

FAIRER FINANCE CONSUMER ADVISORY BOARD

Annual Report 2015/16

Introduction

Welcome to the first annual report of the Fairer Finance Consumer Advisory Board. Fairer Finance was established to campaign for a better and fairer deal for bank, building society, insurance company and credit card customers. Hidden fees, mis-selling, IT breakdowns, and unnecessary complexity are just four of the issues that have dogged the British personal finance market in recent years. It takes more than just a price comparison site to enable the potential customer to judge the willingness of a firm to investigate a complaint, or adopt a sympathetic approach to mortgage repayment difficulties. The intelligent consumer might ask how she can tell whether the pages of small print (so small it's sometimes difficult to read) called "terms and conditions" offer a fair deal, or even whether the large print of an advertisement fairly represents the true costs and benefits of a product.

Fairer Finance works to help consumers in three ways. First it runs generic campaigns on particular issues, seeking to generate publicity by writing blogs, newspaper articles and other material pointing out some of the problems faced by consumers as a result of the way the financial services market works. Second, Fairer Finance produces a set of tables that contain helpful information for the potential customer on such things as how well a firm deals with complaints, how much existing consumers trust it, and how transparent its advertising is.

Third, Fairer Finance works for individual companies, on a remunerated consultancy basis, to improve the way they interact with their customers. This can involve rewriting terms and conditions, advising firms how to market their products fairly, or helping them to work out the best way to improve their complaints processes. Around 90% of its income is generated in this way, with the remainder coming from the sale of Ribbons which firms that do well in the Fairer Finance tables can use to enhance their advertising.

It's worth repeating that Fairer Finance is paid by financial companies to do this work. In most circumstances "he who pays the piper calls the tune". How can a customer looking at Fairer Finance for impartial guidance be sure that it truly represents the interests of the consumer, when its work is paid for by financial services firms? Do those firms with which Fairer Finance has a business relationship have an easier time of it? Do they put pressure on Fairer Finance to upgrade their ratings in the tables mentioned above? Does Fairer Finance avoid contentious subjects, discussion of which would embarrass firms which are customers of Fairer Finance?

In the view of the Consumer Advisory Board the answer to all these questions is an emphatic "no". How can we be so firm in our opinion? The group was established during the autumn of 2015 and met twice during the financial year. It comprises three professionals who have all held a number of senior positions and would not lend their name to a venture without bringing their complete commitment to their role in it.

But what about the actual processes used by the Board to reach its conclusion that Fairer Finance does have a positive impact on the consumer, that it adheres to the values outlined on its website and it maintains its integrity, and that any conflicts of the type mentioned earlier are avoided or managed appropriately?

We have used a number of approaches. The Chairman of the Board, Adrian Coles, attends and participates in all Fairer Finance board meetings. Although he does not have a vote, he has access to all board papers, including financial documents that give a full breakdown of the commercial relationships between Fairer Finance and the firms with which it does business. All members of the Board have been given copies of the contracts that have been signed between Fairer Finance and those firms. The Board has been provided with examples of “before” and “after” terms and conditions on which Fairer Finance has advised (and can confirm that those revised documents are clearer and better than the originals they replace). Members of the Board have visited the offices of Fairer Finance and examined its systems for producing the rating tables that appear on its website. We are satisfied with their integrity and are clear that no firm is able (or indeed has even tried) to manipulate the tables as a result of its commercial relationship with Fairer Finance. Finally we see no sign whatsoever that Fairer Finance is ducking the key issues in its commentary on current events – a brief examination of the blog section of the website shows it provides a lively review of a range of controversial issues.

Above all, our judgement is that Fairer Finance is built on a culture of integrity and – yes – fairness. Chief Executive James Daley has a background in consumer-friendly financial journalism and campaign work. We believe that James puts forward a sane, informed, balanced approach to addressing some of the issues that have given British retail financial services a poor reputation in many eyes. In its first two years of work Fairer Finance has made an encouraging start to addressing the key issues that might eventually change this commonly-held perception.

The Fairer Finance Consumer Advisory Board
Adrian Coles, Chairman
Christine Farnish
Otto Thoresen

13 July 2016