

## **FAIRER FINANCE CONSUMER ADVISORY BOARD**

### **Annual Report 2016/17**

Welcome to the second annual report of the Fairer Finance Consumer Advisory Board. Last year's report outlined how Fairer Finance was established to fight for the consumer interest in financial services, and yet paid for its activities by selling services to financial firms. Our report explained that, despite this apparent conflict of interest, Fairer Finance was, in our view, absolutely right to present itself as a consumer champion; the apparent conflict, if it existed, could be managed extremely well. In our second year of operation we have both amended, and added to, the investigations we undertake to ensure that when we state that we believe that Fairer Finance really does put the consumer interest first in a way that is consistent with the principles on which it was founded we have the evidence to back up that opinion.

The Board met twice in the previous financial year. This year we wanted to get closer to the business and deepen our understanding of developments. Accordingly we had three face-to-face meetings and also added two conference calls to our schedule. Some of our previous work carried on. Adrian Coles, chair of the Board, continued to attend all the main board meetings of Fairer Finance. Although without a vote he receives all the papers, including all the detailed financial and contractual documents, and is able to listen to and participate in the strategic discussions on the future of the company.

We continue to monitor Fairer Finance blogs, searching for evidence of favouritism towards those organisations that have purchased services, or of negativity towards those which have failed to conclude a relationship. We found no bias. We also wanted to know if offering opinions on financial services compromised the business's ability to obtain commercial clients. There is no evidence of this. Finally we examined the pages of the Fairer Finance website on "working with business". Again we found that these represented an entirely appropriate approach to governing the relationship with commercial clients.

Our main innovation this year was to introduce a detailed questionnaire for completion by the Fairer Finance staff, designed to audit the firm's consumer-friendly credentials. We were pleased with the outcome and intend to repeat this exercise on an annual basis. For reasons of commercial confidentiality it is not appropriate to publish all the answers to our enquiries; however, the following gives a flavour of some of our questions. We were interested, for example, to discover whether any clients had attempted to obtain a ribbon (signifying particularly consumer friendly behaviour) as a condition of buying other services. The answer was "no". In any case our own investigations had shown how the data inputting resulting in the award of ribbons was undertaken from within a "Chinese Wall" inside Fairer Finance and that the controls in place would make manipulation extremely difficult.

In another area we wanted to know if Fairer Finance was unduly dependent on one or two firms for a significant proportion of its income. We were pleased to learn that the financial importance of particular clients changed over the years, and that there was a broad spread of clients in each of the three years of Fairer Finance's operations.

We also asked questions about complaints received by Fairer Finance from firms who felt that they had been treated unfairly, either within a blog or other comment, or in the way the various tables were produced. There were two complaints both of which were resolved quickly, and without the

discovery of any significant inaccuracy in the approach used by Fairer Finance. There were no complaints from consumers or their representative bodies, or regulators.

The questionnaire covered a wide range of issues, of which the above provide a flavour. None of the answers gave the Board any reason to change the opinion it expressed last year that Fairer Finance is built on a culture of integrity. It provides well researched data on the way in which financial services companies treat their customers, and offers a range of opinions on how firms individually, or sectors collectively, could improve their customer service. It does this within a model that insulates its research from commercial influences, and with an approach to transparency that enables our independent Board to oversee and audit the consumer-friendly approach it takes to its business. We have no doubt that Fairer Finance is making a significant contribution to improving the standards of customer service in British financial institutions.

Finally it is worth noting that the Board is entirely independent of Fairer Finance. No Board member receives any fees, and no expenses are claimed. We meet both in the presence of Fairer Finance staff, and alone. We reach our conclusions in an unbiased atmosphere and in the fairest way we can.

The Fairer Finance Consumer Advisory Board

Adrian Coles, Chairman; Christine Farnish; Otto Thoresen

28 June 2017