



Wider Implications Framework Annual Report 2023/24



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Executive foreword

This is the second Wider Implications Framework Annual Report. It sets out how the framework's members – the Financial Conduct Authority (FCA), the Financial Ombudsman Service (Ombudsman Service), the Financial Services Compensation Scheme (FSCS), the Money and Pensions Service (MaPS) and the Pensions Regulator (tPR) – have worked together during its second year.

The framework continues to support effective and structured collaboration and cooperation on issues with wider potential impact across the financial services industry, helping the members deliver better outcomes for consumers, firms and the financial services sector. As we set out in more detail in this report, this has included work on motor finance commission, the Consumer Duty and redress for former members of the British Steel Pension Scheme (BSPS) who received unsuitable financial advice.

This report covers the period 1 January 2023 to 31 March 2024. During this time, section 415C of the Financial Services and Markets Act 2023 came into force. This introduced a new duty for 3 of the members – the FCA, the Ombudsman Service and the FSCS – to cooperate on issues that have significant implications for each other or the wider financial services market.

Given the significant overlap between the framework and the new cooperation duty, we have accommodated the new cooperation duty by making changes to the framework. Essentially, participation in the framework is the way we comply with the cooperation duty. The framework is designed to ensure that, where compatible with the members independent roles and statutory functions, the members consider issues with significant implications in a timely, consistent and complementary way and have a transparent and robust process for doing so.

We published a revised terms of reference for the framework in autumn 2023. Changes included categorising organisations subject to the cooperation duty as 'core members' and setting out the steps these members will take to ensure they comply with the duty. We also used this review of the terms of reference to make other changes, such as introducing a Director-level forum to provide closer oversight of the issues being managed under the framework. This is in addition to ongoing working level and more senior engagement between the organisations, which continues.

By setting out how we have cooperated on issues over the period covered by this report, this report satisfies the requirement under section 415C(6) of FSMA 2000 that the FCA, the Financial Ombudsman Service and the FSCS prepare and publish a report on their compliance with the duty.

We are keen to hear our stakeholders' views on our compliance with the duty, consistent with the requirement under the cooperation duty to put in place arrangements to allow stakeholders to provide such feedback. Please send any feedback on compliance with the cooperation duty, or the framework more generally, to widerimplications@fca.org.uk. We will provide a summary of any feedback we receive to the Executive-level group with responsibility for overseeing the operation of the Framework and the issues being managed under it to consider how we should respond.



Framework members

Each member organisation has distinct and independent roles and responsibilities. However, the framework helps to ensure we have consistent and complementary approaches to similar or related issues.

For example, the Ombudsman Service and the FSCS share data and insight from complaints and claims, which can provide an evidence base of the types of harm consumers suffer. The FCA and tPR regulate markets, making interventions where appropriate. MaPS plays a key role issuing consumer communications, such as on cost-of-living work, and all organisations collaborate to amplify these communications through their own work.

Not all issues considered under the framework will be directly relevant to every member. However, it ensures that, unless the issue has to be restricted to certain members for market sensitivity reasons, all members are sighted on the issue and can make contributions.

The issues


As this report shows, issues that can be considered under the framework are many and varied. Current workstreams are focused on issues where: many consumers are affected; the amount of redress at stake is particularly high; there is a risk of businesses failing; or new rules and guidance that significantly affect business practices are being introduced.

Similarly, issues considered under the framework can be identified in many ways, for example through the Ombudsman Service's or the FSCS's casework, through the FCA's or tPR's supervision of firms or through insight from consumer contacts to MaPS. Teams across our organisations meet regularly with each other to share this intelligence and insight. Where an issue with potential wider implications is identified, Executive-level agreement is sought for that issue to be added to the framework as a workstream.

During the last 15 months, we have made significant progress on existing workstreams. This includes reaching agreement to remove the Mortgage Standard Variable Rates workstream from the framework because its objectives had been met. We intend to refocus the APP fraud and scams workstream to take account of significant regulatory change affecting the payments market.

Key achievements include:

- The FCA and the Ombudsman Service working together to share information on complaints about Mortgage **Standard Variable Rates** (SVR). Most mortgage SVR complaints covered by the framework have been resolved by the Ombudsman Service, with appropriate redress being paid. Members will continue to collaborate as needed on this issue as part of their regular engagement.
- Working closely to share information and insight on complaints about **motor finance commission**. This led to the FCA issuing its January 2024 intervention on discretionary commission arrangements to coincide with the Ombudsman Service issuing its first decisions on complaints about these arrangements.

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- Hosting around 20 events in steelworker communities across England and Wales. Over 1,200 consumers signed up to attend these events. Representatives from the FCA, the Ombudsman Service, the FSCS and MaPS explained the work on **BSPS** redress, including the consumer redress scheme, and helped former BSPS members with questions about their cases.
 - Supporting the implementation and embedding of the **Consumer Duty**, which, as of 31 July 2023, is in force for both new and existing products and services. In the run up to implementation and since, the FCA and the Ombudsman Service jointly attended industry and consumer events to give stakeholders reassurance that the 2 organisations are aligned on interpreting and applying the Consumer Duty. We continue to work together as we approach the closed book deadline for firms on 31 July 2024.
 - The FCA, the Ombudsman Service and the FSCS working together within the **SIPPs** workstream, to ensure consumers owed redress because of failings by **Self-invested Personal Pensions (SIPPs)** operators are going to the right place to get it and that it is paid promptly.
 - There is extensive work going on within the member organisations to address the **cost-of-living crisis** and we continue to share information and insight on this critical issue for consumers under the cost-of-living workstream. We have also sent joint communications to firms about debt collection practices and the treatment of customers in financial difficulty.

Review of the year

In this section, we take a closer look at what we have worked on and achieved under the framework from 1 January 2023 to 31 March 2024, as we have decided to move to a reporting period aligned with the financial year rather than the calendar year.

As we did in our first annual report, we have structured our review using themes. The themes for this year's review are:

1. Sharing data, insight and expertise to inform decision making
2. Joint engagement activities
3. Improving the consumer journey
4. Ensuring fairness and consistency across markets



Sharing data, insight and expertise

We have used the framework to improve information and data sharing between members to help us make better decisions.

Key achievements

In February 2023, the FCA set up a **consumer redress scheme for former members of the British Steel Pension Scheme (BSPS)** who received unsuitable pension transfer advice. This scheme aimed to put those who lost out because of unsuitable advice back in the position they would have been in if they hadn't transferred out of the BSPS.

In particular, sharing insights on firms' behaviour and consumers' areas of concern early on allowed members to focus their efforts in a timely way. Sharing actuarial insights and expertise has also helped to drive more cost-efficient use of resources. Cooperation between WIF members has enabled members to identify issues which needed clarification or further discussion to ensure a consistent approach. It has also allowed members to track how well firms are meeting scheme rules and timelines.

Intelligence gathered from steelworkers at joint engagement activities with the Ombudsman Service, the FSCS and MaPS helped ensure the FCA was able to act promptly in response to firms making unsolicited offers to customers before scheme implementation in January-February 2023.

Under our **motor finance commission workstream**, the FCA and the Ombudsman Service have worked closely to share complaints data and information. Data from the Ombudsman Service on the volume of motor finance complaints it was receiving, the issues raised and how the Ombudsman Service intended to approach those issues, was key to informing the FCA's intervention on discretionary commission arrangements in January 2024.

The FCA's intervention introduced emergency rules to pause the handling of complaints about discretionary commission arrangements by firms while it carries out diagnostic work to understand whether firms have failed to comply with relevant requirements and, if so, whether large number of consumers are owed redress.

Under the **Consumer Duty** workstream, the Ombudsman Service and FCA have established strong sectoral and thematic working level relationships. This has led to the timely and effective sharing of information and insights following the implementation period. This has helped align understanding, and insights from the Ombudsman Service have also helped to inform FCA work.

The challenges from the **cost-of-living crisis** remain significant. Data shared by the Ombudsman Service where it saw a sharp rise in credit card complaints this year, and the FCA's 2024 Financial Lives cost of living recontact survey, published in April 2024, showed that the cost of living continues to have an impact on the financial lives of many. The financial services industry continues to have a key role to play in helping raise awareness and direct consumers to the support available.

In the last year, our work on cost-of-living has focused on sharing data between member organisations to help identify emerging trends and risks of harm. That analysis has also informed the FCA's strategic response to the cost of living pressures. For example, the FCA and the Ombudsman Service have been meeting regularly to share data on complaint casework trends and regulatory data on key metrics of risks of harm. MaPS has shared its service usage rates for the Financial Crimes and Scams Unit, levels of debt advice, and Money Guidance uptake.



Joint engagement activities

We've used the framework to make our engagement with consumers and the industry timelier and more effective.

Key achievements

The **Consumer Duty** introduces a new Consumer Principle that requires firms to act to deliver good outcomes for retail customers, and accompanying rules, guidance and non-handbook guidance.

In the run up to the Duty's implementation, the FCA and the Ombudsman Service held joint events with stakeholders to discuss our alignment on the application of the Duty. Stakeholders who had previously expressed concern about this issue told us that they felt reassured after attending these events.

Following implementation of the Duty, we've continued to participate in events together. For example, in September 2023, the FCA attended 2 post-implementation roundtables organised by the Ombudsman Service and UK Finance. These enabled the Ombudsman Service to set out its expectations to firms, while the FCA provided further clarity on its work.

In November 2023, the FCA and the Ombudsman Service attended the FCA Practitioner Panel and the Financial Services Consumer Panel together. We talked about how our organisations work together, how the FCA uses Ombudsman Service data and metrics to inform its work and how we engage under the framework to help our respective workstreams on the Consumer Duty.

As part of our work on the **British Steel Pension Scheme consumer redress scheme**, we held around 20 events during 2023 in steelworker communities across England and Wales. These events were hosted by the FCA and attended by the Ombudsman Service, the FSCS, and MaPS.

Over 1,200 former members of the British Steel Pension Scheme signed up to these events. The events introduced the redress scheme and the different organisations who are involved, helped steelworkers understand what was happening and what was expected, and provided face-to-face advice to help steelworkers with specific questions.



Improving the consumer journey for redress

We have used the framework to provide a smoother consumer journey for consumers harmed by financial services firms and owed redress.

Key achievements

Under our workstream on **self-invested personal pensions (SIPPs)**, the FCA, the Ombudsman Service and the FSCS have worked together to provide updates and share information on developments affecting firms, complaints and claims. This has ensured all the members are sighted on the industry landscape, the complexity of these cases and how this might affect individual consumers.

Monthly data-sharing between members on outstanding complaints and claim volumes means they can prioritise casework to give the best possible chance of consumers receiving timely redress and enabled relevant supervisory intervention.

The cooperation and coordination between the FCA, the Ombudsman Service and the FSCS across the SIPP operator portfolio has enabled effective decision making and planning. This has helped members develop consistent and complementary strategies for dealing with firms that are at risk of failure, and to seek to ensure fair outcomes for consumers more generally.

Within the **British Steel Pension Scheme consumer redress scheme workstream**, the Ombudsman Service and the FSCS agreed a new process to ensure that customers of firms unable to pay awards by the Ombudsman Service could be promptly transferred to the FSCS, saving time and resources.

The FCA and the Ombudsman Service also set up a bespoke 'facilitated referral' process as part of the consumer redress scheme. This referred cases to the Ombudsman Service where firms concluded the advice they provided was suitable but the consumer was not satisfied with the firm's conclusion.

Together, these processes have helped to smooth the customer journey and reduce the effort required for consumers to get redress under the scheme.



Ensuring fairness and consistency across markets

We've used the framework to take (or ensure we are well placed to take) prompt and assertive cross-organisational action to ensure fair and consistent outcomes where consumers have been harmed.

Key achievements

The FCA's January 2024 intervention on **discretionary commission arrangements in the motor finance market** aims to secure orderly, consistent and efficient outcomes for consumers, firms and the wider sector.

The FCA's decision to intervene in the sector included pausing the requirement for firms to issue final responses to complaints about discretionary commission arrangements within 8 weeks. This was partly informed by close engagement with the Ombudsman Service on cases and issues it was seeing in this area.

Pausing the requirement for firms to issue final responses will help the FCA to make sure that its approach to ensuring any potential redress leads to the right outcomes for consumers and the effective functioning of the motor finance market. The FCA worked closely with the Ombudsman Service on the design of the FCA's pause rules to ensure they operated as intended. This was particularly important given it was necessary for the FCA to make the rules without public consultation.

Members identified the increasing numbers of complaints to firms alleging that **standard variable interest rates (SVRs)** on residential mortgages had not been set fairly. Subsequently, the FCA and the Ombudsman Service have worked together extensively on this issue.

Through regular discussions and sharing complaints data, we have seen that the Ombudsman Service is no longer getting these types of complaints in significant numbers. The Ombudsman Service has also now resolved most of the cases that were referred to it, with appropriate redress being paid.

As a result, we agreed in April 2024 to remove the mortgage SVRs workstream from the framework. However, there will still be ongoing engagement between the FCA and the Ombudsman Service. The framework also provides a clear process and criteria for referring this issue back to the framework should new problems emerge that require prompt action.

Under the **cost-of-living workstream**, the FCA has been part of MaPS' Debt Advice Reference Group. This has given the FCA vital insight to help identify key cost-of-living consumer harms and shape cross-sector work with other regulators via the UK Regulators Network on debt collection and the treatment of customers in financial difficulty. This has resulted in the delivery of joint regulatory letters to firms in June 2023 ([treatment of customers in financial difficulty](#)) and March 2024 ([debt collection](#)).

We are keen to hear feedback on our compliance with the cooperation duty and the wider implications framework. Please send any feedback to: widerimplications@fca.org.uk.

