



Association of Mortgage Intermediaries' response to "Coronavirus and customers in temporary financial difficulty: draft updated guidance for insurance and premium finance firms"

Association of Mortgage Intermediaries (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. AMI members also provide access to associated protection products.

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

Our comments

AMI welcomes the proposal to extend the guidance on the actions that a firm can take if it has identified a customer in temporary financial difficulties because of coronavirus. We agree with the extension to 31 October 2020, as this ensures that the assistance offered is aligned with the confirmed extensions on other financial services products.

However, AMI feels that it is unclear in the draft guidance that this also applies to customers who have already requested a payment deferral. We anticipate that it is the FCA's intention that the guidance should apply to all eligible customers, regardless of whether they have already requested a payment deferral or not, but we would appreciate clarification. Coronavirus continues to affect customers financially and if firms were unable to grant a payment request (if deemed in the customer's best interests) this could result in customer detriment, for example a customer may cancel an insurance policy which could leave them uninsured or unable to receive the same terms and/or premium if they return to the insurer at a later date. If a consumer has the option to defer an insurance payment, this may avoid this situation and protect the consumer.

In the FCA's guidance on mortgage payment deferrals, the guidance is broken down into sections: customers who have not yet had a payment deferral, customers able to resume full payments, customers unable to resume full payments. We suggest that the FCA adopts the same approach in the finalised guidance for insurance and premium finance firms as this ensures consistency.

Following the previous guidance on this subject (issued May 2020), many insurers publicly confirmed that they would not claw back commission from intermediaries if a customer took a

payment deferral. AMI's view is that insurers should confirm their policy on this and should be encouraged by the FCA to not claw back commission when related to a payment deferral due to coronavirus. This links with the FCA's strategic objective to ensure that relevant markets function well, as intermediaries have more certainty over insurance income and there is reduced administration and associated costs for both parties.