

To: The Political Parties and individual National Election Candidates

Do you agree with the following proposals from the National Consumer Federation? If so please tick the boxes on the following pages.

SECURITY AND CERTAINTY IN UNCERTAIN TIMES

THE NATIONAL CONSUMER FEDERATION MANIFESTO IN RESPONSE TO THE FINANCIAL CRISIS

CONSUMERS ARE TAX PAYERS AND VOTERS!

Britain's banking crisis is mirrored by an ongoing credit and debt crisis for millions of our fellow citizens. As the aftermath of the deepest economic recession since the 1930s impacts on families and individuals, the National Consumer Federation presents this, the first ever NCF Manifesto to all candidates standing in the General Election.

Our proposals are based on representations from grassroots consumer groups and consumers, and from recommendations drawn up at the recent NCF Consumer Congress in London, ***Consumers and the Credit Crunch***.

We are launching our Manifesto during the General Election campaign.

This NCF Manifesto is a consumer response to the practices of the financial services industry, the regulatory authorities and to the serious national problems of credit and debt and their impact on consumers. We hope that you will support this major new NCF initiative, and will sign up to its proposals. In the run up to the General Election we will be publicising both the NCF Manifesto and the names of all of those who support it on our website and in communications to consumers nationally, in order to help them reach informed decisions at the ballot box. We urge you to support us – and all consumers – in helping to promote transparency and fairness.

While news is dominated by banks and bonuses, there is precious little attention given to consumers and to mounting problems over credit and debt. Citizens' Advice recently reported that up to a third of its enquiries are now connected to personal debt. We cannot wait for another banking crisis in order to act. Consumers need help and protection now. It is no wonder that they are often bewildered – and angry. They do not know which way to turn and who to trust.

All consumers are voters and what they think will help decide the results of the upcoming General Election. We hope you will join with us and them in putting the interests of the consumer first.

WHAT IS THE NATIONAL CONSUMER FEDERATION?

The National Consumer Federation (NCF) is an umbrella organisation, encouraging and co-ordinating the work of voluntary, local grassroots consumer groups, individual consumers and those who have an interest in consumer affairs through other organisations, including businesses and service providers. NCF’s aim is to inform, represent and educate consumers for the public benefit based on the guiding principles of: Choice, Information, Representation, Access to goods and services, Quality, Fairness, Safety and Redress.

THE NCF CONSUMER MANIFESTO IN RESPONSE TO THE CREDIT CRUNCH

READILY UNDERSTOOD FINANCIAL PRODUCTS

The vast majority of consumers need simple readily understood financial products. For example, if a consumer buys a car, s/he doesn’t need to understand the technical engine design in order to make a choice. There are a small number of essential details that need to be understood in order that the consumer may make decisions. The more technical aspects may be of interest to some [people] and they are free to question the seller more deeply. In buying a car, we take for granted that the basic functions are fit for purpose and should this not be the case, products will be recalled for correction. These same basic standards need to be applicable to the financial services industry.

*The NCF calls for financial services to be regulated and managed in a similar way to tangible products – controls need to be on the products and not just the processes. Products should be certified by competent authorities as fit for purpose. When faults arise, the products should be taken off the market until an acceptable solution is found.

Agree Disagree

*Every financial services provider should have at least one plain product that is pre-vetted by the competent authority and certified (“kitemarked”) to ensure consumers can readily identify such products.

Agree Disagree

TRUST IN THE FINANCIAL SYSTEM [AND SERVICES PROVIDED]

Consumers no longer trust the financial services system or their financial advisors (usually financial sales personnel). The financial services industry remains improperly and lightly regulated. The standards – and standardisation practices – applicable in other service areas of the economy largely do not apply. While other sectors such as the food industry do have high standard practices, the financial services industry all too frequently fails consumers by failing to provide transparency or proper product labelling. The array of products on offer is excessive, bewildering and often hard to distinguish, and the whole system is run largely on a commission basis that frequently puts consumers at a disadvantage. This has also contributed to a number of mis-selling scandals.

*The NCF calls for a fundamental cultural change within the financial services industry aimed at building consumer trust. As a first step, the selling of financial services on commission should be stopped, due to the clear conflict of interest for all financial advisers whose payment is based on commission. More support should be provided to non-fee bearing organisations providing truly independent advice to and on behalf of consumers.

Agree Disagree

EFFECTIVE ENFORCEMENT AND REDRESS WHEN THINGS GO WRONG

*“A majority of people in the UK regard the financial services industry as rogue traders”
(NCF Consumer Congress, London)*

Whilst the NCF believes in the need for substantial cultural change in the financial services industry over the longer term, it is essential to employ a means of redress when things go wrong. Redress needs to be swift and effective and not lead to ineffective and long drawn out investigations. At present regulatory responsibilities are split between different bodies; FSA, OFT, Trading Standards etc. and these do not in general provide consumers with timely redress.

*The NCF calls for enforcement to be significantly strengthened and effectively applied across the United Kingdom. Enforcement needs to be uniformly applied at a level that will be a strong deterrent for future infringements of legislation by companies, whether large or small.

Agree Disagree

REFORMING THE FINANCIAL SERVICES AUTHORITY

The NCF believes that the Financial Services Authority as currently constituted does not represent the best interests of the consumer, nor is competent to help the industry re-build consumer trust, and that there is a need for an urgent Select Committee Inquiry that would examine the arguments for splitting the agency into two component parts – an Authority that regulates the financial services industry and a new Consumer Protection Agency.

Agree Disagree

SUPPLEMENTARY PROPOSALS

In addition to the key manifesto proposals above, please tick the relevant box, if you agree with the following proposals. If you believe that more can be done and should be done, please add your ideas at the end of the Manifesto and return it to us at the address shown at the end.

*An urgent priority for the incoming Government will be to establish a Select Committee Inquiry into mis-selling of financial services products and to review the efficacy of existing regulatory bodies as well as consumer representation on those bodies. It should also investigate bank charging practices.

Agree Disagree

*Financial advisors to work within a framework of recognised standards, with all relevant stakeholders, including consumers, participating directly in the standards development process. A formal certification system to be established for financial advisors to demonstrate conformity with the standards cf. BSI Kitemark.

Agree Disagree

*Transparency in financial services selling and literature can best be aided by a new system of financial services product labelling.

Agree Disagree

*A mechanism to be developed to deal more fairly with loan provision. Far stronger action **MUST** be taken against loan sharks.

Agree Disagree

*There needs to be new safeguards to combat fraudulent distance-selling of products e.g. on the Internet, by phone (especially mobile phones) and by mail.

Agree Disagree

*Credit Unions need more support for training volunteers and developing their activities.

Agree Disagree

TACKLING CONSUMER DEBT

*A new Mortgage Revenue Protection Fund should be created in conjunction with the Financial Services Industry.

Agree Disagree

*A 'National Money Advice Plan' should be set up in conjunction with consumers organisations.

Agree Disagree

WHAT DO YOU THINK?

While the NCF believes that these proposals and recommendations provides for a bare minimum of what needs to be done, we want to hear what you think.

Please use the space below to let us know what you think the urgent priorities should be.

Candidate

Name.....

Political

Party.....

Email

Address:.....

Comments:.....

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Upon completion of the form, please return it to:-
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Email version: chairman@ncf.info

To learn more about our activities, please visit our website at www.ncf.info
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