



Association of Mortgage Intermediaries' response to FCA CP20/2: Financial Services Compensation Scheme – management expenses levy limit 2020/21

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.

Response

Given the annual costs of compensation now dwarf the costs of operating the Financial Conduct Authority (FCA) this must call into question the effectiveness of the authorisation and supervision processes historically applied by the FCA.

We welcome the work being undertaken under the Financial Services Compensation Scheme's "prevent pillar" and encourage further work in developing their intelligence, data and feedback loops. However, we believe that the FCA has to work harder in this area, in conjunction with both the Financial Services Compensation Scheme and the Financial Ombudsman Service, to root out and close down more efficiently, those causing detriment to consumers.

Whilst supporting the changes to the FSCS management expense levy we would welcome commitment from the FCA to further develop their use of "market intelligence", in the widest sense, in their authorisation process and in prioritising supervisory activity.

The FCA Board needs to demonstrate the same level of commitment and oversight to "prevent" as we have seen from the FSCS Board.