

Thematic reviews: fair treatment for consumers; early arrears management in unsecured lending; outsourcing in the general insurance market

Financial Conduct Authority

RPC rating: validated

This opinion covers three small measures; for each, a brief description of the change, its impacts and the quality of the submission is given in the table below. The equivalent annual net direct cost to business (EANDCB) of each measure is listed underneath.

Measure	Description	Impact	Quality of submission
TR15/10 thematic review: fair treatment for consumers who suffer unauthorised transactions (July 2015)	The FCA’s thematic review considered whether consumers were being treated fairly in relation to unauthorised transactions, and whether consumer protections had been effective in delivering fair outcomes for customers.	The assessment explains that the review covered 140 retail banks and 33 credit card providers. An experienced member of compliance staff from each of these businesses is assumed to have read the review, in order to determine whether their current practices met the existing regulatory requirements in this area. Based on a wage rate of £48 an hour (estimated using 2016 Robert Half salary guidelines) and a document length of 9,000 words, a one-off familiarisation cost of £16,600 is calculated. The assessment also states that, by providing examples of good practice that could lead to more efficient working processes, the review may have generated benefits for compliant firms. However, as no	The regulator has provided a sufficient level of evidence for the RPC to be able to validate an EANDCB of zero. The assessment correctly recognises that, as the review reminded firms of existing legal requirements, any costs incurred by businesses in bringing themselves to a compliant standard should not be included in the EANDCB, as these have already been

		data was collected by the FCA at the time of the review, quantifying this saving is considered disproportionate in this case.	assessed in the regulations' original IA.
TR15/7 thematic review: delegated authority – outsourcing in the general insurance market (June 2015)	The FCA's thematic review focused on concerns over insurance firms' understanding of their outsourcing arrangements, and the potential impacts any shortcomings could have on customer service.	The assessment explains that the businesses covered by the review include 400 general insurers and 5,200 general insurance intermediaries regulated by the FCA. It is assumed that three compliance staff in each general insurer read the review, and that one employee does so in each intermediary. Based on a wage rate of £48 an hour and a document length of 14,725 words, a one-off familiarisation cost of £768,000 is estimated. The regulator has not monetised any remediation costs arising as a result of the review, as these would be incurred by businesses that were previously operating below a compliant standard. Overall, the EANDCB is estimated to be £0.1 million.	The regulator has provided a sufficient level of evidence to support its assessment of the measure. With regard to familiarisation cost assumptions, the assessment would benefit from explaining the number of compliance staff needed to read the review in different types of businesses.
TR16/10 thematic review: early arrears management in unsecured lending (December 2016)	The FCA's thematic review examined how firms were treating customers who fell into arrears. The FCA sought to understand whether businesses had embedded the fair treatment of	The assessment explains that all firms within the banking industry that collected consumer credit debts were encouraged to read the review. The FCA estimates there to be approximately 5,300 businesses of this kind. Based on the assumption that it takes one member of compliance staff five hours to read and digest the 16,000 word review, the FCA estimates total familiarisation costs of £1.3 million. In relation to subsequent remediation costs, the assessment states	The FCA has provided a proportionate assessment, including sufficient evidence to validate an EANDCB of £0.1 million. The use of examples from the review is helpful in explaining where businesses would not face additional remediation costs,

	customers, whether they were delivering good customer outcomes, and whether they were complying with relevant existing provisions of the Consumer Credit Act.	that, for the most part, the publication creates no costs for business because the practices set out in it are specified in the FCA's existing rules and guidance. The assessment does, however, note a small number of areas of the review (for instance, waiving fees and interest) where additional clarification is provided with regard to the fair treatment of customers. The FCA explains that, while these particular areas are outside specific rules or guidance, fair customer treatment is a general requirement under the FCA's Principles for Business.	as they relate to practices inherent within the existing rules.
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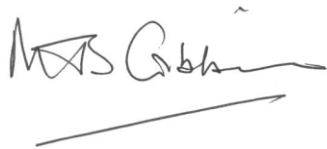
Departmental assessment

Classification	All qualifying regulatory provisions
Equivalent annual net direct cost to business (EANDCB)	£0.0 million (RPC-3996) £0.1 million (RPC-3995) £0.1 million (RPC-3998)
Business net present value	£0.0 million (RPC-3996) -£0.77 million (RPC-3995) -£1.27 million (RPC-3998)

RPC assessment

Opinion: EANDCB validation
Origin: domestic
RPC reference number: RPC-3995/3996/3998-FCA
Date of implementation: see table

Classification	All qualifying regulatory provisions
EANCB – RPC validated ¹	£0.0 million (RPC-3996) £0.1 million (RPC-3995) £0.1 million (RPC-3998)
Business Impact Target (BIT) Score ¹	£0.0 million (RPC-3996) £0.5 million (RPC-3995) £0.5 million (RPC-3998)



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.