

**24 March 2020**

**Open Letter to the FCA, HM treasury (by email)**

**cc: New Model Adviser, The Telegraph, Experian, Rt Hon Kier Starmer MP (my MP)**

Consumers have lost confidence.  
We are all temporarily vulnerable at this time.

URGENT guidance from the regulator is required to avoid a financial catastrophe in coming months.

Consumers are desperately trying to arrange payment holidays for loans and mortgages. Some are unable to get through because they still have to work, others are unable to get through because call centre staff at banks are also [responsibly] at home, self-isolating. Website guidance is inconsistent and largely useless.

**Thousands will default on payments this month and there has been no guidance to suggest that credit bureaus will suppress any late payment status markers.**

This must be urgently addressed.

Credit bureaus have been encouraging people to continue to make payments and warning them of the consequences if they do not. This puts unnecessary pressure on people who will have no choice but to default.

Guidance must be firmer. Consumers must be reassured and payment holidays should be extended to credit cards and loans with immediate effect.

Lenders who do not act responsibly during time should be penalised.

As Baroness Ros Altman has already suggested today, this is a great opportunity for credit card companies to take the lead in reducing their interest rates also.

The financial services industry has profited happily from consumers throughout this bull market. Large firms are being supported by the government at this time [and have been in the past] and it is up to the FCA to ensure that they do the right thing when consumers need help

**If this is not urgently addressed we run the risk of creating a very divided society with thousands unable to access borrowing in the near future and for many years to come.**

The situation is confusing for many, the FCA's role is to make sure that no-one suffers as a result of a situation which is out of their control.

Consumers need to be able to withdraw funds easily at this time. Many are terrified of the current market volatility and restrictions on re-investing money at a later date.

Flexible ISA limits should allow contributions to be put back in AFTER tax year end to recognise the exceptional circumstances.

### **Tax-year end restrictions should be exceptionally relaxed.**

As Sir Steve Webb has already suggested, those withdrawing extra funds from their pensions should be able to contribute more in future months (and not be limited to £4,000) to ensure their long-term security is not impacted. Other pension changes might be appropriate at this time.

Furloughed staff need reassurance that their death in service benefits are not at risk, for many this is causing panic and distress.

Pensioners need reassurance that the markets remain open and robust and those with final salary pensions need to know they will not be abandoned in this time of crisis. Everyone is fearful for their income at this time and many will not have time to rebuild their retirement provision in coming months. Clear and frequent reassuring communication is critical at this time.

It is important to consider the suitability rules at this time and provide clear and concrete guidance to financial advisers in relation to capital adequacy, best execution, suitability and the likely suspension (due to difficulties in transfer of assets) of pension transfers in the short term.

Many authorised firms, particularly smaller ones, might also find themselves in financial difficulty in coming months if the situation evolves as predicted.

In order to keep staff working (rather than firms being forced to furlough staff and thus reduce support for clients) to provide essential and important reassurance for clients at this time; it is essential that they also receive financial support and clear regulatory guidance.

Loans are likely to be unaffordable and few will be eligible for rate relief or grants. Capital Adequacy limits might be temporarily breached and even the most secure of firms will suffer from reduced cash flows at this time. These issues are a source of worry for many and to date, firms have simply been told to remain stable for the benefit of consumers but not given any support to do so.

**No advisers nor any financial services organisations should be under pressure to urgently transact new business with clients when they [clients and advisers]**

**are at their most vulnerable.** Everyone needs to take their time to make the right decisions.

To date you have been silent on these matters and this is of grave concern.

Never has there been a time in recent history that your clear and not misleading guidance has been more needed.

Please help us [the advice community] to help consumers and please urgently reassure consumers directly, particularly those in the NHS front -line who will have no time to consider any of these issues right now, that they will be protected from financial ruin.

I look forward to your prompt response so that we can all continue to focus on the important tasks of reassuring our clients, protecting the vulnerable, protecting our families, safeguarding the healthcare service and saving lives.

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