

## **A thematic review: the quality of debt management advice**

### **Financial Conduct Authority (FCA)**

**RPC rating: validated**

#### **Description of the measure**

The assessment explains that the FCA undertook a review to assess the standard of compliance with regulatory requirements of advice provided by debt management firms. The review did not set any new standards but simply reviewed compliance against existing ones.

#### **Impacts of the measure**

The assessment states that there are currently around 145 debt management firms authorised by the FCA. The Review assessed a sample of eight firms' compliance with the FCA Handbook. The review identified widespread non-compliance by these firms. The FCA believes that compliance with its existing rules will need to be achieved and, therefore, it does not intend to call for new standards to be established within the sector. As many of the firms are currently still going through the FCA authorisation process, the FCA has considered the setting of any further standards would compromise the ongoing authorisation decision making process. Therefore, the review has not created any additional costs or impacts upon firms. Further, the review explicitly states that no further requirements are imposed by the review, and that only currently non-compliant firms are affected.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of zero. This will be a qualifying regulatory provision.

#### **Quality of submission**

The assessment explains how, as compliance with the existing standards is not being achieved, it would not be beneficial at this stage of the process to consider establishing further new standards for firms. As such, the measure does not impose any costs on business. This appears reasonable.

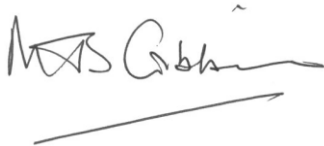
#### **Departmental assessment**

Classification	Qualifying regulatory provision (IN)
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Equivalent annual net direct cost to business (EANDCB)	Zero
Business net present value	Zero

### RPC assessment

Classification	Qualifying regulatory provision (IN)
EANDCB – RPC validated <sup>1</sup>	Zero
Business Impact Target (BIT) Score <sup>1</sup>	Zero



**Michael Gibbons CBE, Chairman**

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