Dear FCA consumer credit team,

Please find below a few high level comments from Which? relating to the latest guidance for mortgages and coronavirus. Due to the time constraints we are currently only able to provide a very limited contribution but would still welcome the opportunity to discuss these issues further.

- Which? welcomes the FCA's latest guidance on coronavirus support, which will help ensure that mortgage customers continue to be supported in the coming months that will see the removal of the government's Job Retention Scheme.
- We are pleased that the FCA has proposed to continue with many of the protections for consumers that exist under the current temporary guidance, such as ensuring lenders work with customers in financial difficulty before a missed payment and that customers do not suffer hardship as a result of firms' operational difficulties.
- However we are disappointed that the FCA has proposed restricting the availability of payment deferrals. It is highly likely that many people's financial situations will worsen due to a loss of employment income after October. We therefore expect to see a spike in consumers who will need to access temporary support, which will include people whose finances have been negatively affected by the coronavirus pandemic for the first time.
- While we acknowledge that deferrals are not in the best interests of all consumers, the potential harm by removing this option outweighs the risks from those who do not 'need' a deferral being able to access one.
- We particularly disagree with the proposed reinstating of normal reporting to credit reference agencies, even where the lender has chosen to offer a payment deferral as a forbearance option. The existing guidance was based on the principle that temporary forbearance due to the impact of coronavirus should not be marked permanently. We believe this should continue beyond October 2020. Not doing so would be particularly unfair for consumers who have yet to access a payment deferral but may need to after 31 October due to a temporary loss of income.
- We do not agree with the FCA's view that the proposed guidance will not adversely affect consumers with protected characteristics, given the disproportionate impact on these groups that the pandemic is having and the FCA's findings that certain protected groups have lower awareness of the availability of payment support.
- Finally, while we commend the pace at which the FCA has dealt with coronavirus-related issues and its proactive approach, we are concerned about the significantly short periods in which stakeholders have been consulted. We continue to believe that longer-term measures to support consumers impacted by coronavirus should be considered when the impact of the JRS ending will be more known, and with a longer consultation process. Therefore we do not consider it appropriate that the FCA has afforded such little time to comment on the new guidance. Further, it should be noted that generally speaking, the consumer representative bodies have significantly less resource available to them than many

of the financial institutions. Given the unprecedented time we currently face these limited resources are stretched across all consumer facing markets and all regulators making it far harder to fully appraise such guidance as set out here. This raises the likelihood of either an inability to respond, responding only in part or misinterpreting an issue. If, as I'm sure it does, the FCA wants to engage with as wide a range of stakeholders as possible and to ensure the consumer view is fully considered we would urge a bit of flexibility in response times from these organisations when it is sought.

Kind regards

Paddy Greene