

LSB: A virtual view of self-regulation

Emma Lovell – Chief Executive, LSB

It's been 15 months since I started in post here, and what a start it has been. We have all been living through exceptional times this past 18 months with the ongoing impact of the pandemic, coupled with navigating the landscape of leaving the EU. I think it's safe to say that uncertainty about the future has been at an all-time high for us all. I feel really proud of the team here at the LSB for what we have achieved during this time, despite the obvious challenges that the pandemic has presented us with.

Our goal has remained clear – to drive good outcomes for customers of financial services through our best practice Standards and Codes. But we, like many organisations across the world, have had to adapt how we go about achieving that goal.

Whilst we are all hopeful of an adjustment to the 'new normal' over the next few months, the return to 'normality' will also inevitably bring further challenges for individuals and businesses as they adjust to the health, financial and social implications of the crisis.

We have and will continue to focus our resources on supporting and working with our registered firms to adapt to the impacts of the pandemic in order to protect personal and SME customers, ensuring that fair outcomes remain at the top of the agenda.

The first adaptation we had to make at the start of last year, was moving to working remotely, and ensuring we continued to provide robust, independent oversight of our registered firms remotely too.

Thanks to the agility of self-regulation, were able to swiftly update our Standards of Lending Practice for business customers to take account of measures introduced by the Government to support lending to SMEs – the Coronavirus Business Interruption Loan Scheme and the Bounce Back Loan Scheme – to ensure the Standards could be applied to products offered under these schemes.

The Standards set the benchmark for good lending practice in the UK and provide protections in an otherwise unregulated space. In the current climate, when SME support is needed more than ever, the Standards, which are formally recognised by the FCA, should provide SME customers of registered firms with confidence that their firm is committed to delivering the best outcome for them.

There has never been a more important time for firms to provide that reassurance, continuity and tailored outcomes for individual customers and businesses. That is why we are delighted to have had two new firms, Azzurro Associates and Atom Bank sign up to interim registration for the business Standards to demonstrate their commitment to supporting their business customers.



We will be keeping the Standards under review to ensure that any further developments in this space which may impact business lending and the industry are reflected in them.

This is equally important for the personal Standards, which have recently been updated to recognise that customers are increasingly accessing credit and communicating with their lenders through a variety of different channels.

As part of the work we have done in revising the Standards, we have introduced a new Standard on product and service design to ensure that registered firms consider the needs of those customers who are at risk of exclusion, those who may be vulnerable or those who might at some point experience financial difficulty. The new Standard also encourages registered firms to consider what support can be provided to customers to help them use products and services which are delivered through digital channels – an area that is vital to consider during the pandemic and as we navigate the new normal.

These changes came into effect on 1st July along with the updated Information for Practitioners for registered firms which can be found on our website.

As mentioned, one of our speakers today, Chris Hemsley from the PSR, will be talking to you shortly about the CRM Code for APP scams and the work that is being done in this space. I'm sure it is no surprise to you that scams have been significantly on the rise this past year, and therefore the protections that the Code provides have been more vital for customers than ever before. As governors of the Code, we conducted a full review of it at the end of 2020 to ensure it is as effective as possible in preventing and responding to APP scams – which can cause huge emotional and financial distress to customers.

The review highlighted that when it is applied correctly, the Code is working and is providing protections for customers. There is more work to be done though.

Earlier in the year, we set out a roadmap of activity as part of our review of the Code which can be found on our website.

One of the key areas of activity outlined in the roadmap is working with the industry to define the success measures of the Code. Of course, we recognise the importance of reimbursing customers who lose money through no fault of their own, but even more critical, is ensuring that the Code helps to detect scams to prevent them from happening in the first place. This is the only way to fully prevent the distress and upset that they cause.

Working together with the industry, we are also looking to improve participation to the Code and bring other firms on board to increase the protections the Code provides. Work in this space has already begun, and we were delighted, just a few short weeks ago, to announce Virgin Money, the UK's sixth largest bank, as the latest firm to sign up to interim registration for the Code. We will be working closely with them now to ensure they achieve full registration within the year.



Another area of customer detriment that has become ever more apparent during the pandemic, is the impact of bank branch closures and the importance of maintaining access to cash. The Access to Banking Standard, an industry wide agreement overseen by the LSB, aims to help minimise the impact of bank branch closures on customers and local communities, ensuring that customers are communicated with effectively about a closure before it happens and provided with adequate support in accessing alternative services.

We recently launched a full review of the Standard and will be conducting a review of firms' compliance with the Standard in relation to bank branch closure programmes and the impact on customers, as part of this review in the coming year.

We have published a consultation as part of this review and would welcome responses to the questions raised in it. The consultation can be found on our website for those interested in taking a look and responding.

This brings me nicely onto the final update I would like to give, which is that we are delighted to have recently launched our newly designed website. It's important to ensure our Codes and Standards and all of the updates I have spoken about today are easy to find and navigate. Our new site ensures the experience for all of our website visitors is as enjoyable as possible. That is why we have introduced a consumer section to help signpost customers of financial services to the correct support and we have a new and improved firm-only hub, allowing our registered firms to access exclusive content and events whilst staying up to date with best practices and more.

In our resource and news hub, open to everyone, you can find many new insights series that focus specifically on the impact of the pandemic and provide considerations for supporting customers through navigating the new normal and adjusting to life after lockdown. If you are a non-registered firm and would like to find out more about signing up to the LSB's Standards and Codes, you can find out much more in our register section of the site.