



*Association of Mortgage Intermediaries' response to
FCA CP17/1: Financial Services Compensation Scheme
Management Expenses Levy Limit (MELL) 2017/18*

This response is submitted on behalf of the Association of Mortgage Intermediaries (AMI). AMI is the trade association representing over 80% of UK mortgage intermediaries.

Intermediaries active in this market act on behalf of the consumer in selecting an appropriate lender and product to meet the individual consumer's mortgage requirements. Our members also provide access to associated protection products.

Our members are authorised and regulated by the Financial Conduct Authority (FCA) to carry out mortgage and insurance mediation activities. Firms range from sole traders through to national firms and networks, with thousands of advisers.

Questions

Q1: Do you agree with the proposed MELL for 2017/18?

It is difficult to agree with the proposed levy when there is a lack of detail to underpin the statements being made. While base costs of £27.869 million are being split equally between the FCA and PRA classes, it is not clear how this translates into the table set out in section 2.9. Furthermore an 88% increase in specific costs for mortgage advisers is only described as being due to "complex claims". No connection has been made between this specific increase and the aforementioned table 'breakdown', so it is unclear what the extra £638,000 will be spent on. A lack of disclosure makes it difficult to determine whether this levy is appropriate.

Q2: Do you have any comments on the proposed MELL for 2017/18?

We are concerned that there appears to be a continued investment in the strategic change portfolio but it does not appear to be delivering its aim to achieve better value for money. While the specific change budget has reduced, it is not clear how this can be successfully reducing costs when the overall levy has increased by £1.847 million. We have yet to see the promised detail in its plan and budget that has previously been committed to.