

Consumer Insight Panel

Notes of First Meeting

Tuesday 21 January 2014, 10:30

Chartered Insurance Institute

- Delegates:** Teresa Perchard, Meeting Chair, Lay Director, the Personal Finance Society
Sue Lewis, Chair, Financial Services Consumer Panel
Tom Wright CBE, Chief Executive, AgeUK
Mark Fiander, Executive Director, Money Advice Service
Michelle Cracknell, Chief Executive, The Pensions Advisory Service
Ceri Stanaway, Head of Research and Content Creation, Money and Travel, Which?
Nick Lord, Financial Consultant
David Thomas, Vice President, the Personal Finance Society
Keith Richards, Chief Executive, the Personal Finance Society
David Thomson, Director of Policy & Public Affairs, Chartered Insurance Institute
Laurence Baxter, Head of Policy & Research, Chartered Insurance Institute
- Present:** Lyn New (notes) PA to CEOs Personal Finance Society and Chartered Insurance Institute
- Apologies:** Clive Adamson, Director of Supervision, Financial Conduct Authority
Gillian Guy, Chief Executive, Citizens Advice
Debbie Enever, Policy Manager, Financial Ombudsman Service

1. Introductions & Organisations' Consumer Objectives

The Chair welcomed members to the first meeting of the Consumer Insight Panel whose purpose is to inform, advise, influence and support the Personal Finance profession through the Personal Finance Society's membership and activities ultimately leading to better consumer financial education, decisions and outcomes.

Each member of the panel provided a brief overview of their organisation's consumer objectives and how they might provide guidance in respect of the Personal Finance Society's consumer faced activities. (Appendix I – Panel Bios).

Keith Richards introduced the Personal Finance Society, a Professional Body whose membership of financial advisers and those in related roles currently stands at over 34,300. (It was noted that post RDR there was a population of some 32,690 qualified advisers in the UK representing 22,000 intermediaries). However, the new RDR landscape, which has brought about higher professionalism and greater transparency into the financial advice arena, has also introduced an air of confusion over advice labels. The Society would seek the panel's guidance on this as they are committed to promote the value of professional advice for consumers by guiding the financial services profession and are therefore working with other bodies, such as MAS, OMO, FCA, Treasury etc. to provide clarity for consumers and advisers alike.

During discussion the following issues were noted as areas where the Panel could focus its attention and work together with the PFS for the benefit of consumers:

- The **'advice gap'** – there was a strong consensus amongst the Panel that this was the most significant issue that needed to be addressed as it concerned consumers missing out on advice that could make a big difference to their financial well being. A number of members of the Panel were keen to help more consumers. The Panel could work with PFS to identify

the characteristics of the advice gap, including especially the expectations of consumers. This would help us identify appropriate action for advisers, professional bodies and other organisations to respond to engage with consumers and to develop services to meet the changing needs and expectations of consumers. It would be important to identify the action that PFS and its members could actually take to address the problem. As part of this the Panel could help to identify areas where regulatory requirements get in the way of meeting consumer requirements.

- **Simplifying the customer journey** - in relation to the advice gap there appeared to be a number of opportunities for organisations involved with Panel to work together with PFS to not only 'join up' information and advice and referrals between different services, like the Money Advice Service and the financial planning community, but helping consumers to find the best financial advisers to meet their needs.
- **Easier to use financial advice services** – members raised a number of issues from research and experience pointing to the opportunities to change and improve the services on offer from financial advisers – simpler clearer contracts and charges and also simpler advice service offers (catering better for the consumer that only wishes or needs to get advice on a discrete issue or one-off decision).
- **What does good advice look like? And are consumers getting good advice?** - Panel members were interested in discussing how more insight could be gained into and measures of the quality of advice, or outcomes from good advice. A particular issue was highlighted of the dearth of advisers able to provide expert advice on issues such as funding care costs, a growing need and requirement.
- **Developing and improving research and insight** – there were a number of opportunities for collaboration on research, and also providing peer review and challenge and identifying actions from research. In this regard CII have circulated a draft of their latest post RDR research to the Panel members seeking comments before this is published.

A number of the issues raised above fall within the remit of the FCA and Teresa confirmed that she would ask them to provide a representative for the next meeting if Clive Adamson was not able to attend personally.

It was also noted that FOS were also invited to the meeting but were cautious in taking part due to their mediatory role.

Summing up Teresa noted that there was a strong interest from Panel members in:

- a) More consumers to receive good and complete advice on financial issues
- b) To make that journey simpler
- c) To clarify and improve the regulatory systems involved

2. Terms of Reference

Referring to the previously circulated ToR, Teresa highlighted the following:

- a) Other experts will be invited to join the group as the agenda dictates
- b) The panel will meet two or three times a year, this includes a meeting over dinner with the PFS board of directors in June.
- c) Full secretariat will be provided by the Personal Finance Society/CII
- d) A brief post meeting report (agreed by the panel) will be posted on the Society's website

It was confirmed that the panel will be held under 'Chatham House' rules and subject to this addition the ToR were agreed by the panel.

3. An Introduction to the Personal Finance Society

A short video clip was shown Please find a link here <https://vimeo.com/79089612>

The Personal Finance Society is a Professional Body and not a Trade Body, there still remains confusion as to the roles of each.

Negative views and blogs posted on various social media channels by a few dissenters presented an image of a disjointed profession to consumers. Therefore, the Society launched an industry-wide Consumer Confidence Campaign in late 2013 designed to unite the profession from within and therefore increase the public's perception and trust in the financial advice profession. Please find a link here <http://www.thepfs.org/about/consumer-confidence-campaign/>

A key strength of the Society is its strong regional volunteer network. With 26 regions throughout the UK Society members can take advantage of monthly CPD events designed to promote the highest standards for technical knowledge client service and ethical practice. Please find a link here <http://www.thepfs.org/about/about-the-pfs/>

To attain an SPS a retail investment member adviser will have adhered to the CII Code of Ethics hold a required qualification (an investment of time and resource) and completed appropriate CPD. In this respect a powerful tool is the ability to identify FCA issues and then write CPD around them i.e. filling the gaps for members.

4. Retail Distribution Review a Year On

Due to time constraints slides regarding the latest CII consumer survey on the RDR will be circulated for comments from Panel members outside of the meeting. The findings will be factored into the agenda/discussion for the next meeting

5. Hot Issues and Panel Members' Concerns

Keith Richards briefed Panel members that a new Personal Finance Society consumer website (to be launched at the end of Q1) with it's find a member search facility was specifically tailored to be public friendly, removing adviser bias. He hoped that this initiative would provide a response to concerns around the ease of locating a suitably qualified adviser and invited Panel members feedback as well as their help in promoting the website in due course.

Panel members supported action by the PFS on the website and urged the PFS to also look at 'jargon busting' – helping to improve the clarity and simplicity of advisers' contracts with their customers;

A particular issue was raised of the difficulty of finding an adviser who can 'advise' on a specific issue i.e. consumers seeking face to face guidance on how to invest a small pot of money encounter regulatory problems in relation to the type of advice given and how much it will cost, this is confusing and off putting for consumers.

A paper will be prepared for the next meeting exploring 'What do consumers really want from advisers? What are the barriers in providing this? How can consumers engage an adviser for simple quality advice rather than invest a large amount of time in one or more meetings'.

The panel were asked to give thought to one or two things that the Society can do to guide the profession i.e. How to change the perception of the 'consumer journey'. What's on offer? How to get advice, the contract prices, quality. How do you know you have a good adviser? Consistent messaging across organisations.

6. Programme of Meetings 2014

- Next meeting takes place on March 31, 12.30 with lunch, 13:00 until 15:00
- The Stepchange debt charity will be invited to join the group