



Association of Mortgage Intermediaries response to the Money Advice Service's Business Plan 2014/15

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 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.

We would like to thank the Money Advice Service (MAS) for the opportunity to respond to this consultation paper.

Response

The plan is a clear and concise explanation of the history, current position and plans for the future.

AMI will not be commenting on the Debt Advice aspects of the Service as we consider this outside our area of expertise.

Whilst we acknowledge the need for independent and whole of market comparison tables on products such as mortgages, we are concerned that in doing so the Service is creating a level of consumer interest and demand for advice that it is currently unable to provide. We do not consider that this should be performed in-house as these tend to be regulated conversations leading to regulated advice. If it is to continue to promote such regulated offerings, the Service needs to prioritise a fair mechanism for delivering the leads to the market which pays for it. This needs to be clear, fair, transparent and open to all who wish to participate. In creating the demand, the principles upon which the Service was founded should ensure total industry involvement. We are particularly interested to remain engaged on the process to refer consumers to other sources of advice.

AMI is concerned that the step-by-step journeys given as examples (house, divorce, and pension) are a long way removed from the core of assisting those struggling with debt, building better budgets and basic financial planning. There are other aspects which might be more relevant but less exciting learning such as saving, renting pitfalls, arrival of children, real costs of borrowing etc.

Consumer research may indicate that buying a home is a key area for advice, but we remain of the view that complex areas should have been left until later in the Services development with focus on other aspects where there is both demand and detriment. There are other advice sites and commercial providers who deliver significant support on the housing and mortgage sector. However, if this is to remain a priority for the Service, AMI will provide as much support and guidance to the Service as possible.

It would seem more logical that MAS ties in its activities with FCA. A good example of this would be in supporting consumers at retirement to make the right choice on their annuity. Whilst MAS is already partly involved in this area, FCA's Thematic Review of Annuities shows that this is a real area of potential consumer detriment and one where consumers need more support in considering their open market options. FCA (and its predecessor the FSA) made no such conclusion about consumers struggling to obtain a mortgage adviser during its four year mortgage market review. As such we feel that MAS needs to ensure that it is operating in the right areas where its influence is required and not where there are well functioning commercial solutions already available.

We are concerned that the service has built a "Google" presence that drives it to the top of searches for mortgage advice, rather than the commercial firms who work in this sector. We would ask the Service to consider if this is an appropriate placement of resource.

We consider that the advice structures being delivered need to be debated more robustly with the industry. As the Service is providing the base building blocks of financial planning for people, this needs to be consistent with the core principles being taught and assessed via the various examining boards and professional bodies.

AMI
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