



A Different View

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The 'Financial Services Authority Mortgage market review Discussion Paper 09/03' is absolutely essential reading in my house; I am sure it is in yours too. If by some terrible oversight this document is not sitting at the top of your 'things I must read before I die' list then please don't fret as, probably unwittingly, you will already have discovered what it is all about through the headlines over recent weeks. Yes this is the document that signals the end of 'liars' loans' and has had the press all excited about the fact that, taking some of the discussion points to extremes, from having to produce no evidence of your income or expenditure to get a mortgage, you will now need to produce an accurate record of what you spent in Tesco's over the last decade!

In itself all very interesting reading, but a bit like that 'hidden track' that you discover at the end of a CD (you know, you think that there are only 11 tracks when there are really 12 but the artist couldn't count to 12, so it isn't listed on the cover) there is a tasty hidden track within this document as well. Thankfully nobody has picked up on this as far as I can see (thankfully because if they had, I would have had absolutely nothing of interest to say in this column) so I am going to take the opportunity here.

The hidden track in question 'Section 7 – Arrears and Possessions' and contained within this are some very interesting comments. Taken at face value these are nothing to get excited about, but if we probe a little deeper there are some interesting discussion points; I'll pick out some highlights and leave you to read the rest for yourselves!

7.3) Refers to 'the high levels of repossessions in the late 1990's' without being too picky surely this should be the early 1990's? A poor start!

7.4) In relation to the release of the FSA's 'Arrears Handling Rules' in December 2007 it is noted that 'It is clear from the outcomes of that work that our high – level approach has not sufficiently protected consumers and this is another area where we need to take a much more robust and interventionist approach'

7.12) In relation to the outsourcing of arrears activity (special servicing) to third parties 'it is apparent from our thematic approach that TPA's (Third Party Administrators) now exercise significant influence over lenders in agreeing policy and process ie the relationship between lender and TPA is no longer a pure outsourcing arrangement...we are concerned that this may lead to a focus on meeting processing targets rather than fair treatment of consumers'

7.13) We are therefore proposing to review our approach to TPA's'

So an interesting read that summarised seems to say 'we gave you a chance to put your house in order, but you didn't. We don't like the fact that you merely bolt arrears management onto a mainstream processing platform and therefore we intend to tell you what you have to do, and when you have to do it.' If I am correct in my interpretation, this is a very big issue and will mean that organisations and their partners will have to re-design most of their arrears processes.

And why is this of interest to me? Well I have used this column consistently as a platform over the years to say the following:

- Collections can never be done as part of a mainstream administrative process;
- Skills erosion is occurring as a result of this attempt to commoditise collections;
- That skills erosion will have consequences;
- One of the consequences will be increased regulation;
- So change your thinking before it's too late.

And, as I say to my wife everyday, 'bloody hell – I was right again!'

Stran's Snacks

So, let's put the FSA stuff away and have a look at a menu instead; far more interesting!

I had an offer from a very prominent industry figure who has an association with a business that sounds like an iPhone application for a virtual apple, to be a guest in this section this quarter; sadly he appears to have changed his mind. You know who you are so if you fancy a go just shout!

So in the absence of a guest let's talk about breakfast – not any old breakfast mind you – breakfast at Simpsons In The Strand!

This sounds very grand, but for less than £20 (cheaper than some poor hotels) you can have the full English with unlimited tea, coffee and juice in grand surroundings in Central London. It's an impressive place to power breakfast so next time you are in town, early and hungry, give the burger joint breakfasts a miss and go and do something more civilised instead.

I do. Well it is the most important meal of the day!

Garry Stran is Chief Executive of Clarity Credit Management and Chairman of Fieldcall.
Email: garry@claritycreditmanagement.co.uk

