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*Association of Mortgage Intermediaries' response to FCA GC23/2 Financial promotions on social media*

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This response is submitted on behalf of the Association of Mortgage Intermediaries (AMI) and the Association of Finance Brokers (AFB). AMI is the trade association representing over 80% of UK mortgage intermediaries. AFB sits within AMI and represents second charge (formerly secured loan) brokers.

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. AFB members also provide access to unsecured 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.

## Questions

**Q1: Do you agree with our approach to the prominence of required information in various social media settings? Please explain your answer, highlighting any other issues that would be useful to consider.**

It is a growing concern that younger consumers are at high risk of being targeted by non-complaint promotions on social media platforms due to the increasing popularity of using social media platforms as a method of communicating financial promotions. The changing dynamic of social media being used as a leading source of information for key financial decisions has necessitated the development of explicitly clear guidelines and restrictions, this will be vital in keeping all consumers safe from financial harm.

We agree with the expectations and suggested prominence of the required information pertaining to appropriate risk warnings. An ongoing point of consideration should be any potential major platform design changes, firms may find that their clear, prominent and unobstructed risk warnings are affected. As firms are not able to control or predict any future changes, a grace period could be considered in order for them to make the required amendments in a timely manner without additional stresses and pressure.

We are supportive of the expectation that all financial promotions are 'standalone complaint'

**Q2: Do you have any comments on our proposed expectations under the Consumer Duty for communications on social media? Please highlight any other issues it would be useful to consider.**

We agree with the proposed expectations that firms considering financial promotions on social media would be subject to both the Consumer Duty requirements under Principle 12 and PRIN 2A of delivering good outcomes as well as the communications requirements under Principle 7 being fair, clear and not misleading.

We agree that marketing strategies need to be assessed through a Consumer Duty lens regarding vulnerable consumers and the subsequently required justification of any repeated financial promotions that could be deemed to be excessive. We approve of and support the requirement to create marketing strategies that are consistent with enabling good consumer decision making.

We are supportive of the ongoing requirement to regularly test, monitor and adapt communications in order to ensure good consumer outcomes as we know the world of social media is ever changing and strategies and communications can become obsolete very quickly.

We support the FCAs position that if a firm were to find that the process of advertising their product or service on social media is too complex, they should feel empowered to utilise other more appropriate channels.

**Q3: Do you agree with our approach to affiliate marketing? Please explain your answer, highlighting any other issues that would be useful to consider.**

We agree with the proposed approach to affiliate marketing. Whilst many financial influencers are likely to be unauthorised persons and therefore may have limited knowledge of the regulatory requirements, it should not be difficult for firms to update their communications to include the regulatory requirements for the financial promotions.

Firms should be proactive and responsible for any associated affiliate marketers and the subsequent financial promotion communications. We support and approve of the confirmation that the affiliate marketing communications do not need to be developed and authored by the financial services firm, but they are still responsible for the compliance of the promotion.

We would anticipate that many financial influencers will welcome the proposed changes as it provides more clarity and protection for them if the responsibility for compliance sits at the firm level.

**Q4: Do you have any comments on the use of shared social media profiles between UK and non-UK entities? Please highlight any issues that would be useful to consider.**

We agree with the FCA assessment that consumers are regularly and unknowingly directed to non-UK entities for services and then they may not benefit from the protection to UK regulation. We agree that firms should look to separate their social media profiles to have a solely UK-focused profile and adopt geo location techniques to redirect consumers automatically to the UK firm website or mobile app.

However, we feel that these measures may not be enough to mitigate the potential harm and there is room to consider a wider education piece for UK consumers on what protections they benefit from when working with FCA regulated firms.

**Q5: Do you have any comments on the proposed guidance we have set out on the financial promotion perimeter? Please highlight any other issues that would be useful to consider.**

We agree with the proposed additional guidance on the regulatory perimeter, it helps to clarify to influencers that are working with financial services firms that they are now within the scope of regulation and could be issuing non-compliant/ illegal financial promotions.

We are supportive of the inclusion of “private” or “by-invitation only” social media platforms such as Discord and the clarification that the guidance is ‘technology neutral’ therefore applies to any and all channels that can be used to advertise.

**Q6: Do you have any additional comments on our proposed guidance or think there are any other topics we should consider?**

In relation to the proposed changes and the mortgage industry, we would bring attention to the similarities between the position of financial influencers and appointed representatives. Those in the AR regime also require direct approval from an FCA authorised person for their financial promotions and we have had feedback from our members that the process of getting authorisation is not consistent and is often disadvantageous to the intermediary. Many intermediaries are unable to capitalise on pop culture moments because the process of approval can be slow therefore we would suggest that FCA authorised firms are clear regarding their social media policy and approval timelines when onboarding a new appointed representative.