

Dear Hamish

The APCC attended a Trade Association meeting with the FCA, a summary of the high-level points are below. We will be liaising with them on a weekly basis for the foreseeable future and they have asked that members provide any queries centrally to us rather than to the FCA individually.

We have provided the FCA with questions we have received to date, and we will provide any feedback to these as and when we receive it.

- The FCA will provide responses to feedback and questions wherever possible but they are of course seeing a spike in enquiries at this time, so cannot guarantee a timescale for turnaround.
- They advise firms to monitor the Coronavirus web pages they have set up on their website, as well as via their Twitter and LinkedIn feeds which will provide the most up to date information.
- The FCA will endeavour to provide trade bodies with specific contacts and a structure chart, which we will share accordingly once this is received.

- **Chris Woolard**

The FCA's approach is to undertake a triage process along with the Bank of England and Treasury, to help consumers and firms do the right thing. Their key role is to reduce as much damage as possible and to ensure firms come out of this in the best shape they can. To address this and focus on the pandemic, they have scaled back future work that was scheduled, to try and alleviate as much pressure from firms as possible.

They are looking to deal with large scale queries from the public and they will also be giving most efforts to helping protect the markets wherever they can.

They are very keen to receive feedback from trade associations to help them prioritise their focus, but consumer and market protection will always be put first. They have asked that members send issues to their trade bodies centrally rather than trying to contact them individually and this will speed up the process.

- **Retail Issues** – Banking, payments, credit/debt and mortgages is a key focus. They are trying to address the issue with access to cash and pressure points in the system, and they will ensure cash access continues. Branch closures are an issue and they are looking to alleviate this for customers, increased demand for telephone banking is also causing a pressure point which they are working with banks to resolve.
- **Mortgages** – they are providing guidance on 'payment holidays' where this has been agreed with that provider and trying to avoid repossession situations. They are also working on 'payment holidays' with credit firms as well and provided guidance where possible. They are also working on scams that have occurred since the pandemic and investments and investment advice.
- **General Insurance** – they have already issued their expectations of insurance firms and what customer should expect. They will continue to add to the website when updates are available. Flexibility is key going forward, and they require firms to have operational resilience and have robust systems and controls. They are particularly mindful of where services are outsourced, such as claims management etc. They will try to provide further

guidance on travel policies where policy changes may now be needed but remind firms they need to continue to treat their customers fairly for the whole product cycle.

**Motor and home** – they don't expect claims to be rejected where temporary changes have occurred such as customers working from their homes, and this should not invalidate a household policy, or where someone uses their vehicle for work where specifically in relation to the pandemic.

**PMI** – Private hospitals are now supporting the NHS so this impacts on policies no longer being able to provide the private medical care they offered, as all non urgent care has now been cancelled. Insurers need to contact impacted clients. Some products will need to be suspended if little or no cover is now being provided. This needs to be communicated to clients as early as possible.

IDD should still be followed.

Insurance brokers have a key role in helping clients understand the changing markets and where they are impacted. They need to keep abreast of market developments so they can suitable advise their customers and the FCA will continue to work closely with this sector to provide as much support as they can.

- **Wholesale** – Where firms are now working from home, they need to consider appropriate controls. Where they cannot record calls, they need to make the FCA aware of this otherwise the requirements to record calls are still in place. Where transaction reports may be delayed, firms will need to advise the FCA of this and to do this BEFORE the deadlines are missed, and not wait until after the deadline. All the usual requirements around the importance of being alert to market abuse risks remain in place and is very important to be maintained. The FCA will continue to monitor that as they have done, and act where required.
- **Asset Management** – They recognise the liquidity is challenging in the current climate and they are monitoring this very closely. Firms should look at the recent statements around this on the FCA's website. They believe that the suite of tools firms has to manage liquidity work well and should be considered carefully, and firms should ensure they consider the best interests of their investors at all times. The role of the authorised fund manager becomes even more important now and they want to see good governance and robust decision-making being made in an orderly and timely way. Some UK property funds have suspended dealing due to the inability to accurately value commercial property and the FCA feel this is the right cause of action at this time. Firms will need to consider how other funds are monitored and ensure it is still appropriate. The focus on the importance of stress testing of funds is now showing as why importance was placed on this, as well as ensuring business continuity planning. If there are issues, firms should engage with the FCA.
- **Life Insurance and Financial Advice** – Like most points already raised, operational resilience is key during the lockdown period. They are focussing on the impact of lockdown and the definition of key workers and the ability for firms to still offer critical services. They are also focussing on the reliance on outsourcers within firm structures. They are monitoring consumer impact and consumer behaviour. The regulatory regime around advice will be a key priority to ensure this continues to operate as per current expectations. They are working closely with the Pensions Regulator around DB schemes. Scams are an issue, and they are receiving a lot of communication around emerging problems. They will provide examples of scams that they see but have likewise asked that

Trade Associations also flag any scams that the industry is seeing. The FCA scams will also be on their website as soon as they become aware. There is a scam page on their website.

- **Retail lending – Supervision;** They have diverted resource to monitor the impact of firms financial resilience and any customer impact. They are looking at how firms communicate with their customers. Firms must be able to keep up their customer focus despite many now working from home.
- Where the FCA are able to relax rules or make policy changes to assist the market, this will be expediated by them.

Regards

Bev

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