FCA Authorisations Division and APCC Meeting 19th July 2016

Attendees:

Permissions:	Credit Authorisations:	APCC:
Gillian Lavabre	Nick Mears	Ben Mason
Lucy Castledine	Rob Westwood	Jude Bahnan
Emma Krygier	Susan Tyldesley	Russell Facer
Martin Butcher		Gary Kershaw
Sam Holden		Ian Beardmore (Credit only)
Jag Sahota (part meeting)		Bev Robertson (Minutes only)

Key Contents:

Section 1 **Authorisations**

- General Update (volumes/allocation times)
- Network leavers
- VoPs queries
- Contact Centre Update

Section 2 **Credit Authorisations**

- Update on Consumer Credit
- Debt Management Permissions

Section 1 – Authorisation:

1.1 General Update

1. Gillian Lavabre advised that the position in Authorisations in terms of timescales for allocation to a case officer is looking positive, although she did say there has been more pressure on Retail due to P2P applications. She advised the next KPIs would be released on 22nd August. The FCA knew it would take time to integrate the new resource they had secured, but this is now almost complete and they are seeing the benefits of the additional resource in terms of reduced timescales. They advised that on Retail cases, they were now working on 17 weeks to appoint a case officer, down from 22 weeks. The FCA pointed out that the KPIs would include cases 'allocated', but not necessarily being worked on currently.

2. The FCA advised that they have spent substantial time reviewing how and when cases are allocated, and that part of the triage process involves an initial review to see if less complex cases can be approved sooner, such as Network leavers, to enable case officers to spend more time on complex applications.

3. The FCA advised that Retail application receipts have dropped from their peak towards the end of 2015 of 100+ applications a month, to around 50/55 applications per month.

4. Lucy Castledine said that they have received the largest number of pre-application requests in the dual regulated banking space for some time, with around 36 new banks and insurer applications currently at the pre-application stage.

5. The FCA advised that whilst volumes were now more manageable and application numbers were down overall, this would not impact the number of additional temporary resource they had secured, although there may be some flexing between teams.

1.2 Network Leavers

6. APCC asked if a flag or covering letter advising that an application was a network leaver would be helpful and the FCA thought that it would assist in the overall triage process. The FCA suggested a covering letter advising why the case might be approved more quickly could be uploaded into Connect during the application process.

1.3 VoPs queries

7. Martin Butcher gave an update from the VoPs team, and the APCC asked if previous feedback provided by members could have additional commentary on why some VoPs were perceived as not being complete, so they could advise their members further. Martin Butcher referred to guidance previously issued jointly with the APCC . Many VoPs were 'incomplete' rather than 'complete' so they were unable to process as many as they had first hoped. The FCA confirmed that where applications could be transacted quickly, they were – so overall this had been a benefit to APCC members. There was then a lot of discussion around whether the FCA could be clear to applicants whether information being sought was a standard request for supporting information or whether the application remained incomplete. The FCA advised they did try to highlight the differences but it was not always possible.

8. Whilst the FCA could see benefit in running a training workshop for consultants in the same way they do for Case Officers, there was no specific internal checklist of 'additional information' that is likely to be requested as each case is reviewed on its own merits and no two cases or case officers are the same.

9. It was recognised that Connect appeared to 'drop' some documents during the uploading process, making an application look incomplete. Lucy Castledine explained that there had been an internal issue with the size of some documents, but this was now resolved after an IT fix; however the FCA will take this point away as an action to ensure it is fully resolved. It was agreed that the APCC would email its membership for examples where this may have occurred recently, and provide feedback to the FCA, which they felt would be very useful.

10. Lucy Castledine also advised that a project was planned to review all application forms to remove any inconsistencies or 'holes' in the information requested, to narrow down the number of incomplete applications, enabling firms to have more clarity around the supporting documents the FCA need as standard.

11. The project is also looking to make application forms as sector specific as they can. It was agreed that once applications were approved without a backlog involved, the issue of complete versus incomplete would not be so pressing for firms. The review will last 12 weeks and the FCA will provide feedback on the outcomes at the autumn meeting.

12. The APCC raised a query around whether existing permissions need to remain 'ticked' on an application as well as ticking the new permissions. The FCA advised this was the case.

13. P2P – Russell Facer asked if the FCA had received any requests for the removal of P2P advisory permissions for IFA firms that do not want to advise on P2P. The FCA confirmed that they had received a number of such VoP applications and there will be additional further communications to firms on this during the summer.

Contact Centre Update

14. Emma Krygier gave an update on the FCC, advising that since the Consumer Credit project was now ending, they were concentrating on complexity and efficiency – looking at how the FCA can make things simpler and make the firm interaction with the FCC easier. The FCA wants to reduce the need for firms having to contact us to complete a 'transactional query', for example, improving where to find reporting information on the website to make it more intuitive so that firms can find what they are looking for more easily.

15. Emma Krygier cited that a large number of calls received are surrounding Gabriel Reporting. Firms do not always know where the information they need is and the FCA are working on improving the Gabriel help notes on the website to improve the firm experience.

16. Emma explained that there is a new 'lunch time team' within the FCC that specifically takes calls over the lunch period. This team has improved response times during a peak call period.

Section 2 –Credit Authorisations

2. 1 Update on Consumer Credit

17. Nick Mears has been overseeing the project for creating a new authorisations division, integrating both Credit Authorisations and Authorisations Divisions. He gave an overview of the new structure, which takes effect from 1 October 2016. The aim has been to put similar sectors together.

18. There will be 5 departments in the new division going forward, split as follows:

    1. **Lending &Intermediaries – Head of Department: Nick Mears**
    This will have approximately 85 staff, and will look after Consumer Credit Lending and Debt Management/Purchase, Mortgages, P2P, Credit Brokers, IFAs and General Insurance.

    2. **Approved Persons, Passporting & Mutuals - Head of Department: David Fisher**
    This department will increase in size to around 75 staff but the functions remain as currently.

    3. **Wholesale - Head of Department: Hilary Bourne**
    Looking after Wholesale and Investment Firms; AIFMs, MiFID, Cancellations and Waivers as well as Divisional Support Team. This will have around 53 staff.

    4. **Retail - Head of Department: Val Smith**
    Retail will look after dual regulated firms and change in control across all sectors.

    5. **Firms and Consumer Contact Centres – Head of Department: Chris Jell**
    This department will remain largely unchanged in terms of numbers and structure.

19. The FCA has yet to confirm the name of the new Director of the Authorisations; Mark Nicol and Val Smith are currently Acting Directors of the separate divisions until the restructure in October.

20. Nick Mears confirmed the transition is well underway, with the nine workstreams already making good progress.

21. Nick Mears advised that the FCA feel they have the right resource numbers for current expectations, and they will be able to react to spikes and troughs across the sectors. Only around 10% of staff will need additional training due to a change in role.

22. The overall aim is to reduce the 'shelf life' of cases.

23. The number of open consumer credit authorisations stands at around 2,500, of which 60% have been allocated; this is a reduction from around 5/6,000 open cases.

24. Nick Mears went on to describe the process for how cases will 'move' when the new structure comes into force; it is likely that caseloads will be 'run down' if they are not from the same sector the case officer is moving into. Where this cannot be done in time, the case will move to another case officer with full transfer knowledge. If a case is similar to the sector the case officer is moving to, they will take it with them and complete 'old' cases until they are then only dealing with the new sector-specific cases.

25. Overall, despite a spike in cancellations, consumer credit volumes were becoming more settled, with a higher number of cases now being determined than received.

2.2 The FCA Charter

26. The FCA has published a commitment for the processing of new applications, once assigned to a Case Officer:

    a) Receipt will be acknowledged within 2 working days
    b) Notification when a case officer has been allocated
    c) A substantive response will be provided within 10 working days
    d) Clear deadlines will be given when asking for additional information
    e) Progress updates will be given at least once a month

    The FCA hopes to review the standards, perhaps six months after Transition.

27. Gary Kershaw said he was concerned about the number of firms authorised with incorrect limitations on debt permissions or incorrect permissions. He gave an example of a car dealer with no debt counselling permission subject to Supervision enforcement action; however, he conceded there might be other factors involved.

28. There was a discussion about the number of credit broker firms that have been authorised with the “no debt management” limitation which may be incorrect, as the limitations have since been revised. APCC felt this was a significant issue for firms who could be trading with incorrect permissions and this could also invalidate their professional indemnity insurance. They noted that trade associations such as NACFB and FLA are very concerned and that FLA was advising firms to apply for the correct permissions. Rob Westwood explained to the group how the definition of refinancing activity meant that the activity was a form of debt management and how this resulted in revised debt permission limitations for credit brokers. He informed the group that the FCA was reviewing the issue of firms previously authorised with the “no debt management” limitation.

2.3 New FCA CEO

29. Nick confirmed that Andrew Bailey, previously of the PRA and Bank of England, has taken over as the new CEO with effect from 1st July 2016. Andrew has brought some of his previous team with him.

2.4 Consumer Credit Working Group

30. Ian Beardmore said he was a member of the Credit Working Group. This was formed to work on credit matters and would meet with the FCA to discuss specific issues with relevant stakeholders.

2.5 Future Contact

31. The APCC were content for the FCA to suggest how the meeting was handled in the future regarding frequency and whether to meet with the Lending & Intermediaries Department separately.