

PP R E S S R E L E A S E

THE FINANCIAL SERVICES PRACTITIONER PANEL

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Practitioner Panel warns of potential Sandler pitfalls

The Financial Services Practitioner Panel today warned of the problems embedded in the current approach to the proposed “stakeholder” investment products, also known as Sandler products.

Donald Brydon, Chairman of the Panel, took the opportunity of the FSA’s Annual General Meeting yesterday to highlight practitioners’ concerns over their potential vulnerability to mis-selling complaints, even if they are compliant with the Sandler provisions and the FSA implementation regime.

Mr. Brydon said “I am concerned from a practitioners’ standpoint that, however brilliantly the FSA devise the distribution regime, practitioners will still be left with the risk that, even having followed the FSA’s rules, they could fall foul of the Financial Ombudsman Service. The consequence seems to me to be that vendors will still need to follow pre-Sandler suitability fact-finding processes (with the associated costs) without the prospect of economic benefit. Surely the Government does not want another failure in the savings area.”

Mr. Brydon also pointed out that the creation of the Sandler suite of products did not follow the route that commercial organisations have to take, of defining demand and the appropriate customer base ahead of product design and pricing.

He noted “It is curious that the development of the Sandler world starts now with products and price whilst the FSA endeavours to develop a regulated delivery system which will in practice determine who the products can be sold to, while asking the practitioners to take responsibility

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for defining the need and the relevant customers. This process seems to me to be back-to-front and puts the FSA into an unenviable and difficult middle ground.”

Notes to Editors

The Financial Services Practitioner Panel's main remit is to provide input to the FSA from the industry in order to help it meet its statutory objectives and comply with the seven principles of good regulation, and to represent the interests of practitioners. It does not carry out activities on behalf of the FSA, nor does it seek to duplicate the work of the trade associations. Panel members are drawn from the most senior levels of the industry and the Panel is constructed to represent the various sectors within which financial services businesses operate. The Panel was established as a statutory body on 18 June 2001, and is a key part of the regulatory and accountability framework set up by the Financial Services and Markets Act 2000.

Press inquiries: Donald Brydon, Chairman, on 020 7003 1500

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