

"Consumer in Financial Crisis: Lessons Learned and Ways Forward"

Workshop 1

Safe financial products

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Is there agreement on the problem?

- Is there a problem?
- What is the problem?
- What causes the problem?



Are there solutions to the problem?

- Providers and consumers
- Regulators and the EU
- What could each do to help solve it?
- What is stopping them doing this?



Public policy background

- Economic uncertainty
- Ageing population
- Pressure on public finances
- Need for personal savings and pensions
- Public confidence undermined
- Compliance costs affect access



Safe products require safe providers

- Regulation
(prudential and conduct-of-business)
- Dispute resolution
(e.g. ombudsman or other ADR)
- Compensation/guarantee scheme
(if provider insolvent)



Risk/reward ratio

- Consumers seek low risk + high return
- Does not exist
- Implications for what 'safe' means
- Allow for inflation (and exchange risk)
- Allow for costs



Transparency and suitability

- 'key facts'
- 'labelling' risk: capital/income/inflation
- consumer education and guidance
- MiFID requires adviser to ensure investments are suitable



Product design and branding

- Driven by provider or consumer needs?
- How far is complexity necessary?
- Does product regulation stop innovation?
- Does brand give consumers assurance?



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