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BUSINESS
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Consultation Response:

Enforcement Conduct Board Consultation on draft 2024/25 Business Plan

Response by the Money Advice Trust

Date: April 2024

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Introduction

About the Money Advice Trust

The Money Advice Trust is a charity founded in 1991 to help people across the UK tackle their debts and manage their money with confidence.

The Trust's main activities are giving advice, supporting advisers and improving the UK's money and debt environment.

In 2023, our National Debtline and Business Debtline advisers provided help to 127,390 people by phone, webchat and our digital advice tool with 2.38 million visits to our advice websites. In addition to these frontline services, our Wiseradviser service provides training to free-to-client advice organisations across the UK and in 2023 we delivered this free training to 800 organisations.

We use the intelligence and insight gained from these activities to improve the UK's money and debt environment by contributing to policy developments and public debate around these issues.

Find out more at www.moneyadvicetrust.org.

Public disclosure

Please note that we consent to public disclosure of this response.

Introductory comment

We would support the proposed priorities for the ECB for 2024-25 as set out in the paper. We welcome the ECB's ongoing engagement with stakeholders and look forward to continuing to work with the ECB going forward.

We have set out some brief comments below.

Responses to individual questions

Question 1: Do you have any comments on the proposed priorities for 2024-25?

We would support the proposed priorities for the ECB for 2024-25 as set out in the paper.

- ✓ We believe that it is vital that the ECB develops new binding standards for enforcement firms and agents.
- ✓ A supervision regime and independent complaints function is essential for the protection of our vulnerable clients.
- ✓ We also agree that engaging and influencing creditors is key to ensuring that enforcement firms are not operating in accordance with poor incentives and drivers from the creditors they act for.

Question 2: Are there any activities that you believe the ECB should be prioritising that are not contained in this plan?

We would like to see the ECB work with other regulators such as Ofgem and the FCA to close the regulatory gap that relates to debt collection for utilities debt. As it stands, there is no requirement for debt collection agencies or debt purchasers collecting solely utility debt to be FCA authorised, or to follow any FCA or Ofgem rules and standards on debt collection or vulnerability.

This can lead to unfair collection practices by firms, including obtaining court judgments and using high court enforcement against potentially vulnerable people. This in turn means costly court and collection costs, and a very obscure and difficult mechanism to stop HCEO action. Clearly, the ECB can only be part of the solution, but it would be great to see strengthening of regulatory requirements in this area.

Question 3: Do you have any comments on the draft budget and levy?

We believe it is vital for the ECB to have sufficient funding to deliver its mission “*to ensure that everyone who experiences enforcement actions is treated fairly*”. Therefore, the budget should be sufficient to deliver the business plan with the key priorities as identified in the paper. We very much support the aim of growing the staff team to ensure the complaints handling and supervision roles can be carried out.

We would like to see statutory underpinning for the ECB functions, which would require all enforcement firms to both be members of the ECB and to contribute to the levy. This would remove any potential for a lack of funding to undermine the ability of the ECB to carry out its core functions and ensure stability in future. We are ourselves continuing to make the case to government for why statutory underpinning is needed, ahead of the Ministry of Justice's two-year review point in November 2024.

Question 4: Are there any other comments or observations that you would like to make?

We would like to see a lot more detail on the plans to develop a complaints model. We would applaud the intention to include remedies, and sanctions in the model.

However, we would like to see how the ECB complaints model will work in practice with the LGSCO. In addition, we are interested in seeing how the ECB will use the EAC2 complaints to court where this concerns individual EAs, and how this will interact with the ECB approach to sanctions for accredited firms.

It is of course key to develop a scheme that is clear, simple and accessible for consumers who are likely to be in a difficult financial situation, have additional vulnerabilities and may well be reluctant to engage with a complaints process at all.

For more information on our response, please contact:

Meg van Rooyen, Policy Lead

meg.vanrooyen@moneyadvicetrust.org

07881 105 045



The Money Advice Trust

21 Garlick Hill

London EC4V 2AU

Tel: 020 7489 7796

Fax: 020 7489 7704

Email: info@moneyadvicetrust.org

www.moneyadvicetrust.org