

**“Treating Customers Fairly: Delivering fair outcomes for consumers” - Financial Services Authority conference, London, 7 November 2006**  
**Remarks by Philip Cullum, Deputy Chief Executive, National Consumer Council**

- It won't surprise you to learn that the National Consumer Council supports the idea of businesses Treating Customers Fairly. How could we be anything else!
- But more generally, we support a shift towards principles-based regulation. It's why we lobbied for the introduction of the Unfair Commercial Practices Directive, with its general duty on companies not to trade unfairly. And it's why we support TCF.
- We know principles-based regulation isn't always possible or appropriate. Sometimes consumers need the protection provided by detailed rules.
- But NCC's research suggests that consumers don't support unnecessary regulation – they want only what's needed to make markets work. They're conscious that they're the ones who ultimately foot the bill for regulation. And they want it to be proportionate and targeted, so that regulation doesn't block competition or restrict innovation.
- Our work also indicates that people are remarkably willing to put their trust in new ways of delivering the right regulatory outcomes, with a real emphasis on achieving fundamental change within businesses.

- They want sustainable, dynamic, well-functioning markets. A world in which well-informed consumers drive innovation and diversity, by exercising real choice.
- In many markets including financial services, this means strengthening the link between performance and profits, so that the good guys prosper and the bad guys don't. One consumer told us about the ideal position: *'If you're making a profit tomorrow you are going to have to look after your customers today.'*
- In NCC's customer research on the full range of private and public services, financial services are picked out time and again as a problem sector. Consumers speak about systematic poor service and a chronic lack of transparency.
- Consumers spoke about aggressive financial services sales staff. One person commented: *'They're not happy with just the one product, they want to go into every single product under the sun.'*
- Another consumer spoke about being talked into buying products that prove to be worthless: *'They offer you an umbrella when the sun shines but take it down when it's raining.'*
- Someone else complained that *'Insurance companies, with claims, they just delay and delay things.'* And another commented *'They don't explain the full price or options to you.'*

- One of my own favourite examples concerns the bank which had road-side billboards asking in very large type '*What about bank FEES FREE for everyone!*' In much smaller type, it then listed the range of services, before concluding '*All this and more for just one monthly flat fee of £8.*'
- We welcome the steps that companies are already taking to remedy these issues. We're pleased that many of you are taking personal responsibility for getting things right. But you know that if the financial services sector is to regain the trust of consumers, change needs to be both wider and deeper still.
- So what might fairness feel like to consumers of financial services products?
- It's a world in which companies promote their products positively – but they do so in an honest and straightforward way. They tell the customer very clearly what they're buying, without using lots of jargon, and they set out in a simple way how much the customer will pay throughout the life of the product.
- They provide this information before the sale, and they give people time and space to digest it. If the business has a more suitable product, they tell the consumer.

- If the product is linked to another product, the business clearly communicates the price for each, so that separate judgments can be made. And they do not wrongly imply that the purchase of the product is compulsory.
- If the business wants to make a comparison, it compares like with like, and it does so using methods that ordinary people understand. Where appropriate they express things in terms of the real cost, not just a percentage interest rate. They don't rely on misleading APR calculations, or figures that are artificially low because they exclude elements such as some charges. If they use introductory offers, the sales pitch is not build entirely round this, and they are crystal clear about the true longer term cost of the product.
- The business gives people the right amount of information – certainly not too little, but not too much either. They scrap the many lines of small print at the bottom of adverts and marketing materials, and replace them with a few simple messages that people can and will read and understand.
- The business continues to provide useful, clearly presented information throughout the life of the product; and if the customer has a query or a complaint, it's easy for them to find the right person to talk to. If people want to switch product, or change provider, there aren't unreasonable barriers in the way.

- That's a quick take on what fairness might mean to consumers. It's not a comprehensive list – there are many other factors too. And it's worth saying that many of these points don't apply only to financial services companies – you are by no means the only sector in which consumers experience problems.
- The good news is that consumers have a low opinion of standards across lots of different sectors. They can quickly become passionate advocates for the companies who they think treat them fairly. So there's money to be made if you can get it right and really differentiate your business.
- The key messages across all sectors are pretty similar – and straightforward. Be clear, honest and efficient. Communicate the main points of what you're offering and allow people to make their own decision. Perhaps above all, relate to consumers as individuals.
- As one person said to us: *'Treat your customer how you would like to be treated if you were the customer.'*