

FSA response to Treasury Select Committee report on mortgage arrears and access to mortgage finance



August 8th 2009

The Financial Services Authority (FSA) is currently conducting a wide-ranging review of all aspects of its mortgage regulation and will be publishing proposals this autumn.

The review of everything from securitisation to arrears is based on establishing precisely what went wrong in the mortgage market and fixing those problems – as well as ensuring there is a sustainable market for the long term.

The FSA continues to take a robust position with firms as soon as we have evidence of wrong doing and also to ensure borrowers are treated fairly throughout the lifetime of their mortgage.

With sale and rent back, and any new areas of scope, the FSA will bring its sanctions to bear against firms that break the rules as well as tackling unauthorised business.

The FSA will respond in full to the Treasury Select Committee's report in due course.

FSA initial response to TSC report

31 July 2009

The Financial Services Authority (FSA) welcomes the Treasury Select Committee's contribution to the debate over the future of financial regulation.

The report acknowledges that the FSA has proactively identified and rectified its historic mistakes and that the financial services sector has clearly felt this change in approach.

The FSA has changed radically since it published an internal review in early 2008. A series of operational and philosophical reforms, including the supervisory enhancement programme, have created a sustainable approach to financial services regulation. This new approach is based on an integrated risk assessment of prudential and conduct risk and is designed to be effective in all economic circumstances.

The FSA's new intensive supervisory approach is about making judgements on what might happen in the future - boom or bust - rather than acting solely on observable facts. We are using these expert judgements to test the robustness of firms' business models, their governance framework and to assess whether individuals are fit to run them - regardless of their individual qualifications.

The FSA will respond in full to the report in due course.