Consultation Response

StepChange Debt Charity response to the Financial Conduct Authority consultation: Our Future Mission

January 2017

StepChange Debt Charity London Office
6th Floor, Lynton House, 7-12 Tavistock Square, London WC1H 9LT
Policy Contact: Peter Tutton
Tel: 0207 391 4596
Email: peter.tutton@stepchange.org

Introduction

StepChange Debt Charity welcomes the opportunity to respond to this consultation on the future mission of the Financial Conduct Authority. We are the largest specialist debt advice charity operating across the UK. In 2016 some 600,000 people contacted our telephone helpline or online debt remedy tool for advice and information about problem debt.

We believe our experience of dealing with problem debt makes us well placed to discuss the issues raised in this consultation. As a charity and consumer advocate with a mission to reduce the harm debt causes UK society we are concerned that financial services markets and credit markets in particular, should work better for those people most vulnerable to problem debt.

We continue to see how a combination of adverse circumstances, poor options and the conduct of financial services providers can increase consumers' vulnerability to debt and make financial difficulties harder to deal with. Almost all of our clients, by definition will be financially vulnerable. Many have low incomes or have recently experienced a negative life event. Our research highlights how people struggling with financial difficulties are often forced to make choices between bad options – using expensive and unsustainable credit to deal with unaffordable payment demands by creditors for instance.

Problem debt has many causes but we see a strong link with firm's conduct. We still see too much evidence of poor lending decisions, unhelpful or aggressive arrears management practices and product features causing or contributing to worsening financial difficulties. We hope the FCA's future mission includes action to weaken the link between creditor conduct and problem debt.

A significant proportion of our clients report circumstances such as mental or physical health problems, reduced mental capacity and communication difficulties. This can reduce capacity to make decisions, comprehend information, and advocate needs with firms effectively. These 'vulnerable situations' combine with the risks of experiencing financial difficulties in a group of consumers with little or no power to discipline markets or the conduct of individual firms. So we give wholehearted support to the belief set out in this consultation that the FCA has a specific role to protect vulnerable consumers.

The needs of consumers who are more vulnerable to problem debt may not be well met by financial services, even though they may have little choice in using financial services (credit in particular) when this is likely to cause them harm. We believe that by its self, conduct regulation of financial services is unlikely to deliver the solutions that the most financially vulnerable consumers need. So we welcome the discussion in this paper on the boundary with public policy.

As a charity regulated by the FCA and trying to support vulnerable people in financial difficulties we are pleased to join this discussion on the FCA's future mission. We hope that the outcome will help deliver positive change for our clients and potential clients and help us in our charitable mission of reducing the harm debt causes in UK society.

Our responses to the specific consultation are set out below. They expand upon the themes raised in the letter our Chair, Sir Hector Hants, recently sent to FCA Chief Executive Andrew Bailey.

Q1: Do you think our definition of a well-functioning market is complete? What other characteristics do you think we should consider?

StepChange Debt Charity would agree that markets do not always function well in the real world. The problems our clients face with financial services, and credit markets in particular, highlights how these markets are not always delivering good outcomes for all consumers. From this perspective, we believe it is more important for the FCA's forward mission to clearly define the people financial services markets do not work well for, in what circumstances, and why.

We would suggest that a key starting point for this is to consider what a well-functioning market means for different groups of consumers. Consumers are not a homogeneous group and some have more power to discipline a firm or market than others. Processes such as cross subsidy and price discrimination can consolidate these differences in consumer power, creating different outcomes from the same product or market – contrasting free banking to persistent overdraft charges provides one example.

So markets can both reflect and replicate the different social interactions that underpin them. As a result we should not expect the same broad set of characteristics to produce the same outcomes for all consumers. So for any specific consumer:

- Being able to take a decision based on clear information may not produce a good outcome where the range of available options is not well suited to that consumer's needs.
- Actively engaging with the market may not lead to a good outcome where a consumer is trying to meet needs that are not of their choosing and in circumstances not of their making. A financially vulnerable consumer shopping around for expensive and unsustainable credit to meet another creditor's demands for payment does not seem like a good market outcome.
- It may not be easy for consumers in vulnerable situations to end a relationship with a firm at a point where that relationship starts to produce bad outcomes and firms may use this power over consumers to improve their own outcomes.

The FCA should consider augmenting its definition of well-functioning markets to include perspectives from the experience of different consumers. An understanding of the variation of outcomes that financial services can deliver different consumers and the conscious and underlying processes that drive these differences should be central to the FCA's future mission.

Q2: Do you think our approach to consumer loss in well-functioning markets is appropriate?

StepChange Debt Charity does not fully agree with the approach to consumer loss set out in this paper. The mission paper sates that the FCA will not aim at a zero tolerance approach to market failure and consumer loss. While this may be sensible as a general principle, we believe that it is does not sit well with a specific role to protect vulnerable consumers.

Vulnerable consumers are likely to have a lower tolerance to loss than other consumers, with a smaller loss having a bigger detrimental impact. So for a market to work well for vulnerable consumers, a lower or even zero risk of loss may need to be designed into a product or service to ensure it is well suited to their needs. Removing contingent charges from basic bank accounts might be one example of a zero tolerance approach, in that case to help ensure the market for transactional banking worked better for vulnerable consumers.

So we would urge the FCA to consider how it might tailor its approach to loss to the needs of particular groups of consumers in the context of specific products and services. In this respect we believe that the FCA needs to consider the outcomes different consumers might need before setting any a priori risk tolerance on market failure.

Q3: Do you think we have got the balance right between individual due diligence and the regulator's role in enforcing market discipline?

There is a balance between individual due diligence and the regulator's role in enforcing market discipline. However we are not clear that the mission paper sets out a clear enough set of principles as to how this balance should be assessed.

We would agree with the principle that more complex products, those extending over time and those where information costs to consumers are high are likely to need more attention from the regulator. However, following on from our answer to the questions above, defining what is complex and difficult to understand for specific groups of consumers might be more challenging than the mission paper suggests.

In consumer credit we see products and services that are offered to a broad target market of consumers with different abilities and potential vulnerabilities, credit cards and overdrafts for instance. So we believe an approach that relies on individual consumers to discipline the market is very likely to under protect some consumers.

We presume that this understanding underpins overarching requirements on firms to treat customers fairly and ensure good product governance – attempting to instil a discipline into the policies and practices of individual firms to ensure that the markets they participate in work well for consumers. This seems to us to be, in theory at least, an approach that allows a forward judgment approach to dealing with the risks different consumers face.

However, the problems our clients continue to face (with products like credit cards and overdrafts for instance) suggests that these overarching requirements on firms are not resulting in good outcomes (or rather the mitigation of bad outcomes) for consumers consistently. So from our perspective the balance between diligence and discipline is not working well in practice.

It may be that the FCA needs to consider whether more explicit, transparent and concrete outcomes for TCF and product governance are needed to ensure the right degree of consumer protection. It might be that greater supervision and direction is needed over the way that firms assess the risks and benefits of products and services for the various different consumers who may use them.

Q4: Do you think the distinction we make between wholesale and retail markets is right? If not, can you tell us why and what other factors you believe we should consider?

We broadly agree with the distinction between wholesale and retail markets set out in the consultation paper. However the FCA will need to stay aware of issues in wholesale markets could cause detriment for consumers in retail markets. For instance, in the case of payment protection insurance, did lenders' ability to influence upstream markets contribute to the problems consumers faced in downstream markets? Likewise wholesale issues like LIBOR are clearly capable of having an impact on consumers downstream.

Q5: Do you think the way we measure performance is meaningful? What other criteria do you think are central to measuring our effectiveness?

The three tier approach set out in the mission paper appears meaningful as an outline process. However we would argue that merely seeking to measure impact and outcomes is unlikely to deliver a good measure of performance without developing detailed and specific expected outcomes for any intervention.

Here we would ask whether the FCA could be more transparent when drawing up interventions and remedy packages in stating the outcomes it expects these to deliver in line with its objectives. We believe that where the FCA discovers actual or potential consumer detriment it should aim to stop and prevent that detriment as completely as is practicable. This would provide a firm set of outcomes to assess performance against.

Q6: Do you think our intervention framework is the correct one?

We would agree with the intervention framework in outline; the process of issue identification, investigation, forming an approach to remedies and intervention is logical. However, as raised in our response to the previous question, this framework says little about the effectiveness of any particular intervention or how the approach taken relates to the FCA's statutory objectives. So we would ask the FCA to consider how the intervention model might be augmented as follows:

- Scoping should include a clear focus on the issues facing different consumers. The diagnoses of causes and extent of harm needs to be specific in order identify whether different consumers need different protection.
- Decisions on remedies should be based on what is likely to be substantially effective in a reasonable timeframe, rather than based on *a priori* preferences, and not unduly overshadowed by concerns about unintended consequences.
- Interventions need to pay particular attention to the needs of vulnerable consumers. The FCA will need to consider how it will ensure proportionality concerns do not preclude sufficient attention to these needs.
- The FCA should review the impact of interventions and be prepared to go again if the necessary outcomes are not achieved.

Here we would point out that the mission paper cites several interventions as substantially successful, when our evidence suggests otherwise. The intervention in the payday lending market is cited. We would agree that this has delivered a significant improvement in some of the bad practices we were seeing in that market. But problems remain (multiple payday lending for instance) that require we believe require further attention.

The intervention into the commercial debt management market is also cited as broadly successful. However we have seen examples of consumers leaving a debt management provider only to enter into an unsuitable product.

Q7: Do you think the way we interpret our objective to protect and enhance the integrity of the UK financial system is appropriate? Are there other aspects you think we should include?

We have no specific response to this question at this time

Q8: Where do you believe the boundary between broader policy and the FCA's regulatory responsibility lies?

We believe that this is probably one of the most important areas to get right for the FCA to be confident in its future mission. The executive summary of the consultation paper points out that consumer needs are becoming more diverse and complex while at the same time consumers are increasingly required to take more personal responsibility for their financial decisions. To this we would add that consumers are increasingly reliant on financial services for their welfare outcomes.

So financial services regulation touches firmly upon public policy objectives that are broader than the FCA's current statutory objectives. In some cases this is fairly explicit; such as cited example of access to transactional banking, where the Government has mandated the market to work in a certain way. In other cases the line between regulation and public policy is less clear.

A good and topical example can be found in consumer credit where the FCA has a credit card market review and a high cost credit review in progress. As a debt advice charity we are increasingly concerned at the way financially vulnerable consumers have to use consumer credit as a safety net and for everyday needs. Millions of consumers regularly face the choice between using credit that can be expensive and unsustainable or going without on basic needs. In many cases it is a poor choice of two harmful options.

The FCA's current objectives require delivering appropriate protection to consumers. Our expectation is that this would explicitly include protecting vulnerable consumers from lending practices and product features that increase hardship and financial difficulties. As the paper points out, the FCA has taken action in respect of high cost short term credit to address and prevent consumer detriment. Our submissions to both the credit card and high cost credit review highlight problems that still need to be addressed.

On the other hand, the FCA is required to 'have regard' to consumers' access to financial services. Following interventions into the high cost short term credit market that have reduced the scale of payday lending there has been debate on the relationship between consumer protection and access . This point is perhaps picked up in the mission paper description of unintended consequences leaving a whole group of consumers without a service.

However we would urge the FCA to be careful not to approach this problem only form the perspective of a choice between consumer protection and access. If ensuring access means allowing products and practices with a high built in likelihood of causing harm, then consumers are still facing poor choices. This is not a good regulatory outcome and would surely compromise the FCA's future mission, particularly in regard to supporting vulnerable consumers.

In reality there are likely to be limits on the scope of commercially viable credit products to meet the needs of lower income and financially vulnerable consumers without causing detriment. In which case, we believe that the primary role of the FCA is to address consumer detriment. The FCA can consider increasing safe access by looking at the scope for firms to look harder at their own governance of products aimed at more vulnerable consumers. There might perhaps also be scope for interventions that increase market efficiency.

Where a competitive and well regulated financial services market cannot meet the key needs of a particular group of consumers then it is a job for public policy to consider how these needs might otherwise be met. We believe that this could form a starting principle to set boundaries between regulatory policy and public policy.

In this respect we are looking for two clear outcomes from this future mission consultation. Firstly we hope for a greater understanding by policy makers as to the limited possibilities of competitive financial services markets meeting the key needs of vulnerable consumers without unreasonable risk of detriment. Secondly we hope that the FCA will set clear outcomes for protecting consumers vulnerable to detriment that will clarify the role of public policy.

Q9: Is our understanding of the benefits and risk of price discrimination and cross subsidy correct? Is our approach to intervention the right one?

We broadly agree with the description of price discrimination and cross subsidy set out in the paper. However we would ask the FCA to consider the effect of changing the term 'naïve' consumers to vulnerable consumers; as consumers may be locked into high cost products for reasons other than price sensitivity. Consumers locked in persistent overdraft debt might be one example, the issue popularly described as 'mortgage prisoners' may be another. Characterising those consumers who suffer detriment from price discrimination or cross subsidies as vulnerable might perhaps highlight that this can be a consumer protection issue as well as a competition issue. We would ask the FCA to consider the nature of its role in this respect. Indeed we would suggest that the potentially exclusionary consequences of price discrimination and pricing to risk may raise questions that need to be directed at public policy.

Q10: Does increased individual responsibility increase the need and scope for a greater and more innovative regulatory response?

We believe that the FCA's future mission should include scope for greater and more innovative regulatory response, for reasons set out above and below. We believe that the FCA's role in protecting vulnerable consumers is likely to require a degree of regulatory innovation. In particular, the problems that vulnerable consumers face are unlikely to be confined to financial services, crossing into other regulated and unregulated services in both public and private sectors. The publication of the FCA's vulnerable consumers discussion paper has had a welcome positive impact on other sectors. We would urge the FCA to continue to work closely with other regulators and public bodies, looking for innovative ways to make the UK first in class in consumer protection for people in vulnerable situations.

Q11: Would a Duty of Care help ensure that financial markets function well?

StepChange Debt Charity believes that a duty of care could help ensure that financial markets function well.

We note the point made in the mission consultation paper to the effect that the FCA principles and the obligation on firms to treat customers fairly makes a more explicit duty of care unnecessary. We have some sympathy with this view in principle; the obligation to treat customers fairly should mean that firms are carefully considering the needs of their customers and ensuring that the products and services they offer do not harm or disadvantage consumers; all the more so where any such disadvantage or harm would be to the firm's own benefit.

In practice we see outcomes for consumers that are very different, as highlighted in our submissions to the FCA on credit cards, high cost credit overdrafts and elsewhere. We do not believe that firms are consistently meeting the obligation to treat customers fairly in a way that could be described as meeting a duty of care.

An immediate consequence of introducing a duty of care might be to extend consumers' right to seek redress or protection from the courts in respect of a breach of that duty. It could be argued that allowing consumers to seek redress from the courts in respect of the FCA principles would achieve much the same outcome. But other FCA projects, such as the review on incorporating the remaining Consumer Credit Act (CCA) provisions into FCA rules, might require the FCA to go further. For instance the CCA contains court based remedies in respect of 'unfair relationships' that arguably go further than Principle 6 in a way that would touch upon a firm's duty of care to a customer.

However we do not believe that extending court redress in respect of the principles would by itself ensure consistent fair treatment of consumers. A duty of care, if introduced, would need to drill down further into the reasons why TCF, product governance and the rules do not always deliver the right outcomes for consumers.

A better and more explicitly targeted product governance concept might help firms to focus harder on the possible detriment that their products and services could cause different consumers. In consumer credit, the conduct rules on lending, arrears management and charging practices could to more to protect financially vulnerable consumers. Principle six and the TCF outcomes could contain a more explicit requirement on taking steps to avoid consumer detriment. This could include a more explicit requirement around treatment of vulnerable consumers.

So we believe there is scope for the Principles and TCF to work better than they are currently. Indeed achieving such an improvement would seem to be a central question for the FC's future mission. Embedding a duty of care into firm's policies and practices could provide a baseline regulatory outcome for this.

Q12: Is our approach to offering consumers greater protection for more complex products the right one?

We support the FCA's approach to offering consumers greater protection for more complex products. Consumers are being asked to meet more of their current and future needs through financial products with features that can be hard to understand and outcomes that may not become apparent until much later. We would expect the FCA to deliver a framework of protection that is appropriate and effective in preventing consumers from suffering detriment.

However we would make several further observations on this point as follows:

- In addition to complexity, the FCA should ensure effective protection to products with a high inherent risk of detriment – a credit product can be simple but can be structured in a way that can cause undue consumer harm.
- The extra protection for complex products should be additional to an effective standard of protection for consumers generally. A 'light touch' approach will not necessarily be appropriate for some less complex products and in respects of some consumers.
- Product complexity should not be taken as a fact of life. It is an old argument that product complexity can be designed to benefit firms rather than consumers. Some of the problems with payment protection insurance rested on this. So the FCA should ensure that consumers are protected against

unnecessary complexity that will mainly benefit firms. Good product governance principles are needed in addition to disclosure and sales rules.

- We would agree that the FCA cannot be expected to ensure consumers never make bad choices. But we would expect the FCA to be looking out for consumers who may be forced by their circumstances towards bad choices. We would expect the FCA to ensure that firms are consciously designing foreseeably bad outcomes out of their products and services.
- As consumers our lives can be complex and unpredictable. Consumer protection objectives should recognise the need for products and services that can have consequences for consumers over time to reflect this.

Q13: Is our regulatory distinction between consumers with greater and lesser capability appropriate?

StepChange Debt Charity strongly believes that this distinction is appropriate for the reasons broadly stated in our response to the previous question. We would point out here, and in respect of protecting vulnerable consumers, that a consumer's capacity is not necessarily fixed or observable to firms at any given point in time. So firms offering products or services to a wide range of consumers should ensure that these are not likely to cause consumers with lesser capability harm.

A key challenge for the FCA's future mission will be improving the extent to which firms are able to consistently identify consumers with a lower level of capability and intervene where necessary to prevent problems occurring.

Q14: Is our approach to redress schemes for issues outside our regulatory perimeter the right one? Would more specific criteria help firms and consumers?

StepChange Debt Charity has no specific response to this question at this time.

Q15: What more can we do to ensure consumers using redress schemes feel they are receiving the appropriate level of personal attention?

StepChange Debt Charity has no specific response to this question at this time.

Q16: Is our approach to giving vulnerable consumers greater levels of protection the right one?

StepChange Debt Charity fully supports the FCA's belief that it has a specific role to protect vulnerable consumers. Our work supporting people with severe debt problems continually highlights the need for financial services regulation to pay attention to the needs of vulnerable consumers. Throughout this response we have highlighted the importance of this approach, noting that consumers can be vulnerable to detriment caused by financial products and services where their financial or personal circumstances limit their power to ‘discipline’ the market.

We both acknowledge and welcome the progress that the FCA has already made in this area. The vulnerable consumers discussion paper provides a useful toolkit for both firms and FCA supervisors. However we believe that more needs to be done.

We note that the CONC rulebook places a specific duty on debt advice / management providers to consider the needs of vulnerable consumers generally in their policies and practices. In revisiting the question of a ‘duty of care’, the FCA might consider the case for a specific rule or principle of vulnerable consumers to apply to firms generally. This should be supported by evolving guidance on best practice in meeting the needs of vulnerable consumers.

Delivering the appropriate level of protection for vulnerable consumers at a market or sector level raises some more difficult questions. Noting again the discussion on the FCA’s tolerance to consumer loss, we need to bear in mind that vulnerable consumers may have a lower tolerance to loss than other consumers. A small loss many have a greater impact on vulnerable consumers. The number of consumers in a particular vulnerable situation may be a small part of a given market.

Given this, there is a concern that the FCA’s approach to cost-benefit analysis can create a barrier to addressing the needs of vulnerable consumers. The numerical imbalance creates a proportionality issues in the minds of regulators. So when we have discussed the problems vulnerable consumers can face with particular products or sectors we regularly hear proportionality cited as a constraint on remedies, including the possible costs firms may pass on to other (not vulnerable) consumers.

The worry here is that the consumer protection regime discounts the needs of vulnerable consumers, particularly when markets serve some consumers well but more vulnerable consumers poorly (the exact finding in credit cards and retail banking).

The following three suggestions might help to better tune the regime to the needs of vulnerable consumers.

- The FCA should give more weight to vulnerable consumers in cost-benefit analysis
- The FCA could be more explicit in defining an ‘appropriate level of consumer protection’ in terms of outcomes for vulnerable consumers. Only when this is defined should the FCA then have regard to the proportionality principle in respect of assessing different possible approaches to achieve these outcomes.

- The FCA should do more to ensure firms build better concern for the needs of vulnerable consumers into their 'product governance'. Here we note that vulnerable consumers can experience detriment from both poorly targeted mainstream products and products that are aimed at them but not well aligned with their needs.

Finally we would highlight the need for the FCA to consider how it approaches regulating advice charities like StepChange who are supporting vulnerable consumers.

Driving up standards in the commercial debt management sector is both necessary and long overdue. During the design of the credit regime StepChange was very clear in stating that our clients should enjoy the protection of higher regulatory standards and continued access to the Financial Ombudsman Service, This remains our view.

But charities are in a different position to commercial firms. Charitable status mandates us to support vulnerable clients that the commercial sector cannot or will not help. Unlike commercial providers, the free debt advice sector has not scope to offset increased regulatory costs be increasing prices. So we would ask the FCA to consider how it might recognise the challenge of regulating charities, ensuring we operate at a high standard while minimising regulatory burdens of charitable funds.

A more pro-active and collaborative approach from the FCA would help us here. Clear and precise direction form the FCA could avoid charitable funds being spent on compliance and legal consultancy for instance. Likewise our experience of dealing with vulnerable people suggests that sometimes a flexible approach is needed to meeting their needs. Some aspects of the current rules do not always make sense when applied rigidly to debt advice charities - the requirement to tell people about alternative free debt advice for instance.

The FCA has piloted the idea of a 'sandbox' to reduce the regulatory risks of innovation. Taking a similar approach to charities could help us to help vulnerable people to a high standard at a lower cost.

Q17: Is our approach to the effectiveness of disclosure based on the right assumption?

We agree that regulating disclosure is a necessary part of delivering consumer protection. But it is unlikely to be a sufficient approach by itself. We would also agree that the FCA should seek to reduce the cost of disclosure requirements on firms where evidence suggests a more efficient alternative form of disclosure. Utilising behavioural economics to maximise the effectiveness of disclosure in helping consumers make decisions is a sensible approach.

However, as a type of disclosure based approach, it still may not be sufficient to prevent or address consumer detriment. It may be a particularly poor approach to meeting the needs of lower income and vulnerable consumers with limited choices and limited capability.

So while we recognise the important role that 'nudging' approaches have, we would strongly question an approach to consumer protection that must always start with this approach, only moving to other forms of intervention when the effects are exhausted. We believe that a 'nudge first and ask questions later' approach is likely to under protect consumers and vulnerable consumers in particular. Instead we would ask the FCA to consider an approach to remedies that starts by identifying the outcomes that consumer protection needs to achieve and then consider the remedies most likely to achieve those outcomes in a reasonable timeframe.

We note the issue raised on page 34 of the consultation that more significant interventions can 'negatively affect consumers who do chose well and they can also harm innovations in the market'. Our worry here is that these concerns tend to overshadow consumer protection objectives in practice in a way that may not address the needs of more vulnerable consumers or cross-subsidy and price discrimination issues raised earlier.

Q18: Given the evidence, is it appropriate for us to take a more 'interventionist' approach where conventional disclosure steps prove ineffective?

Please see our answer to question 17. It will be appropriate for the FCA to take more 'interventionist' approaches at the same time as (or as an alternative to) taking disclosure steps where the FCA can reasonably foresee that disclosure steps will not be sufficient to deliver the necessary outcomes for consumers. The choice of remedies should be driven be the need to deliver outcomes in line with objectives.

Q19: Do you think our approach to deciding when to intervene will help make FCA decisions more predictable?

StepChange welcomes the attention to this point. We believe that a transparent framework for decisions on intervention will be central to the success of the FCA's future mission. We welcome the recognition that a remedy package needs to be effective first and foremost but note again that this could be at odds with the approach outlined by the FCA in the section on disclosure.

While we would strongly agree that remedies should tackle the underlying causes of a problem, we would question whether just 'tackling enough of those causes to make an impact' would by itself make a remedy package effective. The effectiveness of a remedy practice should be determined against achieving appropriate regulatory outcomes, including outcomes for vulnerable consumers in particular. We would hope that the framework for intervention is clear in defining outcomes that aim to stop or prevent consumer detriment in as complete a way as is practicable, rather than just aiming at an unspecified impact.

Q20: Are there any other factors we ought to consider when deciding whether to intervene?

Please see previous responses that answer this question.

Q21: What more do you think we could do to improve our communication about our interventions?

Q22: Is there anything else in addition to the points set out above that it would be helpful for us to communicate when consulting on new proposals?

We would ask the FCA to consider how market studies, thematic reviews and other research highlighting consumer problems might include more discussion on the outcomes necessary for the FCA to meet its objectives and the remedy package that the FCA believes will be needed to meet those outcomes.

Q23: Do you think it is our role to encourage innovation?

We believe that the FCA should have a role in encouraging innovation where this furthers its objectives and benefits consumers.

The FCA should also have a role in helping public policy develop and implement solutions to consumer needs where commercial providers are unable to do so (helping public policy to cross the boundary back to financial services).

As stated in our response to Question 16, we believe the FCA should consider a specific role in helping the charities that it regulates to innovate.

The FCA should work with other regulators and public bodies to make the UK best in class for protecting vulnerable consumers.

Q24: Do you think our approach to firm failure is appropriate?

StepChange Debt Charity has no specific response to this question at this time

Q25: Do you think more formal discussions with firms about lessons learned will help improve regulatory outcomes?

StepChange Debt Charity has no specific response to this question at this time

Q26: Do you think that private warnings are consistent with our desire to be more transparent?

StepChange Debt Charity has no specific response to this question at this time.