Priscum May Newsletter

SELLING GOLD, THE WORST INVESTMENT DECISION OF ALL TIME?

IN THIS ISSUE

Welcome to the May Edition of the Priscum Newsletter

By Alex Wrightson

Hello and welcome to the May edition of the Priscum newsletter. The 7th of May marked the 20th anniversary of what some have called the worst investment decision of all time. Chancellor Gordon Brown commenced selling over 400 tons of gold between 1999 and 2002 at an average price of $275 an ounce. The price today is about $1,279, a reminder perhaps that investment is a long-term game. Some think that it was sensible to diversify our assets.

Sad news The financial adviser has stopped publishing Cartoons in their Newspaper so I have had to find my own Cartoons to add to todays Newsletter I shall have to draw my own in future as the ones on Ze Googlez are not as good.

As we are shortly are to have a new prime minister I here by announce my Candidacy for Prime Minister. Here is my manifesto. ALL Politicians to move into a disused tower block and blow it up with them all inside. Parliament would then be a museum. My justice policies would be 2 things a fire breathing Dragon and Sharks with Freaking Lazer Beams on their head. But if the sharks are to expensive I will use ill-tempered mutated Sea Bass. I also have the following policy's, The compulsory serving of asparagus at breakfast, Free corsets for the under fives, Tougher sentences for geography teachers and the Abolition of Slavery.

Priscum Update

Saturday 20th November is the last date to apply for a help to buy ISA

clients who might want to help children shoud consider this since if started regualr ammounts can continue to go in.

Supporting customers who do not make their own decisions This guide helps staff in regulated markets learn about: • lasting powers of attorney (LPAs)

If a person applied for lasting power of attorney 2013 to 2017 they can claim a part refund of the fee [£40] The guide is to help firms learn about deputy court orders and different types of power of attorney, including lasting powers of attorney and enduring powers of attorney. The guide sets out clear policies and advice, which we are encouraging policy makers in financial services and utility companies to familiarise themselves with.

It's been produced by the Office of the Public Guardian in partnership with the UKRN, Ofcom, Ofwat, Ofgem and the FCA.

- Advisers face huge bills under new shared liability PI
- Hundreds of advisers report non-compliant PII cover
- Get ready for SMCR
- PFS to meet Treasury and FCA to discuss PI
- Advisers to fork out £153m for FSCS levy in 2019/20
- FCA concerned about 'driving too many people to seek advice'
- FCA to survey 400 advice firms for RDR review
- Advisers start charging for triage services

Pensions Update

- Govt told to extend pensions regulator powers
- Lords call for working pensioners to pay NI
- Providers' pension switching times revealed
- Advisers told they can only do set numbers of DB transfers
- Waspi women ask for Chancellor's cooperation
- 'Pretty unlikely' Waspi women will succeed
- Debenhams pensions enter lifeboat test
- Pensioners have more spare cash than workers
- Plumbers to be hit with million pound pension bills
- Airport workers to strike over DB scheme closure
- Pensioners reliant on state benefits reaches all time high
- Quarter of middle aged women have no private pension
- Social care could be modelled on state pension
- Pension transfer times revealed: the slowest & quickest providers
- Pension freedom withdrawals hit record £8bn
- DB members predominantly choose Sipps
- Govt to loosen pension rules for non-teaching staff
- Retirees see income tax rise 13% in five years
- Govt receives billions more in pension tax than expected
- Field blasts lack of support for plumbers' pensions
- Doctors raid pensions for tax bill
- Millennials face 60% shortfall in retirement savings

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Plumber to wind up after receiving £40ok pension bill

A plumbing company is going to wind up after receiving a £395,200 bill from its pension scheme. Darren Cooke, a chartered financial planner at Red Circle Financial Planning, advises the company's owner, who has "had no choice" after receiving the debt notice. He said: "My client received a notification regarding a period back in 2015 where the previous employee left the company, he retired. It took the company four or five of months to get them a replacement. "When they hired someone else, they enrolled him into the scheme. But two weeks ago, they received a notification that they owe £395,200. "This a company that only turns around £60,000 and the last year made a profit for the first time in three years." Mr Cooke explained that winding up the company – with only one employee who will be made redundant – would cover about a quarter of the debt notice. The Plumbing and Mechanical Services (UK) Industry Pension Scheme has started issuing section 75 debt notices for the first time after a data matching exercise to find old employers which didn't pay what they owed when they left the scheme. The Plumbing scheme is one of the few multi-employer pension schemes in the UK and current legislation means liabilities from one sponsor become the responsibility of other companies in the pension fund when one of these leaves the scheme.

Where Game of Thrones meets the world of retirement

What do we say to the God of Seriousness? Not today. Sure, few Game of Thrones characters get to retire but, reckons Hannah Godfrey, there are more overlaps than one might think between the hit TV drama and the world of pensions. Warning: Spoilers ahead.

Yesterday (20 May), the last ever episode of Game of Thrones (GOT) aired in the UK. To somethis will come as welcome relief from incessant Game of Thrones chatter, but to others – including the entire *PA* news desk – it will be a moment of immense sadness. To honour the passing of a classic TV show – the season eight premier was watched by 17.4 million people, according to Business Insider – *Professional Adviser* has written the article nobody asked for but everybody should want to read – what do Game of Thrones and the world of retirement have in common? Before we begin, though, fair warning to all who are watching the show and aren't quite caught up to the latest episode: this article is dark and full of spoilers. As a not-so-likeable character once said, when you read about the Game of Thrones, you learn or you die – or at least something to that effect.

Mortgage Update

- Mortgage prisoners put pressure on FCA and Treasury
- 'Brokers already use duty of care with clients or they'd be out of business' – Star Letter 26/04/2019
- Mortgage brokers need a one-stop shop
- Shared ownership is not just for first-time buyers – Barclays
- Regulator urged to step in on intergenerational mortgages
- Quarter of a million will struggle to refinance interest-only mortgages in next five years – Kensington
- Mortgage prisoners ask Treasury for public inquiry and urgent action on inactive lenders
- Countrywide says Brexit uncertainty to wipe £5m off earnings

- Number of landlords in arrears up 12%
- Portfolio landlords are feeling the pinch
- Mortgage prisoner bill presented to Parliament
- FCA to require advisers to explain why they have not chosen a cheaper mortgage
- The most important things to know before building your own home
- Self-build case study: How one family built their own dream home
- The most important things to know before building your own home
- House prices dip in London as Wales hits record high in May - Rightmove
- First-time buyer purchases down 2.4%

The FCA has published proposals changes to the mortgage sales requirements which they feel will give consumers more choice in how they buy a mortgage. The proposals are one part of a package of remedies from the Mortgages Market Study, published earlier this year, which aims to encourage innovation and make it easier for customers to find the right mortgage. The FCA identified a number of ways its advice rules are acting as a barrier to the development of new tools to help customers choose and buy a mortgage and the consultation today is designed to address the problems identified. The FCA says the mortgage market is works well for most customers but there are some areas where their own rules are acting as a barrier to innovation. The changes will they say allow firms to develop products and services which can truly meet the needs of customers. The FCA is proposing to change its rules to make it clear that tools which allow customers to search and filter available mortgages are not necessarily giving advice. It will also be clearer that some forms of interaction, such as firms helping consumers with their applications, do not require advice. Where a mortgage adviser recommends a mortgage which is not the cheapest of those that meet the customer's needs and circumstances, they will now be required to explain why any cheaper mortgage has not been recommended.

The FCA is also making changes to the standards around execution only policies.

The FCA is consulting on the new rules until 7 July 2019 and will publish its feedback and final rules around the end of the year.

1. CP19/17: Consultation on mortgage advice and selling standards
2. Mortgages Market Study

FCA Regulation Roundup

FCA to prioritise tech failures after year of platform woes

Advisers avoid platform switching due to complexity

The FCA has said resilience from technology failures will be one of its main focuses in its supervision of the financial services sector. It comes after several large companies struggled with large scale technology upgrades during 2018 - notably Aegon, Aviva and TSB. In its Approach to Supervision, published today, the FCA said it took a dim view of companies which failed to mitigate the harms posed by their own technology.

Platform Woes

The FCA said companies should also have effective processes to identify, manage, monitor and report the risks to which they could be exposed when it comes to cyber attacks. Last year both Aegon and Aviva struggled to get service levels back to normal after replatforming. Aegon, which bought Cofunds for £140m in 2016, merged it with its in-house platform over the May Bank Holiday weekend last year but the platform was beset by a range of problems, including long waiting times on the phone and advisers struggling to get income.

Meanwhile Aviva's platform was unavailable for six days after it moved to tech company FNZ in January, and there were ongoing issues with the new client reporting function and problems which affected payments for people in drawdown, while advisers said they were not getting their payments through the platform.

Meanwhile TSB faced an FCA investigation last year after nearly 2m people were locked out of online banking services when it began moving its customer data from a system controlled by its former owner, Lloyds Banking Group, to a system built by its new owner, the Spanish banking group Banco Sabadell.

The FCA said its other priorities would be to make sure companies are not used as conduits for financial crime such as money laundering, as well as consumers being sold products that are unsuitable for their needs and being misled by firms or not being given enough information to understand a product's total cost or the risks and obligations they may be taking on. The regulator said it also had concerns about business models which create risk of harm to consumers or markets.

- FCA's duty of care proposal is not dead yet – AMI
- FCA must clear out ambulance chasers
- FCA raises concerns about with-profits governance
- Ombudsman tells Skipton to compensate over investment advice
- FCA launches phoenixing working group
- FCA takes stock of innovation project
- FCA wants firms to make a profit
- MPs call for FCA chief to resign
- FCA threatens action against principal firms

The FCA's Asset Management Market Study Policy Statement 19/4

The FCA has published new rules and guidance which aim to improve the quality of information available to consumers about the funds in which they invest. The new rules come into force on 7 August 2019 for UK-registered funds which require fund groups to:

- Describe fund objectives and investment policies in more consumer-friendly language
- Explain to investors why or how funds use particular benchmarks or, if they do not use one, how performance should be assessed
- Reference benchmarks, when used, consistently across the fund's documents
- Quote past performance, when shown, against each benchmark used as a constraint on portfolio construction or as a performance target
- Calculate a performance fee, when quoted in the prospectus, based on the fund's performance after the deduction of all other fees.

If any significant changes to a fund are required in order to meet the new rules and guidelines, fund groups will need to give investors 60 days' notice. At this stage it is not known exactly how many funds will be affected. We will publish a list of impacted funds within our Help & Support area in due course.

Feedback Statement on Duty of Care

On 23 April, we published a Feedback Statement summarising the responses received to our a duty of care and potential alternative approaches discussion paper.

The Discussion Paper encouraged debate on whether the FCA's regulatory framework delivers the necessary level of consumer protection and achieves the right balance between firm and consumer responsibilities. We asked, if it doesn't then how this could be addressed - whether by imposing on financial services firms a formal duty of care or by other means.

Most respondents, from across the range of our stakeholders, consider that levels of harm to consumers are high and there is a need for change to protect them better.

As a result of the feedback received and our early analysis, we have identified options for change that are most likely to address potential deficiencies in consumer protection. These are:

- reviewing how we apply the regulatory framework – in particular, the application of the Principles in our authorisations, supervisory and enforcement functions, and how transparently we communicate with firms about this
- new/revised Principles to strengthen and clarify firms' duties to consumers, including considering a potential private right of action for Principles breaches

We will do more work to examine these options and will outline next steps in the autumn, seeking detailed views on specific options for change. This will form an important part of our Business Plan priority for 2019/20 to consider the future of regulation following the FCA's Mission and as the UK leaves the EU.

FCA publishes your feedback on how we supervise and enforce

Last year we published our Approach to Supervision and Enforcement consultationdocuments. These set out the purpose of, and our approach to, supervision and enforcement for firms and individuals, and the public value that both deliver. We have taken on board your feedback to the original documents and have now published a revised edition of the Approach to Supervision and Approach to Enforcement documents, including feedback statements. The statements outline the key points made in the consultation responses, and explain what we are doing to address them. We have also published new Investigation Opening Criteria which reflect our current approach to opening investigations.

Preparing for the Senior Managers & Certification Regime

Solo-regulated firms which are authorised under FSMA should be preparing for the Senior Managers & Certification Regime (SM&CR). This comes into effect on 9 December 2019 and will replace the Approved Persons Regime. The SM&CR already applies to banks and insurers.

We are holding a webinar on 3 June. We will explain why the SM&CR is important and how firms should plan for and implement the regime. A Q&A session will follow with the speaker panel answering your questions. For more information and to sign up, go to our events booking website.

The aim of the SM&CR is to support healthy cultures and effective governance in firms by encouraging greater individual accountability and establishing a new standard of personal conduct. Senior Managers will need to take responsibility not just for the decisions they make, but for how they influence others, encouraging a healthy culture from the top.

You can read more about the SM&CR on our website, including guidance we published to give firms practical assistance in preparing.

Financial Advisers
RDR & FAMR Review Roadshows

Following the publication of our Call for Input, we are holding a series of afternoon events across the UK where we are seeking your input and feedback.
There will be an introductory presentation, followed by an opportunity to discuss issues and offer your comments in small discussion groups. Visit our events booking website for further information and to book your place.

Digital Regulatory Reporting

Our Digital Regulatory Reporting pilot explores how firms and regulators could introduce machine executable technology to improve the regulatory reporting process. We need to understand the current costs of regulatory reporting across a wide base of firms. So, we've developed a short survey to gather this information. This should take no more than 5 minutes to complete but will help improve the accuracy of the assessment.
If your firm is interested in participating further, or you'd like more detail on the pilot, please contact regtech@fca.org.uk.

Mortgage Lenders

Mortgage advice and selling standards consultation

We are consulting on changes to our mortgage advice and selling standards which aim to give consumers more choice of how to buy a mortgage and firms more flexibility when selling them, including:

- Allowing firms to develop online tools that enable consumers to 'search and filter' when looking for a mortgage.
- Preventing consumers being diverted to advice because of interactions that do not influence purchasing decisions.
- Where advisers recommend a mortgage, which isn't the cheapest suitable one available, they must explain the reasoning to the customer and record the information.

The consultation closes on 7 July 2019.

Buying a mortgage without advice: How we might help customers understand execution-only disclosures

We have published the findings of independent research about whether consumers understand execution-only disclosures. We published this research alongside the mortgage advice and selling standards consultation.

General insurance

Live & Local 2018/19 events for regulated firms

In June we are concluding our series of monthly 'Ask the regulator' Q&A roundtable discussions for mortgage advisers and lenders across the UK. These events give firms an opportunity to pose questions and provide feedback directly to a panel of senior FCA representatives and industry experts. The agenda is determined by attendee questions and comments.
Details for our 11 June event in Leeds are on our Live & Local webpage.
You can also sign up to our Live & Local email updates to receive alerts for upcoming Live & Local events.

Banks, Building societies

Material Risk Taker Exclusions

We've updated the Material Risk Taker (MRT) exclusions template for IFPRU firms.
If you want to notify, or to seek prior approval to exclude individuals from identification as an MRT in line with Article 4 of Commission Delegated Regulation (EU) 604/2014, you can download the template.

The template now collects information for exclusions where a staff member was awarded total remuneration of EUR 1,000,000 or more in the preceding financial year. Firms need to provide evidence to support the exceptional circumstances which justify excluding an individual from identification as an MRT.
For more information on Remuneration, see our website.

Payment Service Providers

PSD2 reminder

We have published a reminder ahead of PSD2 requirements for strong customer authentication and common and secure communication coming into effect on the 14 September 2019. Technical standards under PSD2 come into effect on 14 September 2019 and some requirements need to be met before that date. Firms should be making changes to meet these requirements now – these changes apply to all payment services providers.

Consumer Credit

Consumer credit videos

We recently launched a series of new consumer credit videos. We are committed to ensuring that the consumer credit market works well and meets the needs of consumers. The videos help consumer credit firms understand what they are required to do under our rules and what our expectations are of them. The videos explain some of the key things that we expect firms to do to ensure they are treating customers fairly and providing products that meet customer needs. The videos are supported by new pages on our website giving more detail.

First CMC authorisation deadline looms

The first authorisation deadline for claims management companies (CMCs) is fast approaching.
Firms in landing slot 1 have until 31 May to apply for authorisation. CMCs that must apply during this landing slot are those that handle financial services or financial product claims, Section 75 claims and Scottish CMCs. If they don't apply before then, their temporary permission will expire 30 days after that deadline. They must cease regulated claims management activities from that point or face potential action.
Firms can apply using our Connect system. Make sure you provide all the information we require to process your application within our statutory deadlines.

Brexit

Brexit update

As we have flagged on our updated webpages, the Government has confirmed that if there's no deal with the EU, the UK is due to leave on 31 October 2019. The Government is looking to pass a deal through Parliament in the next few months, with European Parliament elections taking place on 23 May.
Firms should continue to prepare for a range of scenarios, including one in which the UK leaves without a deal on 31 October 2019. We will provide updates as necessary on our website and through other channels. See our Brexit pages for more information.

Fintech & Innovative businesses

Promoting innovation – progress and next steps

Christopher Woolard, our Executive Director for Strategy and Competition, spoke at the 2019 Innovate Finance Global Summit on 29 April on the impact of our work to promote innovation. This is set out in more detail in our evaluation report assessing the effectiveness of our Innovate services – Innovate has now supported nearly 700 firms.

At the same time, we announced the next steps for the Global Financial Innovation Network cross-border testing pilot, the first set of firms taking part in our Green Fintech Challenge, and the fifth cohort of firms to take part in our regulatory sandbox.

News & Publications

we published a discussion paper on Intergenerational Differences. We're hosting a conference on 2 July to discuss and debate the issues in this paper and the responses we've received. You can register your interest for that here. We hope to hear from a wide range of you on this topic over the next few months.

Use Power of Attorney Guide to review policies and strategies
The guide aims to help organisations understand what the law requires of them when dealing with powers of attorney. As part of the UK Regulators Network (UKRN), we are encouraging policy makers in financial services and utility companies to use this guide when reviewing how they engage with customers who do not make their own decisions.
The guide helps firms to learn about deputy court orders and different types of power of attorney, including lasting powers of attorney and enduring powers of attorney.
It has been produced by the Office of the Public Guardian in partnership with the UKRN, Ofcom, Ofwat, and Ofgem, as well as us.

Unfair terms – latest undertaking published
We have published an undertaking from James Brearley & Sons Limited regarding a potentially unfair term in its share dealing contract. We were concerned the term allowed the firm to terminate the contract without providing consumers with notice in advance. The firm was fully cooperative in resolving our concerns.
We remind all firms to ensure their contracts comply with requirements for fairness and transparency under the Consumer Rights Act 2015 (CRA) and the Unfair Terms in Consumer Contracts 1999 (UTCCRS). Read further information about our powers and other publications.

Smaller firms survey
We are carrying out a survey of smaller firms - in this case, defined as those with less than 50 Approved Persons - to find out how regulation impacts them. This includes areas such as: administration, data submission, compliance and product regulations.
Kantar Public is carrying out the work on our behalf. Earlier this year, Kantar conducted interviews with a representative sample of 30 smaller FCA-regulated firms. The information and insights gathered is being used to design a questionnaire, which in the coming weeks will be sent to a wider sample of smaller firms. We aim to receive 2,000 responses.
Kantar will be selecting a varied sample of firms to participate and will anonymise all answers.
The results of this work will be used to help ensure FCA cost-benefit analyses and judgements of proportionality take account of the specific circumstances faced by smaller firms.

Inside FCA Podcast: Andrew Bailey on the Business Plan and future of regulation
Listen to our Chief Executive Andrew Bailey discuss the key areas of our recently released Business Plan and his thoughts on the future of financial regulation. He calls for a 'thorough debate' on the type of regulation the UK wants in a post-Brexit world, including the future relationship between the UK and the EU. 'I am not advocating lighter regulation. I'm not advocating heavier regulation either', he says, explaining that there are choices to be made on the different ways to regulate.

Naughty Advisers

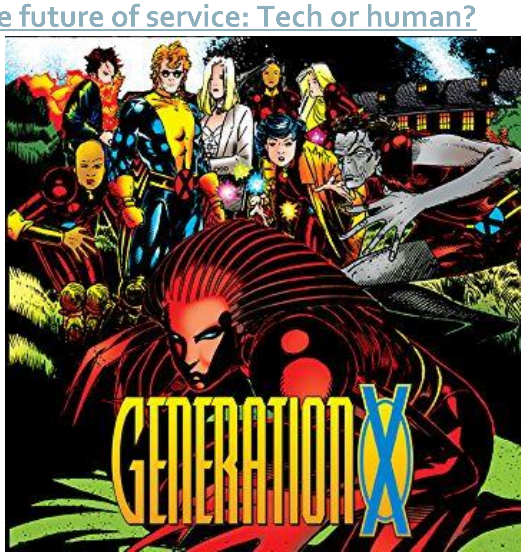
- Ombudsman tells Skipton to compensate over investment advice
- FSCS says it will pay out over mini-bond 'advice'
- Fos apologises to adviser over process error
- FCA must clear out ambulance chasers
- Trustees' mismanagement resulted in loss of funds
- Adviser ordered to compensate over 'non-advised' Sipp

"Bill, I just don't feel comfortable with this! I'm worried that it could be one of those pyramid schemes."

- FCA bans £14.5m Ponzi scheme adviser
- Firm involved in £17m fraud declared in default
- Complaints about historic advice jump 13%
- Regulator investigates 30 pension advisers
- HMRC arrests six over loan charge
- A recent estimate put the **total lost to fraud each year in the UK** at about £110bn.
- Fraudster poses as Jason Statham to steal victim's money
- FCA fines directors over £76m pension transfer failings
- Pension trustee fined £103k for multiple failings
- FCA to start supervisory crackdown on CMCs
- Pensions campaign stopped £33m scams
- Transfer value reduction dominates Fos complaints
- FSCS pays out £48.9m over failed pension transfers
- Pension tax blamed for dwindling GP numbers

Latest News

- Tax relief loophole 'not cost effective' to fix
- If someone else had already changed it, we wouldn't need to
- Property tax rules prompt change at £1.3bn F&C trust
- Less than a quarter of over-50s are saving for care
- FCA chief tells firms to prioritise 'doing the right thing' or face scrutiny
- Investors pull £640m from equity funds in April
- The future of service: Tech or human?



- FCA to consider allowing private legal action against firms which break principles
- The impact of the US-China trade war on US equities
- FCA should be emphasising benefits of advice, not considering alternatives – Bamford
- FSCS levy revised upwards amid growing Sipp claims
- Government reveals power of attorney safeguards
- DWP summons providers over pension switching times
- Chinese slowdown: the impact on Japan
- HMRC dismisses concerns about tax overpayment
- Social care clarity could help inheritance
- HMRC sets out how to reclaim overseas transfer charge
- HMRC finds widespread confusion over IHT rules
- Pension payouts delayed as HMRC struggles through data
- Generation X has been lost in the middle