

### **2.13 Deputy M. Tadier of the Minister for Economic Development regarding ...**

Will the Minister advise whether his department has any information regarding how many recorded instances there have been of personal protection insurance being mis-sold in Jersey in the past 5 years? How many complaints, if any, have been received by his department, the Jersey Financial Services Commission and Trading Standards and whether any prosecutions or penalties have arisen as a result of the mis-selling of P.P.I.s (Personal Protection Insurance)?

#### **Senator A.J.H. Maclean (The Minister for Economic Development):**

In the last 5 years, there have been 20 complaints from consumers to Trading Standards alleging that personal protection insurance policies were mis-sold to them. The Jersey Financial Services Commission has also received an unknown number of complaints in respect of alleged mis-selling of P.P.I. although they claim the numbers are relatively low. There have been no prosecutions or penalties arising from the mis-selling of P.P.I., which is not surprising on the basis that no mechanism or law exists to prosecute or apply such penalties.

#### **2.13.1 Deputy J.H. Young:**

Can the Minister confirm whether the regulatory regime for financial services in Jersey, particularly from mainland-based organisations providing services to Jersey, are subject to the same detailed regulatory regime and equivalent arrangements as apply under the U.K. F.S.A. (Financial Services Authority)?

#### **Senator A.J.H. Maclean:**

The Deputy will be aware that Jersey has its own regulatory authority which is of the highest standard so I have no doubt that the regulatory standards in Jersey meet international standards. What I would say to the Deputy, however, is that the key to this particular issue is indeed the progression of a financial services ombudsman, something that this Assembly approved and is being progressed at the moment with my department and, indeed, I am hopeful that an ombudsman will be in place to deal with such matters during the course of 2014.

#### **2.13.2 Deputy M.R. Higgins:**

Just following on from that answer, does the Minister not accept that if the ombudsman has no legal framework to work within, he will not be able to adjudicate on those matters so therefore there are no regulations or whatever dealing with this type of abuse and that Jersey has been relying on the U.K. to take action against financial institutions who also operate here and the department is hoping that the same penalties or sort of instructions that the U.K. has given to those banks, that they will apply them in Jersey because he has no regulations. Will he bring in regulations to deal with these matters and give a financial ombudsman teeth?

#### **Senator A.J.H. Maclean:**

The draft law is in the final stages of the financial services ombudsman. The detail of that ombudsman, in conjunction, I might add, with Guernsey who we have been waiting to progress the matter with on the basis that we believe a Channel Island ombudsman is probably the most cost effective and efficient way to proceed, will provide the appropriate course for those that have complaints in this area of alleged mis-selling.

#### **2.13.3 Deputy M.R. Higgins:**

I have seen what was in the draft of the Financial Services Ombudsman Law and it does not go into detail in terms of some of the areas that the ombudsman will be able to go into. There are no regulations governing mis-selling of products in this Island that I am aware of and does he not feel that it is about time that we did have? Will he investigate and come back to the House and tell us what he proposes to do in this area?

#### **Senator A.J.H. Maclean:**

The Deputy and Members will have full details as we progress the Ombudsman Law. Indeed, the law itself will come as a report and proposition to the States for debate in due course. Prior to that, there is plenty of opportunity for input by Members who wish to make comments known about their concerns in regard to this. It is an important issue. It has to be correctly addressed and we can see in the U.K. there have been quite a number of claims with regard to P.P.I. Indeed, we have seen something like 800 claims management companies spring up creating a significant industry and there is no doubt that there are some justified claims in the Island, although I would add something along the lines of 25 per cent of claims in the U.K. are not progressed. They do not have the merit that the claimant alleges.

**2.13.4 Deputy M.R. Higgins:**

Does the Minister accept that he is relying on U.K. legislation and U.K. action rather than Jersey action to deal with this matter?

**Senator A.J.H. Maclean:**

No, I do not accept that.

**2.13.5 Senator A. Breckon:**

Is the Minister aware that people in Jersey who do believe that they have been mis-sold private protection insurance have got access to the U.K. Ombudsman Scheme who could become involved and there is a questionnaire available and they can do that within 8 weeks?

**Senator A.J.H. Maclean:**

Yes and that is a very helpful comment. I would also add that complainants that have gone to the Jersey Financial Services Commission, although the Commission, as I have pointed out, have no direct powers, have referred complaints back to the providers and, in a number of cases, those complaints have been satisfied by the providers in Jersey. So indeed it is not a case that absolutely nothing is happening. I have to say the J.F.S.C. (Jersey Financial Services Commission) have had a number of complaints that have not merited referral which mirrors exactly the position in the U.K. where, as I have said, 25 per cent or so of claims have not merited any form of compensation.

[11:15]

**2.13.6 Deputy J.H. Young:**

Would the Minister confirm that in bringing forward his proposals, that that will include a complaints procedure to ensure that local residents who are receiving financial services that are both locally based and/or from U.K. subsidiaries are subject to exactly the same equivalence in such areas of insurance mis-selling and, for example, matters like mortgage endowment where there has been no effective regime locally? Would he make sure those gaps where they exist are put right?

**Senator A.J.H. Maclean:**

Where gaps exist above and beyond the scope of the ombudsman service, we will certainly continue to review and look at improving protection for consumers. There have been positive strides in terms of consumer protection in areas such as this and it is only right that we continue to progress such matters.

**2.13.7 Deputy M. Tadier:**

First of all, I would like to thank the Minister for his answers. It may not be the last time that he answers questions on P.P.I.s. Could he provide some clarification as to his statement that "The Jersey Financial Services Commission received an unknown amount of complaints but we know that they were low"? That seems to be slightly contradictory. Can he provide a reassurance as to

how the J.F.S.C. log complaints of any nature so that they can relay it to the Minister and the Assembly if required?

**Senator A.J.H. Maclean:**

Yes, we made an inquiry when the question came in to the J.F.S.C. with regard to this. As I have said, they claim the number of complaints was low. On interrogation, that was deemed to be no more than one or 2 a week but I am prepared to seek clarification if we can to see if any further detail can be arrived at.