

# THE COMPLIANCE JOURNAL

Regulatory Round Up - December 2020



Welcome to the December edition of the Commercial Express Compliance Journal, bringing you a summary of regulatory updates from the last few weeks.

I hope you have enjoyed reading the Compliance Journal during the year and look forward to providing you with further updates throughout 2021.

With best wishes for Christmas and the New Year.

**Helen Holyoake, Risk Compliance and Agency Manager**

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## Financial Conduct Authority

### FCA proposes additional measures to help insurance customers in financial difficulty

The FCA published proposals on how firms should continue to seek to help customers who hold insurance and premium finance products and may be in financial difficulty because of coronavirus (Covid-19), after 31 October 2020.

**For insurance arrangements, this includes measures such as:**

- Re-assessing the risk profile of the consumer to see whether they could be offered lower monthly payments.
- Considering whether other products can be offered which better meet the consumer's needs.
- Providing help to avoid the need to cancel necessary cover.

**Where customers hold premium finance credit regulated agreements, help could include:**

- Allowing the customer to make no or reduced payments for a specified period.
- Suspending, reducing, waiving or cancelling any further interest or charges.
- Allowing the customer a reasonable time and opportunity to repay the debt, including by deferment of payment of arrears.

Firms should make the different options available to consumers clear in their communications, including on their websites and apps, and encourage them to make contact if they are experiencing financial difficulties. For the full statement go to <https://www.fca.org.uk/news/statements/fca-proposes-additional-measures-help-insurance-customers-financial-difficulty-coronavirus>

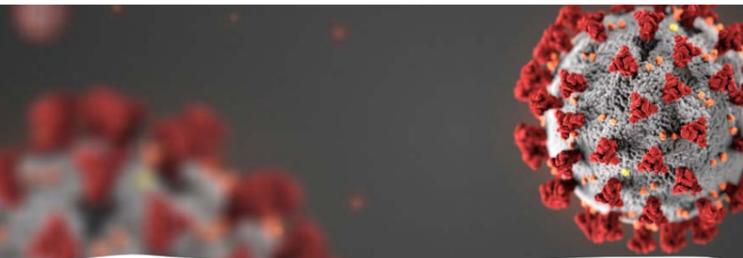


## Financial Conduct Authority

### FCA reminds insurance firms to review the value of their products in light of the impacts of coronavirus

Firms were reminded of the requirement to consider the value of their products in light of the exceptional circumstances arising from the coronavirus (Covid-19). Firms were required to review their product lines and act where products have not delivered the intended value to customers. This could include providing alternative benefits, reducing premiums or partial refunds of premiums paid.

Firms should have completed their coronavirus related review of product lines and decided what action to take by 3 December 2020. As the effects of coronavirus could continue to affect the value of insurance products and cause harm to customers, firms are expected monitor this risk as part of their normal product governance processes, including the ongoing monitoring and regular review of insurance products, and act where necessary. For the full statement go to: <https://www.fca.org.uk/news/statements/fca-reminds-insurance-firms-review-value-their-products-light-impacts-coronavirus>



**Data Protection****ICO consultation on the draft Statutory guidance**

The Information Commissioners Office (ICO) has launched a public consultation on its draft Statutory guidance, which details how it will regulate and enforce data protection legislation in the UK.

Supporting the ICO's primary responsibility of ensuring compliance with the law, the document explains the ICO's powers; when it will use them and how it calculates fines.

Designed to ensure the rights and freedoms of individuals are protected, the draft guidance also seeks to provide assurance to business that the ICO will use its powers proportionately and consistently. Further details can be found at:

<https://ico.org.uk/about-the-ico/news-and-events/news-and-blogs/2020/10/ico-launches-consultation-on-draft-statutory-guidance/>

**Financial Ombudsman Service  
2020/21 plans and  
Covid-19**

The FOS have issued their annual report and accounts, in which they outline some of the trends and issues they expected to see in their casework. Vulnerability, problems associated with the acceleration of technology and a trend towards complexity such as changing circumstances, changes to the regulatory landscape or other developments were featured among the issues they expect to see. Covid-19 is also seen as an area that could contribute and FOS note that responding to the consequences of Covid-19 will also be a priority.

Bringing down response times was also noted as a key priority and during the 2020/21 period FOS were expecting to receive approx. 245000 complaints. The report also gives insight into the strategic priorities for the FOS through to 2025 based on their research into the changing environment. During this time the FOS are aiming to enhance their service, find ways to prevent complaints and unfairness arising, and develop the capabilities they will need for the future.

A copy of the full report can be found at: <https://www.financial-ombudsman.org.uk/news-events/weve-published-annual-report-accounts-2019-20>

**Financial Ombudsman Service  
FSCS Outlook**

The FSCS has issued its outlook newsletter which includes an update on levies. The newsletter highlights the challenge this year has been for everyone and recognises that although the FSCS has continued to make compensation payments, there will still have been distress and hardship for consumers, and rising costs for the industry. The newsletter notes that alongside smaller firm failures there has been an increase in pension advice claims, more costs in relation to the transfer of cash and assets from failed investment firms and the complex failure of London Capital & Finance (LCF).

As a result, supplementary levies are required in the Life Distribution & Investment Intermediation class that exceed the maximum levy the FSCS can raise on a class, therefore at this stage it appears surpluses will be required from other classes. The additional levies are expected to be confirmed in January 2021. The FSCS stress that supplementary levies are only raised when absolutely necessary and when it is estimated that there is not sufficient funds to meet rising compensation costs or management expenses for the period until the next levy is due. The FSCS will set out the final additional levies required this year, and set indicative levies for next year in their upcoming Plan & Budget report due to be published in January.

A copy of the full Outlook newsletter can be viewed here <https://www.fscs.org.uk/news/fscs-news/outlook/>

**Competitions and Markets Authority  
Annual Plan 2021/22**

The CMA have issued a consultation for their Annual Plan 2021/22 and is inviting responses by 28th January 2021. Responses to the consultation and the final plan will then be published by the end of March 2021. The draft plan sets out the key areas that the CMA expects to focus on for the coming year. One of the key areas it outlines will be of particular focus will be protecting the vulnerable from breaches of competition and consumer protection laws and poorly functioning markets. The CMA also notes its ongoing commitment to protect UK consumers during the unprecedented circumstances of the coronavirus (COVID-19) pandemic.

Other key themes the CMA intends to focus on are supporting the UK economy by fostering competition to promote innovation productivity and growth, taking its place as a global competition and consumer protection authority as it assumes new responsibilities after the EU Exit Transition Period, fostering effective competition in digital markets and supporting the transition to a low carbon economy.

The draft consultation can be viewed in full at the following link: <https://www.gov.uk/government/consultations/cma-annual-plan-consultation-202021>

# Merry Christmas

**HAPPY NEW YEAR**

from us all at

**COMMERCIAL  
EXPRESS**

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