Association of Mortgage Intermediaries' response to CP20/19: General insurance pricing practices market study – Consultation on Handbook changes

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.

Introduction

AMI welcome the FCA's final market report into GI pricing practices and accompanying consultation paper. We are also grateful for the opportunity to attend the FCA's forums on the proposed remedies; the format of these events worked well and provoked a deeper consideration of the impact of the proposals on our member firms.

We believe that the FCA's proposals will make the GI market more transparent, fairer and ensure better outcomes for consumers. It will also help to re-balance the market and create a more level playing field. We are hopeful that this will help to improve consumer trust in the wider insurance industry. AMI is supportive of the proposals, however there are sections where clarification is required and areas where we have shared our views and thoughts to help shape the FCA's thinking upon finalisation of the rules.

AMI members provide access to GI and pure protection products to ensure a fully protected mortgage and are uniquely placed to identify protection needs during key consumer life events. This is also supported by the consumer view. AMI Viewpoint market research conducted in September 2020[1] showed that buying a first home and moving home are two of the top three reasons cited by UK consumers as a reason to buy protection.

Mortgage intermediaries can help achieve many of the FCA's desired outcomes stated in section 1.12 of the consultation paper. For example, mortgage intermediaries by the very nature of their job role can assist customers to switch protection provider through re-broking,

[1] https://www.a-m-i.org.uk/wp-content/uploads/AMI-Viewpoint-2020-report.pdf 5,001 UK adults and 499 mortgage advisers

help them understand the differences in firms' products and ensure that they are able to make informed choices.

We note that this consultation paper places importance on the concept of fair value and are aware that this is an area of priority within the FCA's 2020/21 business plan. Mortgage intermediaries can assess a customer's protection needs and help a customer to understand the value of a product. This is compared to other distribution channels such as price comparison websites (PCWs) that tend to focus more heavily on price and may be on an execution only basis.

Questions

Q1: Do you have any comments on the proposed implementation period?

We feel that an implementation period of four months after the final policy statement is published is sufficient in more 'usual' times but latitude due to the coronavirus situation is necessary.

The areas that are most relevant and applicable to our member firms are the product governance and reporting requirements. The proposed product governance requirements build on existing rules and guidance and the introduction of the Insurance Distribution Directive (IDD) had already required firms to strengthen their distribution arrangements. Many firms will therefore have robust procedures in place and, with product governance, much of the work will involve a review of existing practices against the new rules as well as discussions with product manufacturers to understand the value assessments that have been made. This will, however, be influenced by the number of providers used by a firm.

The reporting requirements may require our member firms to review existing MI to ensure that the relevant information is captured and amend IT systems and procedures. Whether the implementation period is sufficient for this remedy depends on clarity of responsibility in an intermediated transaction, as well as consideration of AMI's suggestions on the reporting of premium finance data.

Q2: Do you have any comments on the possible impact of our proposals on people with protected characteristics under the Equality Act 2010?

No comment.

Q3: Do you have any comments on our proposal to apply the rules on which we are consulting to firms based in Gibraltar and firms in the temporary permissions regime?

No comment.

Q4: Do you have any comments on our proposal to ban price walking?

We agree that regulatory intervention is necessary in the GI market and agree with the proposals to ban price walking. We feel that the FCA's proposals will help to create a more level playing field, as the transition away from aggressive new business pricing techniques commonly seen within PCW business models will place a greater emphasis on overall value to the end customer, rather than predominantly focussed on price.

In the FCA pricing remedy forum held in November 2020, it was raised that the draft rules do not include fees in the definition of the price/premium. We do not feel that fees should be

included in the definition of price/premium as the reporting remedy sufficiently monitors this, given the requirement for pre and post contractual fees data from all firms. In addition, the current PROD rules and the FCA guidance issued in November 2019 already require product manufacturers and distributors to consider the effect of remuneration on the value that the customer receives and to ensure this does not conflict with the customer's best interest rule.

However, the FCA must be clear in the final rules on 'anti-avoidance' measures and ought to provide more comprehensive examples of behaviours that would be deemed to be a breach of the pricing rules. This should include fees as an example, as we are concerned that there will be some firms that may look to increase fees to recoup profits lost from the re-pricing of risks and/or a decrease in income due to a reduction in switching. It is important that a clear message of intent from the FCA is combined with sufficient regulatory supervision of firms.

It is worth noting that some firms have different GI commission levels at new business and renewal. Where this happens, there is normally a larger commission at new business than renewal. This will not impact gross price to the consumer but insurers or intermediaries need to recognise any issues that could arise due to this.

AMI welcomes how the draft rules allow firms to review the price following negotiation, such as in response to a customer who contacts them in response to a renewal offer. We would like clarification that this applies equally to intermediaries negotiating with insurers/providers on behalf of a customer, as it does to customers negotiating direct.

Q5: Do you have any comments on how our proposal would apply to products that are no longer actively marketed?

No comment.

Q6: Do you have any comments on our proposals to address practices that aim to frustrate the intended outcomes of the pricing remedy?

AMI has concerns that a new concept of 'cover walking' could emerge. Whilst the anti-avoidance measures should ensure that firms are not engaging in behaviours that frustrate the intentions of the pricing remedy, firms could circumvent this by, for example, reducing cover over time, increasing the policy excess or increasing fees. This may be used as a way for firms to recoup lost profits over the lifetime of the customer. AMI would like to understand how the FCA will prevent this type of behaviour and whether this type of practice would be captured under the proposed anti-avoidance measures.

Q7: Do you have any comments on our proposal to require senior manager confirmation that the firm is complying with the pricing remedy?

We agree that a senior person in a firm should be required to confirm that the firm is complying with the pricing remedy.

The Senior Managers and Certification Regime (SM&CR) focuses on accountability, so it is appropriate for the FCA to build aspects of this regime into its GI pricing rules. This should drive the correct conduct and encourage high level engagement from Board and senior management.

An annual attestation is sufficient. The FCA should confirm the prescribed format of this attestation in its final rules.

Q8: Do you have any comments on our proposal for firms to retain documentation to show how they are satisfied that their pricing model complies with our rules?

We agree with this approach.

Q9: Do you have any comments on our proposals for multiproduct discounts?

No comment.

Q10: Do you have any comments on our proposal to apply the pricing restriction rules to all stages of the price setting chain?

To achieve fairness and the correct outcomes we agree that the pricing restriction rules should apply to all stages of the price setting chain.

Q11: Do you have any comments on our proposal to apply the pricing restriction rules to additional products?

We agree that the price for additional products, including premium finance, should be no greater than that offered to an equivalent new customer.

Q12: Do you have any comments on our proposal to enhance the product governance requirements concerning product value?

We feel that there needs to be clarification on several areas of this remedy.

In CP 20/19 fair value is not defined, however in the GI pricing practices final report (section 5.8) fair value is defined as:

'Where there is a reasonable relationship between the overall cost to the end customer and the quality of the products and services'

We note in the draft Handbook that firms must consider PROD 4.2.14ER and PROD 4.2.14J E to identify if there is fair value, based on the current definition of value in PROD. However, the definition of value is the same definition that was given for fair value in the final market study report. We therefore ask for clarification whether firms should use this definition of value in the wider context of fair value or whether it is down to individual firms to interpret what constitutes 'fair'.

It is noted that PROD 4.2.14J E highlights what is defined as not providing fair value and our expectation is that it is therefore down to firms to assess what is 'fair', however we would be grateful for clarification. It would be useful for the FCA to provide a framework of what the FCA feels should be considered under fair value and its expectations. This would help to avoid any difference in interpretation by manufacturers and intermediaries, which is important as distributors are expected to understand the outcome of the manufacturer's value assessment and to act where appropriate. Some of our members have already stated that they have noticed a difference in interpretation between themselves and insurance providers.

AMI supports 4.2.14L G of the draft handbook which allows a firm to, when assessing fair value, consider the additional or proportionate benefit where a party's inclusion in the distribution chain increases access to the product for customers in the target market in a way that is proportionate to the additional cost involved.

Our members have asked for clarification on what the FCA deem as 'long-term value'. We note that the FCA attempted to address this question in its Q&A document following the forum, but we feel this response does not answer the question sufficiently. The draft PROD rules (4.2.14 A) refer to value being provided at renewal and 'for a reasonably foreseeable period'.

Is this the long-term value that the FCA refer to in the outcomes that it is looking to achieve? If so, is the expectation that the manufacturer would confirm to a distributor that the products meet the 'reasonably foreseeable period' criteria as part of the value assessment? A distributor would require this information to understand the intended value of the insurance product established by the manufacturer. We would expect that this would be captured by PROD 4.2.29 A section one but ask the FCA for clarification. Also, the 'reasonably foreseeable period' is likely to differ dependent on the type and length of insurance contract which is relevant as this remedy applies to both GI and pure protection products and the rules should allow for this distinction to be made.

We note that fair value applies to premium finance as an optional additional product. FCA has clarified in its Q&A document that the rules on fair value would apply regardless of whether the firm has arrangements with a single finance provider or with multiple providers and suggested that comparing with other credit products available to the customer may form part of the fair value assessment.

However, under ICOBS 6A.2.1 it is only an optional additional product if there is a choice of premium finance provider/product. For intermediaries that use GI products that don't effectively have a 'choice' on premium finance (i.e. the GI manufacturer contracts with a sole premium finance provider and there are no other financing options available to either the intermediary or their customer when selling the GI product) we feel it would make more sense to introduce a requirement to only take 'non-mandatory' premium finance into account in the overall fair value assessment of the home insurance contracts. Many GI home finance contracts offered by intermediaries are structured in this way. Where this is the case, the premium finance element does not usually form part of the 'commissionable premium', meaning that, in addition to not having 'choice' over the premium finance used, the intermediary receives no form of remuneration from the premium finance element of the product.

As such, we would also expect that where an intermediary does not arrange/have a choice on the premium finance agreement and does not receive remuneration from the premium finance, that they would not be expected to compare other credit products available – this should be the responsibility of the firm that arranges the premium finance agreement and receives commission.

We agree with the FCA's decision to make it clear that certain price optimisation practices would not offer fair value.

In the draft FCA Handbook, PROD 4.2.14E R states what the value assessment must include. As the scope of the product governance proposals includes all GI products whether sold to retail or commercial customers, AMI would like to understand whether insurers (as product manufacturers) are able to, under the proposed rules, apply exclusion(s) to a policy at individual underwriting level. For example, the application of an exclusion that excludes a specific area of advice under a professional indemnity policy. In this example, businesses that purchase professional indemnity insurance would expect their policy to cover all the activities that they undertake, and the product could be deemed to be not providing value, especially where the premium is not reduced to reflect the removal of specific areas of risk.

The FCA Q&A document highlighted that 'product' refers to the product for distribution and is not intended to refer to each individual contract of insurance. Based on this, we anticipate that this would not apply to the underwriting of individual cases. However, removal of cover from a product without a reduction in premium would not, in our view, result in fair value. Product manufacturers could evade the need to consider the impact of exclusions on fair value

at product level if an exclusion is applied at individual risk level without a review of the pricing structure, resulting in potential customer detriment. We would be grateful if the FCA could provide comments on this.

We also wanted to take this opportunity to refer to the value measures data rules confirmed in the policy statement (PS 20/9) and issued at the same time as this consultation. Although it does not form part of the feedback on this consultation, value measures data is intrinsically linked to the enhanced product governance proposals and AMI would like to understand whether the FCA plan to apply the scope of the value measures data requirements to pure protection products in the future. We feel that this would align both the value measures data and product governance rules and provide useful data to both consumers and intermediaries when buying and selling pure protection products.

Q13: Do you have any comments on our proposal to apply the product governance rules to products regardless of when they were launched?

We agree with this proposal. When giving advice and recommending a particular product this will provide intermediaries with reassurance that all GI and pure protection products have been through assessments and product approval processes of the same standard.

Q14: Do you have any comments on how we propose to apply the product governance rules to non-investment insurance products and products sold as part of a package?

It is important that value is assessed across all products that form part of a package. We agree that this should also include additional components such as premium finance.

Q15: Do you have any comments on our proposals for ongoing product reviews and remedial actions firms must consider where it is identified that the product is not providing fair value?

Our response to this question focuses on the remedial action in relation to distributors.

At the FCA product governance remedy forum it was asked whether intermediaries distributing products manufactured by other firms must review products for fair value every 12 months. It was confirmed that intermediaries who distribute products that they do not manufacture would not need to review the products but would need to provide some information to the manufacturer, such as remuneration and details of ancillary products. It was also clarified that intermediaries would need to review their distribution arrangements at least every 12 months and act if they found that customers were not being provided with fair value. We ask that this is made clear in the finalised policy statement.

Where distributors identify that the product is not providing fair value, it would be useful to understand from the FCA the expectations around the timeframe for firms to carry out any applicable steps as identified in 4.3.11 B (draft PROD rules). We appreciate that the FCA cannot be prescriptive (and we want to ensure firms have flexibility and can make their own judgements) but it would be useful to understand how firms will be monitored on this part of the remedy.

Q16: Do you have any comments on our proposed requirements for product distributors?

Some of our member firms have requested clarity on the extent of distributor's responsibilities. Whilst it is recognised that distributors need to understand the value assessment undertaken by the manufacturer in order to inform their distribution strategy, and that products should not

be distributed where distributors consider they do not offer fair value, does this obligation unintentionally (or perhaps intentionally) result in a level of accountability for the manufacturer's value assessment processes? This could be viewed as a stark interpretation and we do not believe it is the objective of the rule, but it would be helpful to have some clarification as to the extent of a distributor's responsibility.

Q17: Do you have any comments on our proposals for premium finance?

The proposed rules enhance or complement existing principles, rules and guidance and for the majority of AMI member firms this will change the information that it is presented to the customer and the way that this is displayed, rather than impose significant new obligations. We feel that these changes will ensure the customer is better informed and is a more transparent approach.

However, there are conflicting messages in the consultation and draft rules on who they apply to. Under section 4.23 of the consultation, it states that the requirements apply to firms that 'offer or arrange premium finance' yet section 6A.6.2 of the draft rules only refers to firms that are 'offering retail premium finance'. We feel that clarification is needed over the scope of 'offering retail premium finance' (in relation to ICOBS 6A.6.2) and where the responsibility lies in an intermediated transaction.

In most GI transactions handled by AMI members, the premium finance provider is determined by the GI manufacturer as part of the product and contract. Also, in these cases, the premium finance does not typically form part of the 'commissionable premium' for the intermediary, meaning that they receive no remuneration on this aspect. Is it the FCA's intention that the firm offering or arranging and receiving remuneration from a premium finance agreement is deemed to be 'offering retail premium finance' in the rules and is responsible for providing the information under ICOBS 6A.6.2? As opposed to an intermediary who may 'offer' premium finance to the customer if they ask about payment options but has no influence over the choice of premium finance provider and does not arrange the premium finance facility.

We want to ensure that the rules are drafted in a way that avoid duplication of information by manufacturer and intermediary. We would not expect intermediaries to provide this information (ICOBS 6A.6.2) in circumstances where the policy documentation is issued to the insured directly by the insurer and/or where the intermediary has no contractual relationship with the premium finance provider nor receives premium finance remuneration. If an intermediary offers or arranges premium finance directly with the premium finance provider and receives remuneration, then we understand the need for them to supply this pre-contractual information.

FCA may wish to consider whether an insurer or product manufacturer should be made to declare if the premium finance is not linked to an insurance policy. For example, if an insurer failed a consumer is likely to be required to continue making payments even if an insurer has ceased trading as the contract is directly with the premium finance provider. A consumer may not be aware of this and an explanation of this relationship may help to reduce consumer misunderstanding and harm.

Q18: Do you have any comments on our proposals for senior manager responsibility for compliance with our proposed remedies?

We agree that a senior manager should be responsible for compliance with the proposed remedies. This will help to ensure ownership and accountability, which should raise standards.

Q19: Do you have any comments on our proposals to require firms to provide consumers with a range of accessible and easy options to stop their policy from auto-renewing?

We do not feel that it is clear from the guidance who under the rules will supply auto renewal information, explain whether a policy is set to auto-renew and what this means to a customer where there is an intermediary in the distribution chain.

In the FCA forum the FCA's response was that it is expected that the firm with the customer facing role would be the most relevant firm, but our view is that this should not be the sole determinant. Many mortgage intermediaries offer GI on an 'initial only' basis, meaning that renewals would subsequently be undertaken directly with the insurer. Whilst the mortgage intermediary is customer facing in the sense that it has the existing relationship and the ability to communicate directly with the customer, in most cases it would not issue a renewal invitation and therefore should not be required to supply auto renewal information and explain whether a policy is set to auto-renew. In circumstances where the intermediary issue a renewal invitation on behalf of the insurer, it is logical for this to be provided by them.

FCA has since stated in its Q&A that it is proposed that ICOBS 6A.5 apply to both insurers and intermediaries, but our view is that the finalised rules should distinguish between them. There needs to be clarity over where the responsibility lies to ensure there is no confusion between manufacturers and distributors and to ensure that information is not duplicated to a customer. The risk is that incorrect or conflicting information could be supplied if there is no ownership of the requirement.

The proposed guidance states a 'significantly longer call waiting time' to cancel auto-renewal compared to the purchase of a policy is likely to represent an unnecessary barrier. Our members would appreciate clarification on what the FCA would deem as 'significantly longer' as the interpretation may differ amongst individuals. The FCA stated in the forum that its expectation is for firms to ensure that the average call waiting time to cancel auto-renewal is not unreasonably longer than the waiting time to purchase a new policy. We feel that the wording of this guidance should be 'unreasonably longer' rather than 'significantly longer'.

Firms should not prioritise one cancellation method over another and the final rules should reflect this. Customers should not be channelled towards one cancellation method, as this could result in consumer detriment and consideration must be given to vulnerable customers who may not have access to e-mail or the internet or may lack digital skills or confidence to engage in this way.

AMI's view is that firms must ensure that consumers carefully consider the consequences of cancelling cover (such as being uninsured) as well as the wider implications where this is a legal requirement (such as motor insurance) or a contractual obligation (such as buildings insurance under a mortgage contract). We support the FCA's comments in its Q&A document that firms as part of the disclosure of auto-renewal options need to provide customers with an explanation of the effect of auto-renewal and that this should be factual, balanced and meet the existing FCA rules on communications (clear, fair and not misleading). There needs to be a balance to ensure there is adequate consumer protection in both directions. Using buildings

insurance as an example, this need could be identified where the insurer has a mortgage lender noted on the policy or where the consumer has confirmed the property is mortgaged when asked the ownership of the property.

The FCA should provide a standard auto renewal template for firms to use where there is a legal or contractual requirement for the insurance.

Q20: Do you agree with our proposed rules and guidance in relation to auto-renewal?

We agree but comments made under Q19 also apply.

It is also sensible that the FCA has made the decision to not ban auto renewal as we had concerns that consumers could be left uninsured (buildings insurance, for example, is a requirement of a mortgage contract). We feel this is a more sensible approach which still affords the correct levels of consumer protection.

Q21: Do you agree with our proposal to apply the auto-renewal measures to all types of general insurance?

Yes, we agree.

Q22: Do you agree with our proposed scope for the reporting requirements?

Yes, we agree but our comments made under Q19 and Q24 also apply.

Q23: Do you agree with our proposed reporting granularity?

Based on the list of data that would be required from non-price setting intermediaries, we feel this level of granularity is sufficient. However, this agreement is dependent on clarification of areas of responsibility in an intermediated transaction to avoid duplication of data (covered in more depth in Q24 below).

Q24: Do you agree with the list of metrics we propose to ask firms to report?

As most of our members fall under the category of non-price setting intermediaries, we will answer the question in respect of the data listed under section 6.16 of the consultation paper.

We feel there needs to be clarity over where the reporting responsibility lies in terms of premium finance. As highlighted previously in our response, typically with GI arranged through a mortgage intermediary the premium finance is arranged by the insurer/manufacturer. In addition, in most home related GI products sold by non-price setting intermediaries the premium finance does not form part of the commissionable premium. We feel that the information required under 6.01, 6.02 and 6.03 of the draft reporting template should only be completed by price setters, or intermediaries who have an option as to which premium finance provider they choose (i.e. where premium finance does not form part of the GI product 'package'). Otherwise, there will be duplication of data where both the intermediary and insurer submit this to the FCA.

There are other areas where there is a lack of detail and we ask for clarification. Firstly, if an intermediary is involved in insurance distribution activities for the original sale, but subsequent renewals are handled without the original selling intermediary's involvement (i.e. the intermediary is not undertaking any insurance distribution activities in relation to the subsequent years' policies), would firms still need to report data after 'T0' in the MI report? This clarification is important as it would have a significant impact on the level of reporting required by member firms.

Secondly, once the reporting rules are effective do firms have to report 10+ years of data immediately (e.g. a firm's entire book split into tenure) or do firms only report new business and renewals from the date the rules come into force? It seems that as data is required for the current reporting period this means it would only capture new business incepted and policies renewed after the rules come into force. We ask for clarification as this could significantly increase the amount of data that our member firms have to capture and report on.

We also ask the FCA for clarification on whether policies that are sold but then not incepted or cancelled in the cooling off period should be included in reporting. This question also extends to premium finance where a customer may decide to pay via a premium finance facility but then after inception decide to (whether before or after signing up to the agreement) pay for the policy in full. Our view is that both these situations should not be reported on as part of this remedy, especially where, as highlighted previously in our response the mortgage intermediary may not have control or choice over the premium finance provider used.

Finally, we assume that once a policy is cancelled it no longer needs to be reported on but ask the FCA for confirmation on this point.

Q25: Are there any other metrics we should consider asking firms to report?

No, we feel the metrics proposed are adequate and proportionate.

In the FCA forum on this remedy, it was asked whether products provided as options within the core cover and not as separate add-on products would need to be reported and the response was that it is not the FCA's intention that options within the core cover be treated as additional products but it may be considered in the final rules.

We strongly agree that options within the core cover should not be included, as this would be complicated to report on, create an unnecessary burden for firms and would not help to prevent consumer detriment that is not already addressed within existing FCA add-on rules. The distinction between the two - and the fact that options within the core cover are not captured - does need to be made clearer in the final policy statement. As the FCA has provided a definition for optional additional products in the draft handbook glossary, it would be prudent to also provide a definition for 'options within the core cover' to help avoid any misunderstanding.

Q26: Do you agree with our proposals on reporting responsibility for insurers and intermediaries?

We note that both insurers and intermediaries would be expected to report even where data may overlap, which we disagree with. As highlighted previously, this is mainly in relation to premium finance where an intermediary may not have control over the premium finance provider where this is part of the GI manufacturer/provider's 'package'. An intermediary reporting this in addition to the manufacturer/provider would not add any value to the FCA's aim of being able to monitor pockets of consumer harm and changes over time. If intermediaries are required to submit data in this scenario, then it would place an unreasonable burden on firms.

In the draft rules it states that where there is more than one firm that manufactures (whether in whole or in part) a contract of insurance then only one firm must report the pricing information and there must be written agreement which firm is responsible. This needs to be made clearer in the first half of the finalised policy statement i.e. not just in the draft rules.

Q27: Do you agree with our proposals on reporting periods and frequency?

We cannot fully answer this question until we understand where the reporting responsibility lies (particularly in relation to premium finance) and whether information is captured from the date the rules come into effect (i.e. any new business and renewals after this date) or whether firms have to report on 10+ years of historic data in one submission.

If firms are required to present 10+ years of data within the first report then the current proposed timeframe is too short and should mirror the first annual pricing report requirement (on or before 31 March following the rule having been in force for 12 months).

Q28: Do you have any comments on our cost benefit analysis?

As noted previously in our response, our view is the remedies that will have the most impact on AMI member firms are the product governance and reporting requirements. For reporting requirements, the cost benefit analysis (CBA) assumes reporting costs for non-price setting intermediaries would be 25% of the cost of groups for the wider reporting remedy which we feel is realistic.

We agree with the FCA that there is unlikely to be significant costs to intermediaries on product governance requirements given that these rules build on existing practices.

Intermediaries may incur costs with the reporting remedy where a firm does not currently capture the MI for the information required and therefore systems changes may be required to incorporate this.

We are only able to comment on the cost benefit analysis for stopping auto-renewal requirements once we have understood whether intermediaries are within scope.

There should be no increase to FCA fees as a result of the FCA administering, monitoring and supervising the proposed changes to its rules.

Q29: Do you have any comments on the way we have estimated the impact of the pricing remedies?

We acknowledge that it is not reasonably practicable for the FCA to estimate the costs to the distribution chain from its package of remedies.

Q30: Do you have any comments on the way we have estimated the impact of the non-pricing remedies?

See above comments.

Q31: Do you agree with the assumptions we have made in our analysis?

No comment.