

April 2006



Delivering better regulatory outcomes

A joint FSA and OFT Action Plan

OFFICE OF FAIR TRADING





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Foreword

Regulation is important to maintaining financial markets which are efficient, orderly and fair, and to protecting consumers from abusive practices. It is essential that regulation is carried out in a way that is proportionate to the risks, does not constitute an unnecessary burden to business and does not impose unjustified costs on consumers.

The Financial Services Authority (FSA) and the Office of Fair Trading (OFT) have been working together closely for some time both on specific issues and across a broader range of mutual interests. For example, thinking on policy development is shared continually and there is a steady exchange of intelligence.

But it is clear to us both that we can deliver greater benefits to markets, consumers and the economy as a whole if we work even more closely and effectively. This Action Plan sets out what we intend to do to reduce the administrative burdens on firms, improve the way in which we make information available to consumers and deliver risk-based regulation – each key objectives of the Hampton Report. As regulators we are committed to being proportionate and cost effective.

We have set up a user group of our stakeholders in order to take their advice on the detail of how we should be working more closely together. We look forward to their input. We will provide an update report later this year on the work we are doing.



John Tiner



John Fingleton

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John Tiner

A handwritten signature in black ink that reads "John Fingleton". The signature is written in a cursive style and is placed on a light-colored rectangular background.

John Fingleton

Purpose

Why we are publishing this document

This Action Plan outlines how we have improved – and will continue to improve – the way we deal with firms¹ that are regulated by both the OFT and the FSA. We are committed to working together to reduce the burden of regulation on firms and communicate more clearly with both firms and consumers. Our work to improve regulation reflects a recognition that we can build on our existing work in partnership to achieve better regulation, benefiting both firms and consumers alike.

This document outlines areas where we think we can reduce the administrative burden that is currently faced by regulated firms. It also discusses potential areas for improvement that we have identified, but where we currently do not have enough information to determine whether a change of process would be beneficial. For these processes we will carry out feasibility studies to assess whether the changes are indeed necessary or desirable, what the cost of making the changes would be, the benefits they would confer on the firms and/or consumers affected, and whether the costs of making the changes are proportionate to the benefits that will accrue.

By carrying out the actions in this plan we aim to:

- enable firms to provide standard information to both our organisations with as little duplication as possible;
- ensure that our policy and rules in areas of overlap are consistent and complementary, and thus easier for firms to implement;
- give consumers a clear, easy to understand message in areas where our responsibilities overlap;
- share knowledge and expertise more effectively; and
- ensure that everything we do is cost-effective for jointly regulated firms.

We are always open to further suggestions about areas of regulation which stakeholders believe could benefit from review and where there is scope for change. Please send comments to either: betterregulation@fsa.gov.uk or actionplan@oft.gsi.gov.uk.

1. In this document 'firms' refers to all persons authorised under FSMA and all consumer credit licence holders.

Summary

This table summarises the key actions that are set out in more detail in the main text of this plan, with the timetable for their delivery and page numbers for ease of reference.

Working more closely together		
Action	Delivery date	Page
Unfair Contract Terms Update of the Concordat to formalise our working arrangements on unfair contract terms.	July 2006	10
Gateways We will consider the current legal framework for sharing information.	To be included in the report on the progress we have made on matters in this plan, in November 2006	12
Policy collaboration		
Advertising Production of a single resource of frequently asked questions (FAQs) for firms whose advertising is jointly regulated.	May 2006	14
Removing duplicative advertising requirements Consultation with stakeholders on a rule change allowing a firm to use only the Consumer Credit Act version of the warning in advertising.	FSA Consultation paper published in April 2006, if supported the changes would come into force in October 2006	14
Reducing the administrative burden on jointly authorised firms		
Authorisation and licensing processes Feasibility study into whether the administrative burden on applicant firms can be reduced by aligning the two processes.	September 2006	15
Changes to firms' standing data Feasibility study into whether the administrative burden of changing standing data can be reduced for jointly regulated firms.	September 2006	16
Collection of revenue Feasibility study into rationalising the invoicing and collection of fees.	September 2006	16
Communication with firms Identifying ways in which we can make combined communications to firms.	September 2006	17
Communicating with consumers		
Relaunch of the FSA and the OFT's consumer websites. Improved coordination of consumer communications.	December 2006	18
Consumer contact centres Feasibility study into how the two consumer contact centres might be better aligned.	October 2006	19
Public registers Complete planned work to upgrade the current FSA register and launch the OFT register. There will be links between the two registers when the OFT launches its online register. Subsequent feasibility study to consider whether the registers can be integrated.	Autumn 2006 March 2007	19 19

Communication with stakeholders

We have set up a user group with which we will discuss the proposals in the Action Plan and the conclusions from the subsequent feasibility studies and other work. Involving the user group will enable us to take the interests of regulated firms fully into account before deciding how best to move forward.

The user group will comprise representatives from the following trade bodies:

- Council of Mortgage Lenders (CML);
- Finance & Leasing Association (FLA);
- Association of British Insurers (ABI);
- British Bankers' Association (BBA);
- FSA Smaller Businesses Practitioner Panel (SBPP);
- Consumer Credit Association UK (CCA);
- British Cheque Cashers Association (BCCA);
- Consumer Credit Trade Association (CCTA); and
- Association of Payment and Clearing Systems (APACS).

We would like to thank the members of the user group for agreeing to work with us on delivering this plan.

We will also host a meeting for interested consumer bodies on the relevant proposals raised in this Action Plan.

Introduction

How the OFT and FSA currently work together

Better Regulation

We expect readers will now be familiar with the concept of 'better regulation'. The FSA and the OFT are committed to ensuring that regulation is efficient and effective. We both support a proportionate and risk-based approach to regulation, and focus on those businesses and business practices that damage markets, consumers and competition.

Context

The FSA is an independent body that regulates the financial services industry in the UK under the Financial Services and Markets Act 2000 (FSMA). FSMA gives the FSA four statutory objectives and several principles of good regulation to guide how it operates. The principles of good regulation include the need for proportionality when imposing restrictions, facilitating innovation and competition, and maintaining the competitive position of the UK. Within this statutory framework, the FSA's overall aims are to help retail consumers achieve a fair deal; to promote efficient, orderly and fair markets; and to become more efficient and easier to deal with.

The OFT is a non-Ministerial government department with a range of functions conferred on it by several pieces of legislation including: the Enterprise Act 2002; the Consumer Credit Act 1974; and the Competition Act 1998. The OFT's overall objective is to make markets work well for consumers and it uses the various legislative and other tools it has available to achieve this goal. In any particular market this may include direct intervention (including enforcement action where necessary), guidance to assist compliance, consumer education campaigns, promoting self-regulatory regimes, conducting market studies and, in the case of consumer credit, operating the licensing system established by the 1974 Act.

The FSA and the OFT have different, but complementary, powers and statutory objectives. There are areas where our interests overlap, and where we can work together, but it is recognised that the current legislation to some extent restricts the ways in which we can do this. Both the FSA and the OFT will face new regulatory challenges soon, for example, the FSA will have to implement the Markets in Financial Instruments Directive, and the OFT will have to accommodate the changes brought about by the Consumer Credit Act 2006. Our collaborative working arrangements will help us to face these new challenges.

A footnote in the Hampton Report published on 16 March 2005 queried whether regulation of consumer credit should pass to the FSA. Following consultation with a range of stakeholders, on 22 March 2006 the government announced that in light of recent and ongoing changes to the consumer credit regime, it did not propose additional reforms of the regime at this time. On the same day, we published a Joint Statement of Intent announcing our intention to collaborate more closely together on matters of joint regulatory interest.

The interests of the FSA and the OFT coincide in a wide range of areas, and we already liaise regularly to share information. This plan sets out how we will work more effectively together in the future.

Firms regulated by both the FSA and the OFT

We are aware that a sizeable number of firms are regulated by both the OFT and the FSA. We currently estimate there are approximately 19,000 such firms; this increases to more than 44,000 when Appointed Representatives of FSA-authorized firms are included. The vast majority of these firms are small businesses who tend to find the burdens of regulation more onerous than larger, and generally better resourced, firms. Some of these firms are also subject to the oversight of other regulators, such as HM Revenue and Customs.

Overall, the FSA regulates approximately 29,000 firms and 165,000 individuals, and deals with approximately 2,000 applications for authorisation every year. Over 135,000 of the total number of consumer credit licences issued by the OFT are currently valid, with approximately 30,000 applications for new or renewal licences made every year.

Reporting on progress

This Action Plan sets out dates by which we will either have made changes to existing processes or requirements, or completed feasibility studies. In November 2006 we will publish a short report summarising the progress we have made on the matters covered in the plan.

Improving regulation in practice

Working more closely together on matters of joint regulatory interest

Introduction

The FSA and the OFT already have good working relations on specific issues and initiatives, but we want to improve on the existing arrangements. In this section of the plan we explain how we propose to do this.

FSA-OFT communications

Intended outcome: The FSA and the OFT will enhance our existing communication arrangements and put a more formal liaison mechanism in place to oversee the areas of work where we share an interest.

At present the FSA and the OFT communicate at a number of levels. We regularly exchange information on supervisory, enforcement and consumer communication issues. These exchanges cover both the wholesale and retail financial services markets. Most of this happens on an informal basis, but where we have specific ongoing operational needs these are set out more formally (as we have, for example, in relation to our joint responsibilities for Unfair Contract Terms).

The FSA and the OFT also work together on consumer education to ensure that initiatives are coordinated and complementary.

We are enhancing these existing arrangements to ensure we coordinate effectively across all areas where FSA and OFT interests overlap. Our Chairmen and Chief Executives meet regularly, we have recently each designated a director to act as the primary senior level contact for FSA/OFT matters which they discuss at monthly meetings and we will explore the scope for exchanging staff on secondments. We will, of course, also be working closely on the initiatives set out in this Action Plan.

Unfair contract terms

Intended outcome: The FSA and the OFT will update the Concordat to formalise our working arrangements on unfair contract terms, by the end of July 2006.

The FSA and the Contract Regulation Unit at the OFT meet every two months to ensure that the work we both do on unfair contract terms is complementary and joined up. This coordination ensures that issues affecting both organisations are taken forward by the most appropriate body. We also have joint access to the Consumer Regulation Website, where relevant information for enforcers of the Unfair Terms in Consumer Contracts Regulations 1999 can be found.

The current agreement between the OFT and the FSA on unfair contract terms work dates from 2001. We have recently agreed to update the present Concordat to formalise the working arrangements we have in place. This will be done by the end of July 2006.

Payment protection insurance

Intended outcome: The FSA and the OFT will consider the scope for a coordinated OFT/FSA strategy for regulating payment protection insurance (PPI) and related credit products.

We are currently working together extensively on the PPI market. PPI is widely available to consumers of credit products including mortgages, loans and credit cards and protects the borrower's ability to keep up the payments on the loan in case of accident, sickness or unemployment. As such, both the FSA and the OFT have a strong interest in the operation of this market.

Following a super-complaint from Citizens Advice, the OFT recently launched a market study to look in detail at the PPI sector and assess whether there are problems in the way this market works. The market study gives the OFT the opportunity to consider more closely the outcomes of the FSA's thematic work on PPI and the ongoing work with trade bodies, as well as other relevant studies. The OFT and the FSA will continue to work closely with each other in this area and will consider the scope for a coordinated OFT/FSA strategy for regulating PPI and related credit products.

Financial Ombudsman Service

Intended outcome: The FSA and the OFT will continue to work with the Financial Ombudsman Service (FOS) to minimise any regulatory burdens on jointly FSA-authorized and OFT-licensed firms. Specifically, we will ensure that those firms are not subject to both the FOS's Compulsory Jurisdiction and its new Consumer Credit Jurisdiction, to be created by the Consumer Credit Act 2006.

The FOS's Compulsory Jurisdiction (CJ) provides alternative dispute resolution in relation to financial services complaints about FSA-authorized firms. Some of the FSA-authorized firms covered by the CJ also undertake consumer credit business, and are licensed by the OFT for this. The CJ covers nearly all lending and associated ancillary activities carried on by these firms. At present, the FSA and the OFT work together on an ad-hoc basis on issues relating to the FOS including, for example, OFT competition scrutiny of FSA rules in this area. Most liaison operates directly between the FOS and the OFT and relates to consumer lending.

The Consumer Credit Jurisdiction (CCJ) will cover complaints about all standard consumer credit licensees not currently covered by the CJ, i.e. those consumer credit businesses which are not also FSA authorized. The CCJ will cover a wider range of consumer credit activities than the CJ currently does, so we propose to extend the scope of the consumer credit activities covered by the CJ to match the scope of the CCJ. This will mean that consumer credit businesses will not be subject to the CJ and the CCJ: complaints about an FSA-authorized firm's consumer credit business will continue to be dealt with under the CJ; while complaints about other non-FSA authorized consumer credit licensees will be dealt with under the CCJ. This will ensure that firms' complaints-handling procedures will be overseen by one regulator, either the FSA or the OFT, and that firms will only have to pay one general levy, for either the CJ or the CCJ.

The FSA and the OFT are already working together to ensure effective coordination arrangements are in place between ourselves and the FOS, and this will continue and develop as the new jurisdiction settles in.

Enforcement

Intended outcome: The FSA and the OFT will build on recent successful collaboration to ensure that we work closely on matters of common interest.

The FSA's Enforcement Division and the credit licensing investigation section of the OFT's Consumer Regulation Enforcement Division liaise regularly about cases and issues of common interest or concern. For example, in a recent case, an individual's criminal conviction affected his suitability both to hold a consumer credit licence and to be authorised by the FSA and was therefore a matter of shared interest for us.

Designated contacts from the respective OFT and FSA divisions meet quarterly to discuss cases and issues and exchange information where appropriate, and contact also takes place during intervening periods as and when this is needed. Information which is subject to the statutory disclosure provisions in the FSA's and the OFT's respective legislation is only shared with the other authority in response to a formal disclosure request and in line with a statutory gateway.

These arrangements have proved to be valuable in ensuring, for example, that both the FSA and the OFT are made aware of serious issues relating to firms or individuals that may have implications for those persons' continued authorisation or licensing. The FSA and the OFT will therefore build on the current arrangements.

Intelligence

Intended outcome: The OFT will explore the possibility of joining the Shared Intelligence Service (SIS).

The OFT is a member of the Financial Crime Information Network (FIN-NET), and wishes to extend the range of information sources it has access to. It will be following up a recent formal approach from the FSA Intelligence Team to join SIS. SIS contains references to data held by its 19 participant members, who range from government departments to Designated Public Bodies and Regulated Investment Exchanges.

Information held by the OFT could help the other SIS participants. Likewise, prompt access to the information held by other members of the regulated community could assist the OFT in its vetting of consumer credit licence applications and in enforcement action. Any exchange of data will be subject to the disclosure provisions of the relevant legislation.

OFT membership of SIS should lead to more regular exchanges of information between the FSA and the OFT, because each organisation will be able to access information held by the other more easily.

Gateways

Intended outcome: We will consider the current legal framework for sharing information and provide an update in our report later this year.

The FSA is subject to statutory restrictions on disclosing confidential information it has received about third parties to any external parties, including other regulators such as the OFT.

Under the Financial Services and Markets Act 2000 (FSMA), the FSA can only pass confidential information received about firms to the OFT through a 'gateway', that is, a statutory exception to the restriction in FSMA. Various EC Directives relate to credit institutions, insurers, investment firms, undertakings for collective investment in transferable securities (UCITS) and general insurance intermediaries. As a result of these, the gateway to the OFT is narrowed where the confidential information the FSA holds was obtained in the course of its functions (for example, authorisation, supervision etc.) as competent authority under those Directives.

Disclosure of directive information from the FSA to the OFT is subject to technical restrictions set out in the regulations that create the gateway to the OFT. With the Treasury, the FSA is exploring the possibility of expanding the gateways. While room for manoeuvre is limited by the terms of the Directives, we are considering whether there is scope for broadening the gateways. For example, this could permit disclosure of information to help the OFT deal with firms that are not (and have not been) authorised under FSMA and to remove uncertainty as to which OFT functions are covered by the gateway.

The OFT is also subject to statutory restrictions on disclosing confidential information (so-called 'specified information' gathered in connection with its functions) it has received about third parties to any other organisation, including other regulatory bodies. Disclosure of such information from the OFT to the FSA is principally controlled by Part 9 of the Enterprise Act 2002, which permits the sharing of specified information that facilitates the performance of the OFT's statutory functions, or the FSA's under, primarily, FSMA.

Both organisations will continue to share information within the limitations of the existing legal framework, but we will also explore what, if any, further restrictions exist and how these might be overcome. We will report on the outcome of this work in November.

Policy collaboration

Sharing thinking on policy

Consistency in policy approach between the FSA and the OFT means greater certainty for business, and removes the burden for businesses of compliance with differing regulatory requirements.

The fact that the FSA and the OFT operate under different pieces of legislation which have differing objectives and detailed provisions makes it inevitable that there will not be universal commonality of approach across all issues. Wherever possible, however, both organisations seek to ensure there is consistency and coherence of regulatory approach.

There is already a strong degree of policy discussion and collaboration. So, for example, the FSA and the OFT meet regularly with the Department of Trade and Industry (DTI) and the Treasury to review credit market developments. Similarly, when setting up the mortgage regime the FSA involved the OFT, DTI and the Treasury in a stakeholder group, which also included industry representatives, to share policy thinking. The FSA and the OFT will continue to build on such arrangements – both on broad policy and on specific initiatives. Some recent examples of the results of this collaboration are discussed in the following sections.

Understanding the annual percentage rate

Outcome: The FSA published jointly agreed consumer education material in February 2006.

The annual percentage rate of charge (APR) is an important cost measure under both the Consumer Credit Act (CCA) and the FSA mortgage rules. Both regimes encourage consumers to use the APR to compare the cost of similar credit deals.

To support this message, the FSA and the OFT have collaborated on new consumer education material explaining the effect of the APR and how consumers can use it. We published this new information on the FSA website (www.fsa.gov.uk/consumer/04_CREDIT_DEBT) in February 2006.

Advertising

Many firms choose to restrict their advertising to either FSA-regulated credit or to consumer credit regulated under the CCA. In such cases, the advertising is not jointly regulated. However, several firms offer both types of credit, and want to advertise both in the same advertisement. They can do this if the advertising satisfies both the Consumer Credit (Advertisements) Regulations 2004 and the FSA's financial promotion rules.

Consolidating existing information for advertisers

Intended outcome: In May 2006, we will publish consolidated information on advertisements so that jointly-regulated firms only need to consult a single source of guidance.

To help firms produce compliant advertisements the FSA and the OFT have both published information in 'question and answer' format. While much of this material is complementary, some different issues are covered. This means that firms who advertise in this way currently need to consult both regulators' guidance.

To overcome this, we will create a single resource of frequently asked questions (FAQs) that firms can access from either the FSA's or the OFT's website. This consolidated guidance will help firms identify when an advertisement will be jointly regulated. It will also address the common issues that firms may encounter when creating a fully compliant promotion. We expect to publish this in May 2006.

Removing duplicative advertising requirements

Intended outcome: We will remove, subject to responses to consultation, the duplication of risk warnings in jointly regulated advertising in October 2006.

Meeting both the Consumer Credit (Advertisements) Regulations 2004 and the FSA's financial promotion rules can mean that firms have to repeat information in their advertisements. We have been looking at ways to reduce this burden on firms without disadvantaging consumers.

Having spoken to firms, we have identified a significant issue in relation to the risk warnings in advertisements. At present, complying with the Consumer Credit (Advertisements) Regulations 2004 and the FSA's financial promotion rules means that a firm has to include two risk warnings in its advertisements. Both of these warnings serve the same purpose – to put the consumer on notice that they may lose their home.

The Consumer Credit (Advertisements) Regulations 2004 warning includes the risk warning required in the FSA's rules, but is slightly broader. So the FSA is consulting on a rule change that would allow firms to use the CCA version in advertisements which include qualifying credit and CCA-regulated credit. This avoids the unnecessary duplication of the warning. This consultation began in April 2006 (see Consultation Paper 06/6), and if stakeholders support the change it could come into effect in October.

Reducing the administrative burden on jointly regulated firms

Authorisation and licensing processes

Intended outcome: We will carry out a feasibility study to consider whether the authorisation and licensing processes can be aligned to reduce the administrative burden on applicant firms. This will be completed by September 2006.

Some firms carrying on financial business with consumers are required to apply for authorisation to the FSA, and apply separately for a Consumer Credit Licence to the OFT. This is because some aspects of their business fall within the scope of FSMA, while others fall under the Consumer Credit Act. These include banks, building societies, mortgage advisers and general insurance brokers. The application processes operated by the FSA under FSMA, and the OFT under the Consumer Credit Act require the firms applying to provide certain information to demonstrate that they meet the criteria for admission. Some of this information is required by both the FSA and the OFT, and so firms currently have to submit duplicate information.

There are some key differences between the criteria a firm has to meet before it can be authorised by the FSA and those which it has to meet before it can be granted a consumer credit licence by the OFT. But it may be possible to design a single application process for both authorisation under FSMA and the granting of a consumer credit licence under the Consumer Credit Act. Another possibility is that while the two separate application processes could continue, firms could complete a single application form which would meet the needs of both the FSA and the OFT. Both options would reduce the administrative burden that firms currently face where they apply for FSA authorisation and a consumer credit licence simultaneously.

It may also be possible to design and implement similar solutions where a firm that is already regulated by either the FSA or the OFT applies to become regulated by the other. In this case the regulator receiving the new application should be able to minimise the burdens placed on the applicant by using the information the existing regulator already holds.

To find out whether these proposals are viable and whether the benefits of any change exceed the costs, we will carry out a feasibility study, which will be completed by September 2006. This study will be designed to establish:

- how many firms each year apply to the FSA for authorisation at the same time as they apply to the OFT for a consumer credit licence;
- how many firms that are already regulated by the FSA or the OFT apply to become regulated by the other each year;
- whether it is possible under the legislative framework to align the application processes of the FSA and the OFT;
- how much overlap there is between the information requirements and application assessment processes of the FSA and the OFT;

- how much of a burden is placed on firms applying simultaneously to both the FSA and the OFT, and how this could be reduced; and
- what benefits and costs would result from any proposed changes.

Changes to firms' standing data

Intended outcome: We will carry out a feasibility study to consider whether the administrative burden of making standing data changes can be reduced for jointly regulated firms, to be completed by September 2006.

For firms jointly regulated by the FSA and the OFT certain items of 'standing data' (for example, addresses, telephone numbers etc) are held by both organisations. At present, firms are required to notify the FSA and the OFT separately of changes to these, thereby increasing the administrative burden on these firms. Currently, 70% of the 2,000 changes notified to the FSA each month are made online. The OFT receives over 1,000 written notifications each month. The OFT will also have the capability to receive online notifications once an IT modernisation project has been completed in Autumn 2006.

It may be possible to reduce the administrative burden on these firms by making either the FSA or the OFT responsible for collecting standing data changes, processing them and notifying the other organisation of the changes made. In discussions with stakeholders, the benefits of this approach were thought to be marginal for large firms but of greater benefit for small firms (the majority of firms regulated by the FSA and the OFT).

The FSA and the OFT will undertake a feasibility study to consider what improvements can be made to the way we collect and process standing data changes for jointly regulated firms, with the aim of reducing the administrative burden on the firms in a cost-effective way. The feasibility study will be completed by September 2006.

Collection of revenue

Intended outcome: We will carry out a feasibility study to consider the benefits that can be achieved by reducing the number of invoices firms receive. This will be completed by September 2006.

The FSA collects application and annual fees from firms, any levies raised by the Financial Services Compensation Scheme (FSCS) and the general levy the FOS charges via a single invoice each year. The FSA processes some 35,000 invoices and payments a year and handles the debt management for these operations. Following implementation of the Consumer Credit Act 2006 reforms, the OFT will collect fees on application and then a five-yearly periodic fee in respect of consumer credit licensees. On current trends, this will lead to about 30,000 firms a year being invoiced for an initial five-year period. The OFT will also collect the FOS levy to support the Consumer Credit Jurisdiction for non-FSMA authorised consumer credit businesses at the same time as the application and periodic fee (that is to say on a five-yearly basis), by way of a single invoice.

For firms jointly regulated by the FSA and the OFT there may be scope to rationalise the invoicing and collection of fees, so that in any one year a firm would receive a single invoice for fees due to the FSA, the OFT, FSCS and FOS. This would give firms undertaking consumer credit business a single point of contact to discuss their fees payable, and for approximately 19,000 firms it would reduce the number of invoices received from two to one. The FSA has established processes and systems for invoicing and collecting multiple payments through a single invoice and, in principle, the current operations could be amended to handle consumer credit fees. However, there will be costs associated with making changes to the FSA's systems and these would have to be included in any cost-benefit analysis. If the FSA invoices jointly regulated firms for consumer credit, the OFT will still require a mechanism by which to invoice the remaining 100,000 or so consumer credit firms. More radical options also exist, however, such as a single organisation performing the invoicing and collection process for all consumer credit licensed and FSMA-authorized firms.

We will undertake a feasibility study focusing mainly on possible solutions for firms jointly regulated by the FSA and the OFT, but the study will also consider if there are real benefits to be achieved from more radical options. The feasibility study will be completed by September 2006.

Communication with firms

Intended outcome: We will identify ways in which we can provide clearer, consistent messages to firms by making combined communications on matters of joint regulatory interest, by the end of September 2006.

Currently, both the FSA and the OFT use their websites and other targeted communications to reach regulated firms. This means that firms with both an FSA authorisation and a consumer credit licence get two sets of communications. We have looked at ways we can improve our service to jointly authorised firms, and possible areas where we can bring our work together.

We believe that we will bring benefits to firms regulated by both organisations by linking our websites and sharing more information before publication so we can identify opportunities to combine communications. Both the FSA and the OFT run 'roadshows' for their respective audiences and we will consider collaborating on these events.

By the end of September 2006 we will agree whether there are opportunities to combine our communications. If the results of this work suggest it is both feasible, and will reduce the regulatory burden on jointly authorised firms, we will develop a joint communications strategy.

Communicating with consumers

Introduction

Both the FSA and the OFT believe that effective consumer communications will help improve consumers' confidence and capability in getting to grips with financial products and services. For example, both our websites carry extensive material on financial planning and management, including advice on debt issues, and provide links to specific pages such as the FSA's debt test. In addition, the FSA attends meetings of the OFT's Communications Specialist Group which helps the FSA keep its messages updated, and the FSA is included in the OFT's coordination of its annual scams campaign.

Looking forward, the FSA is undertaking a fundamental overhaul of its consumer communications strategy, covering both the content as well as its promotion and delivery. The FSA has already begun to run radically new campaigns and promotions such as 'moneylaidbare' (website at www.moneylaidbare.info). In addition, the FSA is working much more proactively with a growing number of partners to get its online tools and materials into the right hands and at the right time. These partners include financial services firms, government departments, web portals, the voluntary sector and employers. This fundamental change in approach will mean that these partners are not just linking to FSA's tools but also housing them on their own websites, in this way getting FSA's materials to a much wider audience. The FSA will in particular be using the recently published results of the Financial Capability Survey to help it better understand the groups it needs to reach. The OFT's work in consumer education involves bringing public and private sectors together to coordinate output to consumers and the FSA sits on the strategic planning group for this work. Consumer Direct, which we look at in the next section, is an important part of this, and may have a valuable role to play in providing money advice to consumers, which is a key aim of the FSA's Financial Capability Strategy.

Given our common aim of informing and empowering consumers, we have already identified the need to work even more closely together in future and to identify new ways of communicating effectively with them. This could include:

- ensuring that our key messages to consumers are fully consistent;
- improving the links between our respective websites so it is easier for consumers to understand our different responsibilities;
- using our websites more actively to distribute our respective campaigns; and
- running jointly-branded campaigns.

Improving our coordination will help ensure that consumers receive clearer messages. It could also reduce costs.

Both the FSA and the OFT plan to launch new consumer websites in the fourth quarter of 2006 – we will work closely together to ensure that the sites operate in a coordinated way as they are developed. We will also explore the possibility of using each other's websites to distribute our messages more effectively.

Consumer contact centres

Intended outcome: We will carry out a feasibility study to consider how the FSA's Consumer Contact Centre and the OFT's Consumer Direct might be better aligned so consumers receive a more efficient and effective service. This will be completed by October 2006.

Both the FSA and the OFT operate contact centres to handle consumer-related issues and both refer enquirers wanting to make complaints about the provision of financial services to the Financial Ombudsman Scheme (FOS). The FSA's Consumer Contact Centre deals with general queries about financial products and services covered by the Financial Services and Markets Act 2000, including FSA-regulated credit business (mortgages). The OFT's Consumer Direct, which is regionally-based, provides first tier advice to consumers to help them sort out problems with traders and provides pre-shopping advice. Responsibility for Consumer Direct transferred in April 2006 from the Department of Trade and Industry to the OFT. The FSA's Consumer Contact Centre handles roughly 25,000 contacts a month, and regularly refers enquiries relating to consumer credit to Consumer Direct (typically 100 a month), which in turn refers consumer enquiries about financial services regulation to the FSA (some 250 a month). In total, Consumer Direct handles some 130,000 contacts a month, of which around 1,400 relate to consumer credit.

While for most consumers the distinction between the responsibilities of the FSA and those of the OFT are clear, the one area where there may be scope for confusion is consumer credit, where the FSA deals only with mortgage-related credit business and the OFT deals with all other consumer credit issues.

We will undertake a feasibility study to explore in more detail ways in which the FSA's Consumer Contact Centre and Consumer Direct can be better aligned. This is so consumers receive a more efficient and effective service when they make enquiries about the provision of financial services. It may also be possible to achieve operational efficiencies if the two operations are more closely aligned. The feasibility study will be completed by October 2006.

Public registers of Authorised and Licensed firms

Intended outcome: We will carry out a feasibility study to consider whether the FSA and the OFT registers can be integrated to provide consumers and firms with a single point of information on FSA-authorized and consumer credit licensed firms, which will be completed by March 2007. Before completing this work we will provide links to each others' registers from the date on which the OFT's online register goes live.

The FSA's online register (www.fsa.gov.uk/register) is used extensively by regulated firms, consumers and other stakeholders to search for and check the regulatory status of financial services firms, individuals and other bodies which fall within the FSA's jurisdiction. The OFT expects to launch an online register in Autumn 2006, providing a record of firms that have been granted a consumer credit licence. Whilst the FSA register includes information about firms undertaking FSA-regulated credit business (mortgages), it does not show if those same firms also undertake consumer credit licensed activities. The OFT register will provide a register of firms with a consumer credit licence, but it will not show if those same firms are also FSA regulated.

Having consulted with a number of consumer groups we recognise that it may be beneficial for there to be a single register covering firms regulated by the FSA and the OFT or, alternatively, a single consumer interface to the FSA and the OFT online registers. We need to explore several logistical and technological issues to determine to what extent, and at what cost, there can be any integration or connectivity between the two registers. However, we do believe there will be benefits from providing links between each other's websites. For example, this will help individuals who have accessed one of our websites when they need information from the other; for example, if a consumer wants to check whether a firm is regulated to do consumer credit business they may initially go to the FSA's website. A link from the FSA's register to the OFT's register, and vice versa, could help an individual in that situation get the information they require.

The FSA and the OFT will provide links to each other's registers from the date when the OFT's online register goes live. In the longer term, we will undertake a feasibility study to consider what changes we can make to the way the two registers work so they are more closely aligned. We will consider making changes that will deliver real benefits for consumers (and other users), provided they are cost-effective. The feasibility study will be completed by March 2007.

Next steps

In November 2006 we will publish a short report summarising the progress we have made on the initiatives proposed in this Action Plan. If the results of the feasibility studies show that the benefits of any changes exceed the costs of implementing them, then we will take steps after their completion to implement the necessary changes to existing arrangements.

Comments and suggestions

We welcome any comments or suggestions you have about possible ways that we can work together more effectively; including any issues discussed in this plan or any new ideas you may have. You can provide feedback via email to either the FSA: betterregulation@fsa.gov.uk or to the OFT: actionplan@oft.gsi.gov.uk.



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