



Consumer Codes Approval Scheme Consumer Advisory Panel Meeting

Date: 26 June 2014
Time: 14:00 – 16:00

Location: Citizens Advice, 3rd Floor North, 200 Aldersgate Street, London EC1A 4HD

Present: Sue Edwards (Chair), Arnold Pindar, Caroline Jacobs, Geoffrey Woodroffe, Jane Negus, Fraser Sutherland (phone),

Attendees: Meg van Rooyen, Teresa Fritz, Teresa Perchard, Sarah Langley, Magda Podeszwa

Apologies: Alison Farrar, Jane Vass, Louise Baxter

Minutes

The meeting started at 14:05

1. Welcome and introductions

Sue Edwards welcomed everyone to the meeting.

The Panel was joined by guests: Meg van Rooyen (Money Advice Trust) and Teresa Fritz (Financial Services Consumer Panel).

2. Declarations of interest

Arnold Pindar withdrew his interest as a member of the Motor Codes Compliance Panel (to be confirmed).

3. Minutes of the last meeting

The minutes of the previous meeting (1 May 2014) were reviewed and approved by the Panel with a note to correct the date of Christine Crawley's speech to 2013 (item 3 i.).

Matters arising:

The Panel asked Sarah Langley to circulate the NCF Consumer Trust Report.

The Panel was informed that Citizens Advice, together with TSI agreed to carry out an analysis of the new sectors for the potential codes development.

4. Simple Products Code

a) Review

The Panel engaged in a discussion regarding the Simple Products code application. The main points of the discussions are recorded below.

- Teresa Fritz informed the Panel that the Financial Services Consumer Panel had not been formally approached regarding their membership on the Simple Products Steering Group. The Panel agreed that there is confusion as for which organisations (listed in the code) had actually been formally invited to become members of the Group or to comment on the code.
- the Panel stressed that they would like to be consulted every time a new product is added to the Simple Products range
- **Section 1: Key Commitments**
 - *"The Process for buying Simple Products is straight forward and clear"* – the sentence needs clarifying
 - The fees and charges should be specified and noted, to avoid any hidden charges
 - *"regular statements"* – the frequency should be specified (monthly/annually?); The code should state what the minimum regularity would be. The Panel recommended quarterly statements as a minimum, with a choice of paper or online statements, at no charge to consumer.
 - The code should clarify when the consumer would be advised of changes to terms and conditions, interest rate changes or any other changes that may affect the consumer.
- **Section 3: Information about Products and Services**
 - First set of bullet points – does *"price"* include all charges? The amount and frequency should be specified. It would also be helpful to be explicit on costs (bearing in mind possible expansion of the code)
 - 18) It would be advisable for the "length" of terms & conditions to be concise
 - All penalties should be specified and ideally listed in bullet points
 - 22-24) Changes – according to the Sergeant review, terms & conditions should not be subject to change for existing customers.

- Any changes should always be communicated to the consumer upfront
- "*customer disadvantage*" – to be explained and clarified, as it is unclear how the provider would decide if this is required.

- **Section 4: Sales Process**

- FCA regulatory should be added as a footnote, not at top
- 18 and 21) The code should use "*shall*" instead of "*will*" / "*should*" (throughout, when imposing an obligation)
- The code should avoid the usage of passive voice
- The code needs to be written in plainer English
- 26) The phrase "*they are comfortable with*" is not necessary and should be removed (as pressure sales should not be practised at all)
- 28) "*putting code into practice*" – not sure what this means. Maybe: "*when putting code into practice*" would be better?
- 29) Unclear what this means. The paragraph should be rewritten and clarified, as all Simple Products should be the same, despite of where they are being sold.

- **Section 6: Complaints**

- 33) & 34) Complaints system – signposting/assistance for vulnerable consumers needs to be added
- 35) "*prompt*" to be replaced with "*within three working days*"
- 36) How will customers be kept informed? How often?
- 36) Financial Ombudsman Service – "*where applicable*". What would fall outside of FOS? The code needs to be clear when it is applicable (give examples).
- Will FOS take the code into account when assessing a complaint under the code?
- "*sympathetic*" to consumers should be added in this section (and throughout the code), as in Key Commitments. Key commitments should be repeated in relevant sections of the code.

- **Section 7: Monitoring**

- 39) "*likely to be*" needs clarification, should show stronger commitment; ideally to be replaced by "*shall*". What does this mean in practice? Could have more than one nominated officer.
- 40) Compliance monitoring - not clear who does this – should be clarified (independent monitoring preferred by the Panel)
- The Panel would like to ensure that there is a variety of mediums for feedback – including options for vulnerable consumers
- 41) Code sponsor "*may take*" – to be changed to: "*shall*"

- **Annex 1**

- What are the charges for "exceptional items"? – the code needs to specify this
- Right to cancel – is it 14 (calendar/working) days notice? – not clear enough
- "*Limit on number of accounts per distribution channel*" – what does this mean? Should be rewritten and defined.
- "*Default products end of term fixed term savings account*" – what does this mean? This needs to be reworded and clarified.

- **Fixed Term Life Products Standards**

- Is this an underwritten product? Needs to be confirmed.
- Concerns about "over fifty fives" type product. Not exclusion based.
- "*non-advised basis*" – what does this mean? The phrase should be rewritten, explaining what this means to consumers, for example: "*The product will be sold without regulated financial advice, through following distribution channels...*"

Summary:

- Clearer and plainer language needs to be used throughout the code, so that all subscribers interpret the code in the same way
- Industry specific terms need to be explained
- Communications and regularity of statements should be specified. The consumer should have a choice of online or paper statements. The Panel recommended an annual statement as a minimum for life insurance and a quarterly statement for savings.
- The Panel highlighted that they wish to be consulted on each additional new product added after approval.

Action: The code sponsor's response and amendments to be circulated to the Panel and the guests via email before the July Board meeting.

5. Home Insulation & Energy Systems Contractors Scheme (HIES) – code amendments

The Panel discussed further amendments made to the HIES code, following the recommendations from the meeting on 1 May 2014.

After a discussion, it was agreed that the following issues still need to be addressed by HIES:

- Further clarification is needed regarding the free survey, which only applies when there is a dispute
- The Ombudsman must be independent from the code sponsor; the current situation is not acceptable; the Panel suggested that HIES should find an alternative service

- The section relating to mediation still had not been clarified adequately
- The Panel still has concerns about buying leads from lead generators, particularly from companies providing "lifestyle surveys"

6. Checkmate – code amendments

The Panel discussed the amendments made to the Checkmate code, following the recommendations from the meeting on 1 May 2014.

The following further suggestions for changes were made:

- The question about differences in Scotland had not been answered. The Panel recommended that Checkmate speaks to Fraser Sutherland regarding the issues.
- The Panel recommended the usage of "*shall*" throughout the code instead of "*will*" or "*should*" (when imposing an obligation).
- Item 6 – "*Builders must make extra efforts...*" – the phrase should be replaced by: "*Builders shall...*"
- Pre-purchase information regarding utilities and off-grid status – the consumer should be provided with a detailed list of utilities and their status.

Action: The changes made by Checkmate, following the above recommendations to be circulated to the Panel and the guests via email and presented to the Board in July.

7. Consumer Codes Approval Board update – T. Perchard

Teresa Perchard briefed the Panel on the latest meeting of the Board:

- Teresa had informed the Board of the huge amount of work done by the Panel regarding the HIES application and how much difference and improvements the Panel had already made to the code;
- the Board had heard about the suggested new areas for codes development and discussed the possible challenges it might present in some sectors;
- the Board had discussed the possibility of a "fast track" application system for codes operating within heavily regulated sectors;
- the Board had discussed the recent developments with the multiple codes operating within the same sectors and highlighted that all precautions must be made in order to ensure that the standards are not diluted;
- the Board had been updated on the current ADR directive developments; the Panel was informed that CCAB had submitted their interest in the consultation;
- the Board had been updated on the situation within various approved schemes and what the possible solutions could be to reduce the consumer confusion;
- the Board had received a CCAS financial update;
- the Board had received a performance measurement update;

The next meeting of the Board is taking place on 15 July, where two new codes (Simple Products and Checkmate) will be presented for Stage I approval.

8. CCAS update including priority areas update and Panel summary template review

The Panel considered the front sheet template that had been developed for new codes presented to the Panel.

The Panel was asked to send in any comments they may have regarding the template to the CCAS team.

Other updates were covered earlier in the meeting.

9. Any Other Business

The date of the next meeting of the Panel:

Thursday 25 September 2014 14:00 – 16:00 Citizens Advice Office

The meeting concluded at 16:35