



Response to guidance consultation on social media and customer communications

1. As the UK's financial capability charity, we welcome the opportunity to respond to this guidance consultation.
2. 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.
3. 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.
4. We believe that 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)
5. How firms communicate with potential customers and promote their products clearly affects an individual's understanding of the product, and it is important that at any point in the interaction a potential customer is given clear and relevant information. This should apply to communications via social media as much as any other channel.
6. We support the approach the FCA has taken in this statement of its supervisory approach in stating that the rules on financial promotions apply regardless of the medium used, and believe that this has been applied appropriately. We also think that the provision of examples of compliant and non-compliant promotions will give firms a degree of clarity around what is and isn't possible.

7. In some cases the requirements for promotions will make it difficult to effectively promote certain products on certain platforms. But we do not believe generally that there should be lower requirements on firms' promotions simply because the platform being used may make adhering to the requirements inconvenient. If financial regulation is to have the customer's interests at heart then the primary consideration should be whether customers are properly informed of the relevant product features and risks. This does pose particular difficulties with social media for providers of high-cost short-term credit, which since April 1 have been required to include a risk warning on all promotions, and we propose a solution to this below that would improve consumer awareness of the risk warning compared to the FCA's current approach.
8. We understand that the intention in paragraph 2.13 is to allow high-cost short-term lenders to continue to use space-limited platforms to promote products without including the risk warning. This would apply, for example, to a Tweet. However, as the consultation notes elsewhere, on some space-limited platforms there are other ways of including information – for example, by using an image. Although such images can be turned off as a result of a user's actions or a social media management application, we believe that the risk warning is sufficiently important to warrant a requirement that, where space for text is limited but that the inclusion of information in another way is possible, that the risk warning be included this way.
9. Under this approach, a high-cost short-term credit provider using Twitter as a platform for financial promotion would not have to include the risk warning in the text of the Tweet (as that would use up 100 of 140 available characters). But it would be required to include the risk warning in an accompanying image – which could either consist solely of the risk warning, or also include further information about the product, lender, APR etc. This would increase the number of customers who see the risk warning and are aware of sources of help. The approach in paragraph 2.14 “where the financial promotion triggers a risk warning or other information required by our rules, this cannot appear solely in the image” may also need adapting to allow for this.
10. We welcome the specific acknowledgment that a firm would have responsibility if it shared a communication that was generated by someone else (such as a satisfied customer). We are also pleased by the FCA's intention not to treat activities such as 'liking' a Facebook page or following a Twitter account as creating a 'client relationship' or an 'express request'.
11. From our perspective, the statement of the FCA's supervisory approach appears to have the appropriate focus, but it is important now that the FCA continues to monitor future changes in the sector, as well as acting quickly to prevent non-compliant promotions. We have been encouraged by the FCA's actions so far on misleading financial promotions and hope this approach will continue with regard to social media, particularly given that 80% of cases opened regarding promotion of consumer credit products related to digital media¹.

¹ <http://www.fca.org.uk/news/fca-says-firms-must-do-more-to-ensure-financial-promotions-do-not-mislead>

12. We would particularly highlight that new social media platforms can be developed very quickly, or might expand their user base dramatically, and these platforms can pose particular constraints or have different ways in which content might be shared. It is therefore important that the FCA continues to monitor technological developments and changes in firms' and consumers' patterns of usage of these platforms, and moves quickly to clarify any areas of confusion.