

## Stakeholder Questions – Association of Mortgage Intermediaries responses

### Legitimate Uses

Question	Answer
Do you (or your members depending on the stakeholder) use cold calling for either new or existing customers?	<p>Cold calling is prohibited by FCA regulated firms under the FCA Mortgage Conduct of Business (MCOB) sourcebook, unless the customer has an established existing customer relationship with the firm and the relationship is such that the customer envisages receiving such financial promotions. (<a href="#">MCOB 3A.3.5 R</a>).</p> <p>Any change in government policy should be aligned with this i.e. should not prevent a regulated firm from contacting an existing customer to discuss alternative relevant products.</p> <p>On the insurance side, our members tend to obtain new customers through other means such as insurance leads or by contacting existing mortgage customers to discuss their insurance needs (such as when a customer is taking out a mortgage or looking to re-mortgage).</p>
Do you have any data to demonstrate the scale of the use of cold calling for the sale and/or promotion of financial products?	No comment.
How would a ban on the use of cold calls to promote and/or sell financial products impact your business and/or your customers?	<p>We believe it would have little impact on our members.</p> <p>It could have an impact on lead generators (which some mortgage intermediary firms use to buy leads), dependent on how the leads are acquired.</p> <p>However, we feel the FCA's Consumer Duty is likely to result in pressure placed on lead generators by regulated firms to ensure transparency around the source of a lead and how it has been acquired. This will hopefully deter the less scrupulous lead generator firms from acquiring leads through the means of cold calling.</p> <p>There are areas of our sector where the use of lead generation is more prevalent, such as lifetime mortgages and protection and General Insurance.</p>
In the absence of cold calling do you have a viable alternative to contact new or existing customers?	Yes, as per previous answer.

### Marginal Costs

Question	
Can you provide an indication of the scale of revenue which might be earned from cold calling to sell or promote financial products?	No comment.

### Fraudulent Uses

Question	Answer
Are cold calls used to facilitate the fraudulent sale of financial products e.g. investments? If so, how? And which products?	<p>We have heard anecdotal evidence of fraudulent cold calling in the protection (insurance) space. We have heard of instances where a company calls up an individual purporting to be from their insurer and offers them a review. This can result in the customer changing cover (sometimes a reduction in cover) and without the input of the original adviser that arranged the policy. It often turns out that the company calling is not the insurer in question and has misled the consumer.</p> <p>Another example is where a company calls up an individual saying they represent insurers A, B and C and are offering an insurance review. When probed, they cannot provide any specific details about the policy in force nor can they provide their FCA firm reference number (this allows consumers to check on the FCA Financial Services Register whether a firm is regulated by the FCA and, amongst other information, what permissions they have).</p>
Do you have any data or evidence to demonstrate the scale of the fraudulent use of cold calling for the sale and/or promotion of financial products?	No comment.
Do you think a ban on the use of cold calls to promote and/or sell financial products would impact fraudulent use?	It is a step in the right direction but we are unable to give a full view until we have seen more detail on the government's proposals and how this will operate.

### Marginal Benefits

Question	Answer
Do you believe this policy to ban cold calling will reduce the incidence of investment fraud?	No comment
Are there potentially any loopholes which may be exploited by Fraudsters?	Would want to see the government consultation before commenting on this question.

<p>Are you aware of any potential alternative methods which fraudsters may use to defraud people?</p>	<p>Fraudsters are likely to move online – if they can't cold call they may target people through e-mail, use of social media etc. Government policy therefore needs to work alongside:</p> <ul style="list-style-type: none"><li>• Ensuring consumers are aware of how to report fraud/scams.</li><li>• Sufficient supervision by the relevant authorities.</li></ul>
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