



## *Response to FCA Regulated fees and levies: Rates proposals 2015/16*

The Money Charity is the UK's leading financial capability charity.

We believe that being on top of your money means you are more in control of your life, your finances and your debts, reducing stress and hardship. And that being on top of your money increases your wellbeing, helps you achieve your goals and live a happier more positive life as a result.

Our vision is for everyone to be on top of their money as a part of everyday life. So, we empower people across the UK to build the skills, knowledge, attitudes and behaviours, to make the most of their money throughout their lives.

We believe financially capable people are on top of and make the most of their money in five key areas:

- Planning (including budgeting)
- Saving
- Debt
- Financial services products
- Everyday money (including wages, cash, bank accounts)

*The* **MONEY** *Charity*

## Response to proposals

1. We do not have any particular comment to make on the rates of contribution put forward in the consultation. However, we would like to place on record our disappointment with and opposition to the decision to move £8.9m from MAS's money advice budget to its debt advice budget.
2. While we understand that the timing of the publication of the Independent Review of the Money Advice Service delayed the publication of MAS's business plan and meant its budget could not be consulted upon, it is extremely unfortunate that such a significant shift in MAS's fulfilment of its statutory duties should occur without direct consultation on the proposals.
3. Paragraph 14.8 of the consultation paper states that this reduction in the money advice budget "has been enabled by efficiencies, cuts to some budget lines such as printing, and reductions in above-the-line marketing (eg TV, radio)". But MAS's 2015/16 business plan shows that more than a quarter of that reduction is from a £2.398m cut to the budget for delivery of advice sessions throughout the UK – that is, the little direct delivery that it undertakes.
4. MAS's statutory objective of assisting members of the public with management of debt is an important one. But if MAS's assessment is that it needs a larger debt advice budget to fulfil this objective, it should make the case for an increase in this budget to the FCA. It does not mean that MAS needs less money to fulfil its financial capability statutory functions, and we are concerned that the money has been reallocated without a full assessment of MAS's fulfilment of its objectives.
5. When it was first established, MAS's primary function was to improve the financial capability of the UK - the transfer of responsibility for debt advice did not occur until 2012. But its focus appears to be shifting increasingly towards its debt function.
6. Its most recent contribution to its financial capability function, the publication of the draft strategy for financial capability in the UK, still does not set out who is expected to pay for the interventions it recommended. The £8.9m that has been cut from the money advice budget could have made a valuable contribution here by providing a lead for industry to follow – is it hard to see how MAS will be successful in calling for industry to fund financial capability initiatives when it does not do so itself.
7. We hope that in future there will be opportunity to respond to such significant changes to MAS's budget and its interpretation of its statutory objectives before they are formalised. We trust that the FCA is adequately interrogating MAS's decisions around its strategy.