



Sub-Committee on Financial Services Regulations

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Sheldon Mills, Executive Director, Consumers and Competition
Financial Conduct Authority
[via email]

30 June 2023

Dear Sheldon,

CP23/1 - [Insurance guidance for the support of customers in financial difficulty](#)

The Treasury Sub-Committee on Financial Services Regulations recently met to discuss your letter dated 14 April 2023, specifically regarding the cost benefit analysis within *CP23/1 Insurance guidance for the support of customers in financial difficulty*.

In that cost benefit analysis the only costs you estimate will exist for firms are their familiarisation costs. For a large firm you estimate these will amount to 1.5 hours of compliance staff work, and approximately six hours of legal staff fees.¹

1. Can you set out why your cost benefit analysis assumes that there will be no management time spent reviewing an FCA consultation which sets new expectations of firms?
2. Has the FCA really observed that company boards, or management layers below, take no time to consider and discuss new FCA rules?

The Committee is concerned that the FCA's cost benefit analysis has an unrealistic expectation of how little work is required for a firm to understand a consultation and then to put the policies proposed into practise.

We note there are provisions within the Financial Services and Markets Act 2023 to create Cost Benefit Analysis Panels. Can you set out:

3. How you intend to implement these panels?
4. What changes you will make to your Cost Benefit Analysis processes to make best use of the Panel?
5. How disputes between you and the Panel on cost benefit analysis will be resolved in practice?
6. How soon will the Panels be set up now that the Financial Services and Markets Act has received royal assent?

In line with the Committee's usual practice, I will be placing this letter and your response in the public domain. I would be grateful for a reply by 14 July 2023.

With best wishes,

Harriett Baldwin MP

Chair of the Treasury Sub-Committee on Financial Services Regulations

¹ 3 x 0.5 hours of compliance staff, paragraph 12, 2 x 2.8 hours of legal staff, paragraph 13.