



The Money Charity response to the FCA's Mission 'Our Approach to Competition'

- 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

1. The Money Charity welcomes the FCA's 'Approach to Competition' as a clear outline of the regulator's role, objectives and powers with regard to competition for financial markets in the UK.
2. As the UK's financial capability charity, we support the FCA's use of its competition powers; ensuring areas where weak competition harms the consumer are dealt with effectively and swiftly.
3. We find the statutory remit, competition powers and aims in advancing competition objectives thorough and easy to understand. The FCA's approach to delivering is also clear. We look forward to seeing how the FCA's approach to competition develops over time, and how it informs regulatory actions when dealing with poorly functioning markets.
4. We are glad to see the FCA is taking a real-world approach to regulating competition as they are with the 'Approach to Consumers' paper. We agree with the FCA's priorities and the tools used to design remedy packages.
5. One area we would like to see more detail and action on is the FCA's approach to dealing with price discrimination where the market fails consumers who don't want or know how to switch financial services frequently. The main issue is that the reliance on competition in this area leads to an assumption that it is reasonable to expect consumers to continually shop around and change providers to get a fair deal. Actually, in a well-functioning market, whilst we would want consumers to check that they are getting a good deal and switch from time to time, they should not need to do so continuously each year for fear of being treated unfairly. This in turn relies upon the premise that it is fair for firms such as insurance providers to offer better value deals to new customers, or customers who threaten to change providers if they do not receive a better deal.
6. A perfect market would offer competitive prices to all consumers, not just those who change providers a lot. Indeed, it should reward loyalty; as such customers are generally cheaper to provide for, than new unknown customers. The fact that this isn't the current situation indicates that in this area, competition isn't working to the full benefit of all consumers.
7. And whilst we support the FCA's approach to improving information and removing barriers to switching, this does not deal with the underlying issue that many consumers do not want to switch so often, and therefore shouldn't have to do so to avoid being treated unfairly as a loyal consumer.

8. We would therefore recommend the FCA includes significant price differentials between new and existing customers as an additional indicator of poorly functioning markets.