



2 Marylebone Road  
London NW1 4DF  
t 020 7770 7000  
f 020 7770 7600  
which.co.uk

Terence Denness and Ruby Adesuyi  
Financial Conduct Authority  
12 Endeavour Square  
London E20 1JN

5 May 2020

Dear Terence and Ruby

I am writing in response to the FCA's latest consultation on temporary financial relief for consumers impacted by the coronavirus pandemic. Which? commends the FCA for proposing further measures to support those consumers financially affected, and for the pace at which the FCA has acted across a range of issues in recent weeks.

For many consumers, coronavirus will cause financial hardship, including loss of income in ways that they could not have anticipated. The FCA's proposed payment deferrals will help to provide vital payment support in these unprecedented circumstances for customers of general insurance and pure protection contracts. By also proposing that firms consider altering the product based on a reassessment of risk or transferring the product, and waiving any fees for amendments or cancellations, the measures will also help customers who might otherwise have sought to cancel or reduce their insurance cover to continue to be provided with adequate insurance protection.

### **Eligibility**

Which? supports the following two examples given for the circumstances where firms should consider actions to support customers who may be in financial distress as a result of coronavirus, of customers contacting firms with concerns or firms identifying customers.

We also recommend that the FCA:

- clarifies whether customers who expect to experience financial difficulties due to coronavirus would be included in addition to those currently experiencing difficulties, as is the case in the FCA's guidance for credit products; and
- clarifies that firms should not be challenging customers' self-certification of their financial circumstances, given the difficulties consumers have evidencing this at the current time and the pressures on firms' limited customer service resources.

This will help to ensure that consumers can be treated consistently and fairly across their various financial providers, and that consumers can be presented with clear communications to help them to make the right decisions.

### **Waiving fees for all amendments and cancellations**

Given the likelihood that the effects of coronavirus may be a factor for many people's decisions to alter or cancel insurance cover at the current time, we therefore propose extending the FCA's proposals for the waiving of fees to include all alterations and cancellations to insurance contracts for a period of three months, regardless of whether the



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customer cites financial difficulties due to coronavirus or the firm has identified a risk of financial difficulties due to coronavirus.

### **Communicating with customers**

We support the FCA's proposed guidance for firms to make clear in their communications the different solutions available to customers and to encourage them to make contact if they are experiencing temporary financial difficulty as a result of coronavirus. We are concerned, however, that both before coronavirus and at the current time many customers may not consider it possible to amend or cancel their insurance policies, or receive other forms of assistance, due to financial difficulties.

Insurance providers should therefore proactively make the support they offer to customers prominent in their communications, including by writing to their customers rather than just relying on their websites and apps as the FCA has currently proposed. This would help to ensure that customers get in touch with their provider before they miss a payment, averting unnecessary harm and distress.

### **Exit strategy**

For customers who receive payment deferrals, it is important that the FCA ensures there is a clear exit strategy that does not disproportionately disadvantage consumers. Customers in financial difficulty should not be provided with a significant one-off bill at the end of a deferral period. Firms should instead support all customers to make subsequent payments over a reasonable period. This is especially important for customers that have continued to accrue interest during a deferral period. The FCA should therefore set out clearer guidance on how firms should support customers at the end of payment deferral periods.

### **Preventing fraud**

The FCA's proposed changes will provide fraudsters with a mass communications opportunity to members of the general public. By introducing as much consistency as possible in the application of these emergency measures we will be able to communicate them more clearly to consumers. This, in turn, will allow consumers to better protect themselves from fraud. The FCA should also provide clear, upfront, public messaging on both what consumers can expect from their financial service providers and how they can be vigilant.

If you have any questions regarding this response, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink that reads "Alastair Reed".

Alastair Reed  
Principal Policy Adviser, Money  
Which?