



House of Commons
Treasury Committee

**Consumers' access
to financial services:
Government Response
to the Committee's
Twenty-Ninth Report**

**Thirteenth Special Report of
Session 2017–19**

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The Treasury Committee

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Thirteenth Special Report

On 8 May 2019, the Treasury Committee published its Twenty-Ninth of Session 2017–19, *Consumers' Access to Financial Services* (HC 1642). The government response was received on 5 July 2019.

Appendix: Government Response

Introduction

The Government notes the Committee's comprehensive report and has carefully considered the Committee's recommendations, which highlight important issues on access to financial services. The Government regrets that it was not invited to give evidence at the time to assist with the Committee's inquiry and to demonstrate the important work taking place to improve financial inclusion. This response addresses each of the recommendations made to Government by the Committee.

The Government has already made substantial progress in tackling financial exclusion and believes that all individuals, regardless of their background or income, should have access to useful and affordable financial products and services. Since 2017, the government has convened the Financial Inclusion Policy Forum, which brings together key leaders from industry, charities and consumer groups, as well as government ministers and the regulators, to provide leadership and promote the collaboration needed to make progress in this area.

The Forum has delivered important work already, and made tangible progress. A sub-group of the Forum set up last summer, examined the issue of access to affordable credit, and made a number of recommendations, many of which formed part of a package on affordable credit presented at Budget 2018. The Government would like to signpost to the Committee that it published its first financial inclusion report on 25 March 2019 (annexed below), which demonstrates the progress made in financial inclusion policy over 2018 and 2019.¹

The Exchequer Secretary to the Treasury took a debate on the Committee's report on 6 June 2019, setting out the Government's progress on tackling financial exclusion in recent years.

This paper sets out the Government's response to each of the Committee's conclusions and recommendations to Government. The Committee's recommendations are in bold and the Government's response is in plain text. Paragraph numbers refer to those in the report.

The importance of financial inclusion

We recommend that maintaining financial inclusion be of the utmost priority for financial services providers, the Government, and financial regulators, in order to maintain a society that does not leave large parts of society behind. (Paragraph 20)

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/789070/financial_inclusion_report_2018-19_web.pdf

This Government is committed to building an economy where everyone can access the financial services and products they need regardless of their background or income. To deliver this, the Government is working collaboratively across departments and in close partnership with the financial services industry and civil society through the Financial Inclusion Policy Forum, which brings key actors together to provide strategic leadership and promote best practice in tackling financial exclusion. The government also continues to work closely with the regulators, in particular the FCA, to create the right regulatory environment for firms to tackle financial exclusion.

Increasing financial inclusion

Basic Bank Accounts

Basic bank accounts should be accessible to all consumers regardless of whether they are eligible for another bank account or not. To that end, the Committee recommends that all basic bank account providers should relax their opening restrictions on these accounts immediately, and recommend the FCA mandate banks to do so. (Paragraph 30)

The Committee recommends that the Treasury and the FCA consult on bringing in a standardised list of identification papers that are acceptable as identification for a basic bank account and that financial services providers should accept as many forms of identification as possible, and think creatively about more forms of identification that could be accepted. (Paragraph 33)

The nine largest personal current account providers in the UK are legally required to offer basic bank accounts to customers who either do not have a bank account or who are not eligible for a bank's standard current account, and the Government continues to view this as being the correct approach. It is important that basic bank accounts are serving the people that most need them. It is also important that awareness improves, so that those who are eligible for a basic bank account know there is a product available to them. The Government will continue to work closely with industry and the FCA on this issue.

The Committee recommends that the Government and the FCA consult on bringing a standardised list of identification papers that are acceptable as identification for a basic bank account. Currently, firms are required by law to identify and verify their customer's identity when they open a bank account. How firms verify their customers' identities is not stipulated in law or by the regulator. However, the FCA requires that firms treat their customers fairly during this process.

The Government's view is that a standardised list would be too prescriptive. Financial institutions are assisted in making such policies through the Joint Money Laundering Steering Group (JMLSG) guidance notes. The JMLSG is made up of the leading UK financial services trade associations. Its aim is to promote good practice in countering money laundering and to give practical assistance in interpreting the UK Money Laundering Regulations.

The JMLSG guidance provides a non-exhaustive list of acceptable forms of ID for special cases who are unable to meet the standard verification requirements. These include things like a letter from the warden of a sheltered accommodation or a refugee's Immigration

Status Document. The Government continues to encourage industry to make use of the flexibility of the guidance and act reasonably when vulnerable customers do not have passports or driving licences, whilst continuing to perform the appropriate due diligence from an Anti-Money Laundering and Countering Financing of Terrorism perspective.

The role of consumer education

It is important that consumer education programmes are more organised to ensure a good coverage across all UK regions as well as across different consumer groups. The Committee will continue to examine and scrutinise the Government's approaches to financial literacy in a wider context. (Paragraph 36)

The Government recognises the importance of ensuring that people have the confidence and skills to help them manage their money effectively and make good use of the different financial products and services made available to them. This is particularly important at an early age where children and young people form habits that they will carry for the rest of their adult lives.

The Government also recognises that financial education is crucial. This is why we made financial literacy statutory in the secondary school curriculum in England. We also made it a statutory requirement for the new Single Financial Guidance Body, now the Money and Pensions Service (MAPS), to look strategically at financial capability, including the financial education of children and young people, by developing and coordinating a National Financial Capability Strategy. We will work with MAPS to continue the excellent work of the Money Advice Service in recent years to identify best practice and support providers and funders of financial education initiatives.

MAPS is currently undertaking a UK-wide stakeholder engagement to help shape the development of the National Financial Capability Strategy and establish its corporate plans to be published later this year, and the Government is closely engaging with MAPS in this process.

Delegated authority and power of attorney

The Committee recommends that the Government and the FCA consult on how the use of power of attorney works in practice with regard to financial services, and whether the current powers that exist are fit for purpose. The wider use of carer cards should be explored and encouraged by the FCA. (Paragraph 48)

The Committee notes, in its report, the important role that delegated authority, power of attorney, and carers play in assisting access to financial services for vulnerable customers. The Government is encouraged by the evidence provided to the Committee by the FCA that the Lending Standards Board had seen progress on the implementation of UK Finance's principles around third-party access, and it is important that industry ensures that they continue to implement the appropriate changes.

It is vital that power of attorney, and other associated powers, are fit for purpose and ensure that the most vulnerable consumers are able to use the financial services that they need. The Office of the Public Guardian (OPG) is the body responsible for Power of Attorney

and related powers. Working with the UK Regulators Network, the OPG has recently published a guide to help staff of companies in financial services among other sectors act more consistently when they see powers of attorney and deputy court orders.

Do vulnerable consumers pay more?

Access to insurance

Insurance markets operate by pooling and spreading risk among a large group of policy holders or policy writers. By excluding individuals with specific needs from mainstream insurers, it is less likely that they will be able to benefit from the pooling of risk that travel insurance provides. Pursuing a policy of encouraging vulnerable customers to use specialist insurers is therefore not the optimum solution, and reduces choice for vulnerable customers. (Paragraph 65)

The FCA conducted a Call for Input on access to insurance in 2017, and published its findings in 2018. The Call for Input highlighted several issues in line with the Committee's concerns. These were primarily that in the travel insurance market there is: a lack of quality information on alternative options available to consumers; a general lack of understanding around insurance terms and the risk factors considered by providers when calculating the premium; a lack of transparency around pricing, risk factors, and premiums, which limits consumers' awareness about their options.

As the Committee has acknowledged, the FCA has already announced that it intends to consult in Summer 2019 on options to signpost consumers with severe pre-existing medical conditions (PEMCs) to specialist insurers. Specialist insurers tend to better understand this section of the market and may be able to quote lower premiums than the mainstream providers as they are better equipped to understand more severe and rare PEMCs. In addition, respondents to the Call for Input provided positive feedback regarding existing signposting services, such as the BIBA's 'Find a Broker Service,' which identifies brokers that may be suitable for customers struggling to obtain various types of insurance.

Consequently, we support the FCA's proposed approach in this area.

Bank branch closures

It is up to the industry to determine how best to maintain face-to-face banking, but options such as a greater expansion of mobile bank branches; sharing bank branch facilities with other banks, shops or community buildings; or pooling staff of different banks within one premises should all be considered. The Committee has not seen compelling evidence that competition law would prevent banks from sharing facilities. In its response to this report, the Government should set out whether this is the case. If it is the case, the Government should make changes to competition law to allow banks to share facilities in order to maintain a sustainable branch network. If the financial services market is unwilling to innovate to halt the closure of bank branches, market intervention by Government or the FCA may be necessary to force banks to provide a physical network for consumers. (Paragraph 94)

The way we use financial services is changing and consumers have a greater choice than ever in the way they choose to do their banking. According to UK Finance, the average number of visits to a bank branch per day has fallen by 26% from 2012 to 2017. In 2018, 72% of UK adults used online banking and 48% used mobile banking.

The decision to close a branch is ultimately a commercial one for the bank. The Government has been clear that it does not intervene in those decisions.

Though exciting innovations in financial services bring benefits to many consumers, the Government recognises that this is also a disruptive and potentially confusing time for some consumers and that the impact on communities must be understood, considered, and mitigated where possible.

Since May 2017, the major high street banks have been signed up to the Access to Banking Standard, which commits them to work with customers and communities to minimise the impact of branch closures. The voluntary Standard commits banks to ensure customers are well informed about branch closures, the bank's reasons for closure and options for continued access to banking services. These options should include specialist assistance for customers who need more help. The operation of the Standard is monitored and enforced by the independent Lending Standards Board, ensuring that banks are held accountable for the way they treat their customers when a branch closes.

The Government continues to be supportive of the Access to Banking Standard and values the commitment it places on banks to minimise the impact of branch closures, including by ensuring that customers are aware of the ways they can continue to access banking services. The Government is engaging with the Lending Standards Board to ensure that the Standard remains fit-for-purpose.

The Committee recommends that the Government sets out whether competition law would prevent banks from sharing facilities. While banks do have to comply with competition law, there is no specific regulation that prevents banks from sharing branches or other premises on a commercial basis where their interests require. For example, NatWest, Lloyds Bank and Barclays are trialling shared business banking hubs in 6 locations across the UK. The Government does not directly intervene in these commercial decisions, but is actively engaging with banks and other stakeholders on how they can think creatively about how they ensure that consumers can access a wide range of banking services on a sustainable basis.

The Government would also encourage industry to continue to play its part, and all customers should be considered when they design new digital banking products and forms of payment that may replace a need to go to bank branch. No one should be locked out of the benefits that technology brings. Digital innovation cannot, and should not, be reversed, given the benefits to consumers. But improving digital and financial inclusion is key to ensuring vulnerable customers are not left behind.

The Post Office Network

There is a general lack of awareness of what the Post Office offers. The Committee welcomes the work done by UK Finance to promote the Post Office in two specific locations, but this campaign should be extended nationwide. Awareness of the Post

Office should be considered and monitored as part of the remit of the Financial Inclusion Policy Forum. If awareness does not improve, the Committee will expect the Government to act by launching a nationwide promotional campaign. (Paragraph 105)

The Post Office, a Government-owned company, is making a loss on offering its basic banking services on behalf of commercial banks. Such an arrangement cannot continue in its current form. The Post Office should not be subsidising the big six banks' lack of a branch network. In conjunction with its owners (the Department for Business, Energy and Industrial Strategy and the Treasury), the Post Office must ensure it receives adequate funding for the service it provides and places its services on a sustainable footing. If a renegotiation of the current arrangements is necessary to make the scheme profitable, the Post Office should do so, with the full support of the Government. (Paragraph 106)

Many small towns and rural areas have seen bank branches close, leaving them with no high street banking services. The bank branches were closed in the knowledge that the Post Office would not be able to provide some key services. In these “last bank” cases, the banks should be required to make provision for “banking hubs” within the local Post Office. The “hub” should be properly funded, with an agreed private and business banking provision set by the Department for Business, Energy, and Industrial Strategy (BEIS) and the Treasury. Postmasters must be trained, equipped and compensated to make the hubs viable. BEIS should make an immediate assessment of what the banking provision should be, the indicative cost per hub, and propose how the banks should fund it. (Paragraph 107)

If the Post Office is to be used as a cash provider of last resort in communities where all other ATMs and bank branches have been closed, it must offer chip and signature in every Post Office branch in order to meet its obligations under the Equality Act to provide customers with reasonable adjustments. (Paragraph 150)

In January 2017, the Post Office agreed a three-year, industry-wide agreement known as the Banking Framework. This agreement allows 95% of business and 99% of personal banking customers to access their account at post offices and marked the largest expansion of face-to-face banking in a generation, allowing communities and businesses to withdraw money, deposit cash and cheques and check balances at 11,500 Post Office branches in the UK. The volume of basic banking transactions undertaken at Post Offices has steadily increased since the introduction of the Banking Framework, with close to 130 million transactions in 2018.

While the range of services offered by the Post Office is more limited than that offered in a traditional bank branch, access to banking services through the Post Office is not designed to replace the full range of services provided by traditional banks. Rather, the Banking Framework is designed to leverage the Post Office's network—the largest retail network in the UK—to ensure that essential banking facilities remain freely available in as many communities as possible.

Making people aware of what the Post Office offers in terms of banking services is very important. As the Committee reference in their report, a Which? survey found that only 55% of adults are aware that they can use the Post Office for banking services, but 77% of

those who had used the services would do so again. Like the Committee, the Government welcomes the work done by UK Finance to raise awareness of the Post Office and believes that continuing this work should be a key priority for UK Finance in the future.

The Post Office has recently renegotiated the commercial terms and service enhancements for Banking Framework 2, which will take effect from January 2020. Under the new agreement, there will be a significant increase to the fees that the Post Office will receive from the banks for processing transactions. The Post Office's overall income through Banking Framework 2 will only increase further as transaction volumes continue to grow.

The Committee recommends that the Government makes an immediate assessment of what the banking provision of the Post Office should be and how the banks should fund "banking hubs" in post offices.

Government supports ongoing discussions between the Post Office and the banks about how they can together ensure the best possible service is offered to consumers, and we recognise that there are significant opportunities to develop Post Offices as a channel for cash access. However, there are commercial matters for the banks and the Post Office to consider what, if any, further banking services might be feasible to offer through the Post Office network.

The Government is fully supportive of the Banking Framework agreement and the contribution it makes to financial inclusion. In the context of accelerated bank branch closures, the Post Office network has been able to offer greatly improved access to everyday banking services, particularly benefitting elderly customers and those in rural locations, as well as small businesses.

It is important to recognise that it would be inappropriate for the Government to intervene in the commercial decisions of banks.

Use of cash and the impact of ATM closures

It is important that consumers continue to have the freedom to pay for goods and services however they choose. In order to protect that freedom, free access to cash must be maintained for those that need it. While the Committee is concerned by the rate at which free to-use ATMs have been closing, it is clear that these closures are symptomatic of a wider issue. The UK's cash infrastructure, including but not limited to the ATM network, was designed for a world in which cash is very widely used. As cash usage falls, it is important to consider how this infrastructure can be redesigned to better reflect cash's declining popularity. The final report of the independent Access to Cash Review contains a number of recommendations to Government, the regulators, and industry which, taken together, are designed to ensure that widespread free access to cash is upheld. The Committee supports these and recommends that the Government, the regulators and industry implement the recommendations that are aimed at them respectively. All the stakeholders involved should provide a timeline for the implementation of the recommendations in their response to this report. (Paragraph 118)

The Government welcomed the independent Access to Cash Review, chaired by Natalie Ceeney, and the recent contribution it has made to the debate on cash. The Review encompassed not only ATMs but wholesale cash supply, that fills ATMs and recirculates cash, and the wider end-to-end cash infrastructure.

As noted in the Review, the UK already has well-established regulators overseeing financial services. This is why, as part of Government's response to the Call for Evidence, Government announced that the Treasury would set up and chair a Joint Authorities Cash Strategy (JACS) Group. The Group brings together the Bank of England, Payments Systems Regulator and the Financial Conduct Authority to provide comprehensive oversight of the overall cash infrastructure. The JACS Group will inform and co-ordinate members' activities related to cash. This is to ensure that the regulatory oversight and activity supports an end-to-end cash infrastructure that remains resilient, cost effective, sustainable and can meet the needs of users.

The Government also supports the Bank of England's work to develop a new system for wholesale cash distribution that will support the UK in an environment of declining cash volumes. The JACS Group will complement this work.

As highlighted in the Access to Cash review, if we want to maintain cash as a viable part of the UK's infrastructure, we need to think creatively, innovatively and beyond equating cash access with ATMs.

The Government will continue to consider the recommendations made in the Ceeney Access to Cash Review to see how these can support Government policy.

The Equality Act and the provision of reasonable adjustments

The EHRC is the statutory body for enforcing the Equality Act and has statutory powers for doing so. However, it has confirmed to the Committee that it does not have the relevant resources or expertise to investigate each individual case where a financial services provider is potentially in breach of the Equality Act, or is failing to provide reasonable adjustments, and that therefore such issues were not one of its strategic priorities. At present, no other statutory body has the power to enforce the Equality Act. As a result, the only recourse available to individual consumers is to take financial services providers to court themselves. This is unacceptable. To expect vulnerable individuals to be able to take their financial services provider to court in order to enforce their rights under the Equality Act is absurd. Taking a high street bank to court would be prohibitively expensive and daunting for an individual. Given the FCA told the Committee it does have the expertise and resources, the Government should give the FCA the power to take on the enforcement of individual cases relating to financial firms' compliance with the Equality Act, in addition to the EHRC. (Paragraph 131)

If the EHRC or the FCA is unable to enforce the provision of marketing or direct communication materials in accessible formats through the Equality Act, the Committee recommends that the Government amends the Equality Act to put in place a legal obligation on financial services providers to provide alternative methods of communication including Braille and Moon tactile font, large print and audio format for consumers, and give powers to the FCA to enforce such a regulation. (Paragraph 164)

The Equality and Human Rights Commission (EHRC) told the Committee it does not have the relevant resources to investigate whether individual insurance firms' treatment of customers with disabilities is compliant with the Equality Act or not. Responsibility for insurance companies' compliance with the Act, both in individual cases, and for firm wide issues, should therefore be transferred to the FCA. (Paragraph 62)

It is essential that the compliance of financial services firms with the Equality Act is properly monitored and enforced.

Given the FCA's expertise in regulating financial markets and its mandate for consumer protection, the Government is supportive of the FCA working with the EHRC towards a joint solution to ensure consumers' rights under the Equality Act are properly protected in the relevant markets, as mentioned in the FCA's response to the Select Committee.

The Government expects the FCA and EHRC to consider how best to ensure financial services providers are aware of their obligations to make their marketing or direct communication materials available in accessible formats, as part of any joint solution agreed.

Defining vulnerability

All retail financial services, no matter which sector of the industry they operate in, should be acting in their customers' best interests at all times. If the FCA is unable to enforce such behaviour in firms under its current rule book and principles, the Committee would support a legal duty of care, analogous to that in the legal industry, creating a legal obligation for firms to act in their customers' best interests. While a legally enforceable duty might still require customers to take their own legal action to seek redress against a provider, its very existence would remind providers of their duty to act in their customers' best interests at all times. (Paragraph 210)

The Government has given the FCA a mandate to secure an appropriate degree of protection for consumers. Last year, the FCA issued a discussion paper on a duty of care and potential alternative approaches. On 23 April, the FCA published a Feedback Statement on its Discussion Paper on Duty of Care and announced that it will undertake further work to examine how best to address potential deficiencies in consumer protection, in particular by reference to its Principles for Businesses. The Government will continue to engage with the FCA as it progresses this work.

Access to lower cost-credit

The Committee welcomes the Government's announcement in the Budget to pilot a no-interest loan scheme and awaits the details of the proposed scheme with interest. When responding to this Report the Government should outline when these proposals will be brought forward. (Paragraph 215)

At Budget 2018, the Government announced that it will launch a feasibility study to design a pilot No-Interest Loans Scheme (NILS). Such a scheme will aim to help those at the margins of the financial system, for whom borrowing from social and community lenders can be unaffordable.

The study will explore the feasibility of establishing a successful NILS in the UK, and identify options for a pilot. This will incorporate learning from the NILS currently operated in Australia and New Zealand by Good Shepherd Microfinance (GSM). The Government has appointed London Economics, who are now undertaking the study and will report back this Summer. Dependent on the results, we will then move onto a pilot design phase.

Treatment from enforcement agents

The Committee welcomes the Government's work in undertaking a second postimplementation review of the effectiveness of its 2014 legislation on rogue enforcement agents. The Committee will consider the results of this review when it is published, but expects to see increased protection for vulnerable consumers. (Paragraph 223)

The Ministry of Justice (MoJ) reformed bailiff law in 2014 to provide essential protection to debtors from the aggressive pursuit of their debt from enforcement agents. The first review of those reforms found they had led to many positive changes, however the report also noted that some enforcement agents were still perceived to be acting aggressively and not complying with the new rules. The MoJ published a Call for Evidence on 25 November 2018 which closed on 17 February 2019 to examine the behaviour of enforcement agents. The MoJ asked questions about the complaints process and the implementation of the regulations concerning: fees safeguards to protect vulnerable debtors, the new training and certification process for civil enforcement agents, and whether further regulation is needed. The MoJ is still considering the responses and will be responding in the Summer.

Often, debt enforcement is a matter for local authorities. Many local authorities have already signed up to the Council Tax Protocol developed by Citizens Advice and the Local Government Association. The Committee recommends that local authorities sign up to the Protocol, and that the Government instructs them to do so. (Paragraph 224)

Council tax collection is the responsibility of individual local authorities. Collection rates continue to remain high—currently 97.1% in the most recent year for which statistics are available (2017–18), amounting to £27.5 billion. There are well established processes in place to assist councils to collect outstanding council tax and, where appropriate and proportionate, to take enforcement action.

The experience of some innovative Councils suggests that Councils can maintain high collection rates without resorting to the unfair treatment of vulnerable people. The government recently announced plans to work with stakeholders to highlight best practice and to bring about a fairer and more compassionate council tax recovery system. The Ministry of Housing, Communities and Local Government (MHCLG) will engage with charities, debt advice organisations and local authorities to deliver updated guidance before considering further reforms later this year.

Each council that bills for council tax must have a local council tax support scheme to help people who might have difficulty paying their bill. Local schemes should reflect local needs, and councils—who develop their areas' schemes—are best placed to make these decisions.

More broadly, to improve government's debt management practices, the government has established a Fairness Group, which includes central government, local authorities and representatives from the debt advice sector. The purpose of this group is to create an open dialogue between government and the debt advice sector to look at the issue of fairness for vulnerable people and those in financial hardship.

The Committee recommends that the Government amends the Consumer Credit Act 1974 and the Consumer Credit (Enforcement, Default and Termination Notices) Regulations 1983 to update the required terminology and phrasing of payment request letters to a form of words that would be clear and understandable for an individual with a low level of literacy, and mandate the inclusion—with equal prominence to the demand for payment—of information within such requests of how an individual can seek help with their debts. In doing so it must take account of consultations with debt advice charities and other stakeholders. (Paragraph 226)

Presently, the Consumer Credit Act 1974 requires that creditors send letters in a prescribed format and wording when a borrower has missed payments, or enters into arrears or default. If a lender fails to provide the information in the correct format, or deviates from the wording, the underlying credit agreement can become unenforceable without a court order. The Money and Mental Health Policy Institute (MMHPI) has identified that these letters can be intimidating, that the information that is provided is archaic, and may be a driver of mental health problems.

As part of the transfer of regulation of consumer credit in 2014, 82 sections of the Consumer Credit Act were repealed and replaced by FCA rules. However, 167 sections of the Consumer Credit Act could not be easily replicated and remained in the Act. This includes the sections which dictate the prescribed content of debt collection letters. The FCA had a statutory duty to review the retained sections of the Consumer Credit Act by 1 April 2019. The review considered whether the remaining sections could be transferred to FCA rules without adversely impacting consumer protection. On 25 March 2019, the FCA's final report was laid in Parliament.

Following the publication of the final report, the Government is undertaking a programme of work to review the FCA's findings and consider whether further reform of the consumer credit regulatory regime is needed. Reviewing the prescribed content in debt collection letters will be a priority during this programme of work.

Creditworthiness Assessment Bill

The Government's Rent Recognition Challenge was designed to deliver a sufficient alternative to the aims of the Creditworthiness Assessment Bill in a timely fashion in the interest of consumers. However, the Committee has heard compelling evidence that including rental payments in credit checks would help individuals with "thin credit files". The Committee recommends that the Government supports the Creditworthiness Assessment Bill through Parliament and expects the Government to confirm it will do so in response to this report. (Paragraph 232)

The Government agrees with the Committee that a history of paying rent on time should be recorded and recognised. However, the Government does not believe that the Creditworthiness Assessment Bill would achieve this aim effectively. Forcing lenders to

take rental payments into account would not be in keeping with the FCA's principles-based approach to affordability assessments, which does not prescribe the use of certain data sets. To mandate that rental payments are taken into account may also reduce the availability or even increase the cost of credit to some renters, as this data is not currently accessible to lenders. The proposed recommendation could therefore prevent some people from accessing finance. That's why the Government launched the Rent Recognition Challenge, challenging UK Fin Tech to create solutions to allow tenants to record and share their rental data, a market-based solution which works best for consumers and business. The Government will continue to work closely with industry to deliver the right outcome for renters.