



Wales Safer Communities Network response to: HM Treasury Consultation and call for evidence - Ban on cold calling for consumer financial services and products

Consultation closed 27 September 2023.

Introduction

The Wales Safer Communities Network was established in January 2021 following the recommendations of the Welsh Government's Working Together for Safer Communities Review. The Network aims to become the strategic voice for community safety in Wales, working collaboratively to champion and support community safety partnership working, and influence the shaping and development of national policy and local practice.

Consultation questions

1. In your experience, what are the main harms caused by cold calling to market financial services and products?

The harms may come from incorrect selling or provision of products that are not required and which have targeted the vulnerable including those with impaired cognition. It also provides a route that can be exploited by those with criminal and fraudulent intent. The harms can range from harassment and impact on individuals' mental health, to financial loss right through to identity theft and to suicide or increased domestic abuse due to additional financial stresses.

2. Do you agree that the cold calling ban should capture live telephone calls to an individual?

Yes, we agree that the cold calling ban should capture live telephone calls to an individual which come from a person, AI or other communication method used by those with hearing loss but which utilise telephone technology. This should incorporate landlines, mobile telephones (push button), smart phones, tablets where IAP is utilised or Apps which act in place of traditional telephone equipment (examples of which include skype, Microsoft Teams).

3. To what extent does direct unsolicited marketing of financial services or products take place through live, electronic communications, other than telephone calls? Are there impacts if these communications are not captured by the cold calling ban?

SMS or Text messages have been utilised around PIP and through scams linked to COVID-19 vaccinations and therefore it would be appropriate to consider including

these in the legislation alongside any legislation on Sim Farms which was consulted on earlier this year.

There have also been instances where emails have been used in other potential financial scams. It should be possible for information to be shared but in such a way that it cannot be utilised by individuals or criminal gangs for their own personal gain.

4. Are there existing safeguards in place via social media organisations which already offer protection against fraudsters using social media voice and video calls for the purposes of cold calling?

We are not aware of these safeguards, and are concerned that social media may be used to spread false information to make a fraudulent call appear more genuine than it is. We are aware that social media stories have led to scams and to attempted or successful fraud with those with criminal intent taking advantage of news and information circulating.

5. To what extent does marketing of financial services or products take place through door-to-door selling?

This has been limited through the requirement for licensing to go door to door and to do so without is already an offense.

6. How could a cold calling ban be made to be effective in preventing door-to-door selling for financial services and products?

If a company or organisation has to have a licence to go door to door then no licence should be granted for anyone selling financial services or products.

7. Are there other forms of cold calling aside from electronic communications and in person selling that cause harm to consumers?

As new technologies are developed it is likely that this will be used and exploited by those who want to defraud others, therefore we think it is important that the legislation is able to respond appropriately or for this part of legislation which is why only listed technologies known now may limit the impact of the legislation.

8. Should sole traders and other types of partnerships (outside of limited liability partnerships and Scottish Partnerships) be captured in this ban on consumer financial services and products?

Yes, we think it should apply to sole traders who may be providing legitimate financial services or are actually loan sharks either appearing legitimate or not. It should protect those who are genuinely providing financial services and support and prevent some avenues for exploitation for those with fraudulent and criminal intent.

9. Do you agree that the scope of the ban should include the services and products set out in the section above? Are there any other products that should fall within the scope of the proposed ban on consumer financial services and products cold calling?

We agree with the services and products that are included in the consultation document. Whilst there is already some cover for pensions, we think it would be easier for people to understand if it was incorporated into any legislation about financial services and support to limit the complexity for potential victims, with more people having a separate pension this is an area where more activity is anticipated. In addition, there does not appear to be anything around debt management which may be a route into defrauding an individual or provide an opening for those who want to take advantage of vulnerable circumstances.

10. Are there any consumer financial services and products which should not be captured by this ban?

None that we are aware of at this time.

11. Do you have any views on whether to include an exception in this cold calling ban, for situations where the caller is an FCA or PRA authorised business and there is an existing client relationship between the caller and the recipient, such that the recipient envisages receiving cold calls?

We think there should be an opt in process so only those who express their permission to receive cold calls in these situations. This would reduce the potential for a loophole that can be exploited by less ethical businesses or those with criminal intent.

12. Do you agree that the proposed approach achieves the aim of restricting unsolicited direct marketing calls in relation to financial services and products, bar the exceptions outlined, without restricting legitimate non-marketing calls?

We neither agree nor disagree. We are not sure that it will reach all developing technologies such as AI, which may include more text conversations online through website visits or direct communications through social media which may appear more like an advert but is not and is reaching direct to that person. It may be appropriate to reference the use of algorithms to target individuals with financial services and products on social media platforms, electronic communications or any other means as the increasing use of algorithms may be used to make it appear to just be adverts when in fact it is personalised and as targeted as making a telephone call.

13. Do you have any views on the enforcement mechanism set out in paragraphs 4.11 and 4.12 above?

The ICO role as set out appear to be appropriate. However, we also think that there could be a role for the Financial Conduct Authority, Prudential Regulation Authority and the Financial Ombudsman for repeat offenders. In regard to fraud and other criminal activity then enforcement includes the Criminal Justice system including police, courts, HMPPS. In addition, licences for door to door are processed by Council's.

14. How else can the government best ensure consumers are aware of the ban?

Awareness raising adverts on radio and television as well as the suggested routes, and through public services such as Council libraries and GP surgeries.

15. What are the key considerations when designing the legislation to ensure that it is clear and impactful for the public?

A jargon free, clear and transparent message that is fully accessible including to those with cognitive issues, as well as those who are hearing impaired (who may use Apps or other services to still use voice communication routes).

16. In your experience, how could firms' business models be affected as a result of the ban?

As the Wales Safer Communities Network we have no opinion on the possible impact on firms' business models.

17. Are you aware of any groups of businesses, organisations and/ or individuals that will be particularly affected by these proposals?

We are aware that it will impact finance services and organisations and it may impact on anyone employed in and around these sectors who receive commission. We hope that it may help in prevent some targeting of vulnerable people for exploitation purposes.

18. What impacts would you expect to see on persons with the protected characteristics mentioned above as a result of a ban on cold calling for consumer financial services and products? How can the government design the ban to promote positive impacts and mitigate any disproportionate impacts on persons sharing protected characteristics?

We note that neither the Welsh language, which is a consideration for legislation that applies in Wales, nor socio-economic factors, which is a characteristic that applies in Wales and for whom this legislation may be particularly relevant, have been given due regard

19. Do you have any other views or information the government should consider in relation to the proposed ban on cold calling in relation to financial services or products?

We are concerned of the impact the cost of living may be having on people and the possible increase in debt. We are keen that the legislation does not prevent those who have or are on the edge of problematic debt from receiving the help and support that they need.

Our other comments link to the speed of change and development in technology which may allow legitimate routes and loopholes to be exploited by legitimate financial institutions; but more concerningly by those wishing to defraud or otherwise exploit an individual, families or others.