

Technical Update No. 14

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Saver / Investor

Regulator seeks to make platform switching easier

On 16 July 2018, the Financial Conduct Authority (the FCA) published its interim report on the investment platform market study. The FCA notes that the investment platforms market has almost doubled in size since 2013, accounting for 500bn assets under management and remains a growing sector. The FCA, therefore, considers it vital that competition between platforms is working well and that investors continue to get a good deal. The FCA expressed concern at the significant costs often associated with exiting a platform. The FCA's proposed measures aim to make it easier for end users to switch platforms. These would include, as a minimum: introducing a maximum timescale for each step in the switching process; clear communication to investors from the receiving provider of the switching process detailing the transfer process, timelines and providing a point of contact for questions or complaints.

Saver / Investor / Retired

Investment fraudsters rampant

Savers have been scammed out of over £51 million by investment fraudsters between April and June this year, new figures from the City of London Police reveal. The figures show a 70% spike in investment fraud reported to the authorities when comparing the numbers from the same months in 2017, when fraud accounted for £30m. In 2016 that number was even lower, at £24m. Pensions are the biggest target, with the pensions' freedoms ironically helping scammers on account of increased access. The UK government had pledged to introduce a cold-call ban in June. The promise has however been delayed, with the Treasury stating that the long-awaited rules have been pushed back until autumn.

All

Brexit: Deal or no deal?

Barnier this week politely ripped apart the embattled prime minister's plan only hours after she insisted there would be no further compromise on her side. The Chequers agreement represents a very serious and important attempt to break the log jam we've seen in the European negotiations. Mr Barnier dissected the UK's proposals piece-by-piece, raising concerns about goods and services, tariffs, and the ongoing uncertainty over the Irish border.

He also claimed that splits within Mrs May's Government meant that the UK's negotiating position may not be set in stone, adding that the "debate is not over yet". This was only hours after Mrs May called on Brussels to "evolve" its own position and not to return to the negotiations with old proposals which had already proven to be "unworkable".

Saver / investor / Retired

Is the Pensions' dashboard doomed?

A report the Government could ditch plans for a 'pensions' dashboard' – allowing everyone to see their retirement savings at a glance – has sparked an angry outcry. Fears are rife the project, which was developed by the pensions industry but needs legislative backing to force all schemes to sign up, could be abandoned despite widespread consensus that people need a tool to view all their pots in one place. A Government feasibility study promised for this spring is already overdue, and now a report has emerged that Work and Pensions Secretary Esther McVey 'wants to kill off' the initiative.

All

What next for the Chancellor?

UK public finances continued to improve in June, with the deficit in the first quarter of the 2018-19 financial year lower than at any time since 2007. But the good news was tempered by weak tax receipts. Tax revenues were only 2.9% higher in the three months to June than a year earlier, no better than predicted by the government's fiscal watchdog, the Office for Budget Responsibility. With tax receipts still sluggish and all of the improvement in the public finances on the public expenditure side of the accounts, there is little evidence in the official figures that the economy's growth has accelerated. Economists nevertheless said that the deficit figures were likely to give Chancellor Philip Hammond a windfall to ease austerity in the Autumn Budget.

Saver / Investor / Retired / Business Owner / Employee / Estate Planner / Parent

HMRC, Alexa and tax credit renewal

Amazon virtual assistant Alexa has been drafted in by HMRC to help people renew their tax credits by the 31 July deadline. The government department has developed a service which allows customers with Amazon Alexa-enabled devices to command Alexa to "open HMRC" and ask for help and information relating to a change in circumstances, payment information or a renewal. However, it makes clear that Alexa does not store personal information and users cannot renew their tax credits via the virtual assistant. Renewal can be effected though through smartphones using the HMRC app.

All

HMRC seeks more access to personal information

HMRC is seeking fairly unprecedented powers to obtain information about taxpayers without independent oversight from the tax tribunal. Plans set out in a consultation could allow HMRC to submit information requests to financial institutions, accountants, lawyers, estate agents and other third parties that hold information about taxpayers without first seeking approval from the tax tribunal. It is expected that information requests covering basic bank account information will become more frequent following the introduction of the Common Reporting Standard (CRS), through which overseas tax authorities will automatically receive data on taxpayers' UK accounts.

Employee / Business Owner

A four day working week?

A New Zealand company, Perpetual Guardian (which manages trusts and wills) trialled a four-day work week among 240 staff over March and April and the overwhelmingly positive results suggest it's something that companies the world over should be considering. 78% of employees felt they were able to successfully balance work and life – 24% more than said the same while working five days a week. There was a 7% drop in reported stress levels (from 45% to 38% post-trial), a 5% increase in life satisfaction and no drop in productivity, despite the reduced working hours.

All

World cup impact on the economy

England's run to the World Cup semi-finals saw the team do much better than expected. It was widely assumed that this will have helped the economy, as fans spent more. Whilst hot weather can sometimes encourage consumers to hit the high street, June's heatwave, combined with the World Cup actually kept consumers away, resulting in non-food retailers suffering from reduced footfall. Retailers in general have been under intense pressure over the past 18 months as squeezed consumers hold back on spending in the face of higher prices and sluggish wage growth.

Property Owner

Hope for leaseholders

The Law Commission has announced radical new proposals to provide a fairer deal for leasehold home owners in England as it says that the law is currently failing them. The Government is already consulting on banning the sale of homes on a leasehold basis after it emerged that leases are being sold on by developers to management companies who then charge home owners fees for simple things like changing a floor and put up charges on an ever higher sliding scale as well as asking extortionate amounts to sell the lease. Now the Law Commission says that there are a range of measures to help existing leasehold home owners buy the freehold of their houses and never face over the top charges again. These include options for changing the valuation formula to make it easier for home owners to buy the freehold and removing the requirement that leaseholders must have owned their house for two years before making a claim.

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If you have any questions related to this update or indeed anything else then please contact your adviser at Champain.

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