

**Money Advice Service and the co-ordination and provision of debt advice  
Response by the Building Societies Association**

1. The Building Societies Association (BSA) represents mutual lenders and deposit takers in the UK including all 47 UK building societies. Mutual lenders and deposit takers have total assets of over £375 billion and, together with their subsidiaries, hold residential mortgages of over £235 billion, 19% of the total outstanding in the UK. They hold more than £250 billion of retail deposits, accounting for 22% of all such deposits in the UK. Mutual deposit takers account for 34% of cash ISA balances. They employ approximately 50,000 full and part-time staff and operate through approximately 2,000 branches.
2. The BSA is broadly in favour of the proposal to explicitly capture the coordination of debt advice within the remit of the Money Advice Service (MAS). However, we have concerns with proposal for these services to also be provided by MAS.
3. We are concerned as to how provisioning and coordination will work in practice, particularly in relation to the interaction with existing free debt advice organisations, which have established and recognised services providing face to face and telephone based services to consumers requiring debt advice.
4. We are aware that MAS will shortly publish its Business Plan for 2013, which may well alleviate some of our concerns. In the meantime we would urge the Government to carefully consider how MAS will provide and coordinate the intended services. We are not convinced that they can do both, as this could lead to conflict between services provided by MAS and services coordinated by MAS and provided by others.
5. The funding of such services also needs to be made explicitly clear to firms. Firms already fund MAS via regulatory levies and many also support existing debt advice organisations via voluntary funding agreements. Firms need clarity as to the services they are paying for under their regulatory levy, as this may have an impact on voluntary funding arrangements. In times of stressed budgets for all, this is particularly important. We also believe it is important that firms are consulted on funding and spending plans to help ensure that MAS provides services which will work and benefit firms and consumers.
6. Furthermore, it is imperative that financial services organisations are not the sole funders of MAS. Public sector debt including Local Government debt and utilities also contribute significantly to a consumer's debt burden. The financial services sector should not be expected to fund the provision of debt advice in its entirety and it is currently unclear how MAS will be funded in this respect.
7. We would also urge caution in terms of marketing of MAS services in relation to debt advice, particularly as services already exist, which have a strong consumer brand and consumer awareness. We would see little merit in replicating these existing services. The BSA view is that it would be more cost effective to continue to fund and market existing services rather than attempt to establish a new brand.
8. The BSA and its members have been long time supporters of debt advice to consumers and recognise the importance of the availability of this advice. It is imperative that debt advice services continue to be made available at the point of need in a cost effective and efficient manner for lenders, Government and the tax payer.
9. Queries relating to this response should be directed to Victoria Barnard, Mortgage Policy Advisor. ([Victoria.barnard@bsa.org.uk](mailto:Victoria.barnard@bsa.org.uk) 0207 520 5922)