



## Your guide to this week in regulation

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**Welcome to our weekly round-up for UK financial services regulation. Paul Staples summarises the key announcements and developments. Be sure to subscribe to receive our updates in your inbox every week.**

This week we lead with the Financial Conduct Authority's (FCA) latest thematic focus on pure protection products. With approximately 20 million such policies held by consumers in the UK and a strong linkage to the FCA's wider work on Consumer Duty, this will be one to watch into next year.

Elsewhere, latest complaints data published by the Financial Ombudsman Service (FOS) shows an eye-catching 70% increase from the prior year, with complaints concerning perceived irresponsible and unaffordable lending (credit cards) being the most complained about product this quarter.

In more reflective fashion, we round off this week with observations from Andrew Bailey in a recent speech covering geopolitical events and implications to monetary policy and financial stability.

### **FCA announces work into pure protection market**

The FCA has announced a new initiative focusing on the pure protection market. This sector, which includes products like term life insurance and critical illness cover, is crucial for providing financial security to individuals and families. The FCA aims to ensure that these products are accessible, transparent and offer genuine value to consumers. By examining current market practices and identifying areas for improvement, the FCA hopes to enhance consumer confidence and protection.

The FCA is concerned with how pure protection insurance products are sold, particularly through intermediaries like independent financial advisers and mortgage brokers. It has concerns about the design of commission arrangements and whether they allow firms to deliver good outcomes to policyholders. Additionally, the FCA is concerned that some products may provide poor value, such as when total premiums paid over a lifetime far exceed the maximum conceivable payout.

[Read more on the FCA announcement relating to potential concerns in the pure protection market](#)

### **Market study on distribution of pure protection products**

Following these concerns surrounding the distribution of pure protection products, the FCA recently announced it has plans to launch a market study to be undertaken over 2024/25. The FCA is particularly concerned that some products aren't providing fair value, and that the structures of certain commission arrangements when products are distributed via intermediaries are ineffective at delivering good outcomes. It will focus on the sales of term assurance, critical illness cover, income protection insurance, and whole of life insurance.

The study will explore:

- the level of consumer engagement with and understanding of pure protection products
- the extent of constraints placed on insurers and intermediaries
- potential conflicts of interest in commission structures.

The FCA is keen to receive views from firms and industry groups about the market study and the concerns it has raised.

[Read more on the Market Study MS24/1.1: Market study into the Distribution of Pure Protection Products to Retail Customers](#)

## **FOS quarterly complaints update**

The FOS has published its latest quarterly instalment of data regarding the complaints it received. This update covers complaints received during the first quarter (April to June) of the 2024/2025 year.

During this period, FOS received 74,645 complaints. This is a 70% increase compared to the same period in 2023. Credit cards complaints account for the notable increase, with 18,175 complaints received in Q1 2024/25 compared to just 4,189 in Q1 2023/24.

Across all financial products FOS resolved an average of 37% of complaints in favour of the consumers. Intriguingly, complaints brought by professional representatives were successful in just 25% of cases, compared to 40% of complaints brought directly by consumers at no additional cost.

The full data set and insights will be of interest to firms receiving and responding to complaints from consumers.

[Read more on the quarterly complaints data from the Financial Ombudsman service](#)

## **Bank of England reflects on recent times**

The Bank of England recently published a speech reflecting on recent times. It was given by the Governor of the Bank of England, Andrew Bailey. In this speech he addresses the complex challenges faced by central banks in recent years, particularly as a result of the pandemic and Ukraine war.

Throughout the speech he highlights the difficulties of balancing multiple monetary objectives, such as inflation control and financial stability, in the face of unprecedented shocks while analysing the different types of inflation persistence and emphasising the challenges in assessing and addressing them.

The importance of the monetary policy framework and what can be learned was also discussed, including its trade-offs and the need for flexibility to have an effective monetary policy regime. The Governor outlined in his speech the key challenges for central banks going forward, which are:

- How to operate monetary policy near the lower bound of interest rates when the challenge is to raise, not lower inflation
- How to set out policy in an environment where shocks may be short lived
- How to ensure that at all times monetary policy and financial stability objectives are being met

[Read more on the recent speech by Andrew Bailey](#)