round table about mortgages into retirement and even a luncheon with the chairman of the FCA. All great touch points to enhance the relationship that advisers can have with the FCA.

My experience as an adviser has made me much more effective in my role as a compliance consultant. Similarly, I would recommend that the FCA actively tries to recruit from financial services professionals in order to be seen and experienced to be more in touch with the people it is trying to regulate. I feel that would lead to better regulation in the future.

It all comes back to the extraordinary range of the remit of the FCA. It really needs to ensure that it is using as much industry expertise as possible. All too often, when I call the FCA, I am referred back to the unreadable FCA handbook, rather than getting the guidance I require. The FCA does not want to be prescriptive. I believe that a prescriptive regulator is exactly what most advisers would appreciate. My livelihood relies on the paranoia of advisers and it would seem that they have many reasons to be paranoid, when it comes to regulation or quite regularly, retrospective regulation.

The live and local events are a great opportunity to build the bridges between the FCA and its customers. Unfortunately, the firms that could most do with attending are the ones that are least likely to do so. I guess that the FCA could do with a more pro-active and effective public relations machine.

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