

MAKING PROGRESS

After a damning report by the FSA, it's time all businesses took TCF more seriously, says Mike While, managing director, of NM Squared



If there were any doubts among the mortgage intermediary community about the longevity of the FSA's Treating Customers Fairly (TCF) initiative, then its recently published TCF initiative progress report should have blown them away.

There were many interesting results revealed by the report into firm's implementation of TCF within their businesses, but perhaps none more so than the news that only 22% of mortgage intermediary firms had met the 31 March deadline. This result alone guarantees that mortgage intermediary firms will be firmly in the regulator's TCF spotlight in the months and years ahead.

The review also announced there would be further deadlines for firms to work towards in 2008. Firstly, by the end of March 2008 firms "are expected to have appropriate management

information or measures in place to test whether they are treating their customers fairly". This leads on to the overall deadline of the end of December 2008, when the regulator expects all firms "to demonstrate to themselves and to [the FSA] that they are consistently treating their customers fairly".

For those mortgage intermediary firms judged to have failed to make this year's deadline, the pressure is on not only catch up but to ensure they give themselves every chance of hitting the 2008 deadlines. Identifying, collecting and using management information has already been highlighted by the FSA as "challenging" for many firms and it has stressed that it will attempt to provide examples of good practice in doing this for all sizes of firms.

Firms have criticised the regulator in the past for a failure to deliver practical

help with TCF. The FSA is at the top of its game in deciding the theoretical aspects of regulation but perhaps not so good at establishing what this actually means to those at the coal-face. This is why firms have often used the experience and expertise of compliance consultants simply because the rulebook does not translate well to the actual experience of running a mortgage intermediary business. And this is without pointing out that TCF is an FSA principle with no set of defined prescribed rules to follow. It is not surprising that it is both the newest additions to statutory regulation (mortgage and GI firms) and the least resourced (the small firms) that have had the most difficulty with TCF.

In fairness to the FSA, at the start of its push on TCF firms may not have been able to acquire quality information on how to tackle their responsibilities, but this is not

the case any more. There is a raft of information available on the FSA website while the AMI, TCFinfo website and various providers and networks are attempting to bridge the knowledge gap.

Also following the publication of its report, the FSA has provided a list of good and bad practice it witnessed in mortgage intermediary firms during the course of its review. Available from the small firms section of its website, it focuses on three crucial areas where TCF action is expected.

In its entire work on TCF the regulator has always stressed that is the responsibility of a firm's senior management to ensure TCF is embedded within the culture of a firm and to ensure that all staff within that firm are aware of its TCF policy and what their role is in delivering the initiative. The FSA has outlined five good practice management behaviours