

## **September 07 - Industry Issues**

I thought that last month's article featuring the vision of "ostrich derrieres" and a lack of direction might unleash a swathe of criticism that I was wide of the mark. But none came. I thought that my recent comments on the need for better definition of who owns the customer might at least get me some hate mail – but the silence was deafening.

A good trade association is there to help the firms it represents find safe passage in the regulatory mine-field. At their very best they set the agenda with regulators, rather than wait for those to be imposed. They also ensure that the issues that need to be addressed in an industry are exposed and discussed.

It is not the role of the trade association to lead, but it is there to probe, listen, debate, interpret, arbitrate and direct. My recent listening tells me that brokers have a lot of issues on their plates.

Lead generators, advertising standards, contracts with lenders, selling PPI compliantly, complaint handling, changes to the CCA, impact of NEWICOB, impact of TCF, getting to grips with FOS, levels of commission, fee charging, partnerships, amongst a host of others.

I predict we will come under intense criticism in the coming months for having placed loans unwisely. We have a job to do in explaining that the customer is better borrowing the right amount via a reputable broker than being left solely in the hands of a target drive sales team or worse, a door-step lender. Saying no to a customer will not stop them wanting to borrow, but giving good advice might avoid a re-possession in a short time frame.

Similarly the industry needs to get to grips with what in the past might have been seen as a good way to do business, but in a modern world could be seen as an "unfair relationship". The consumer in the 21<sup>st</sup> Century is now more protected than ever. The need for full and fair disclosure is now at the front of all the work being done by regulators. It is expected that all directors and senior managers will have "Treating Customers Fairly" at the front of all that they do. They need to ensure that this is cascaded to all the people in their teams. They also need to have Management Information available to demonstrate how they measuring TCF in their firms by the end of April 2008.

The AFB will continue to point its members in the right direction on these topics. But if you are not in it, you cannot win it. Your regulators will not accept ignorance as a defence. Joining is the most cost-effective insurance policy you will ever buy.

**Robert Sinclair**  
**AFB Director**  
[robert@theafb.net](mailto:robert@theafb.net)