

Banks Instructed to Drop Staff Bonus Schemes That Instigate Mis-Selling

FSA unhappy with incentive schemes that leave consumers with inappropriate products. Banks and lenders have been advised to drop bonus schemes that could encourage employees to be driven by personal gain rather than their customer's needs.

LANCASHIRE, ENGLAND, January 30, 2013 **/24-7PressRelease/** -- In a move supported by a number of financial management companies, the Financial Services Authority (FSA) has published new guidelines warning of the effect that large bonuses and sales targets can have in deciding what is best for a customer.

The regulator said "disproportionate rewards for marginal sales" were likely to "significantly" increase the chance of mis-selling as staff would be incentivised to exaggerate a product's benefits and play down its shortcomings.

Scott Sheedy, managing director at Hardwick Financial Solutions (<http://www.hardwickmissoldmortgages.co.uk>), believes it was only a matter of time before bonus schemes were overhauled.

"Something had to be done to alleviate the pressure from banking hierarchy to sell as much as they can," said Mr Sheedy.

"The bank's bottom line simply cannot be allowed to take precedence over a customer's rights and needs. We have seen how much damage and distress mis-selling can cause customers by selling them the wrong products and we strongly support the FSA's new guidelines."

Martin Wheatley, the chief executive designate of the Financial Conduct Authority, which is due in April to take on the FSA's oversight powers, said the new guidelines marked a "key step" in avoiding future mis-selling scandals.

"When I speak to the bosses of banks they tell me they want to change, and this is good, but real cultural change will only happen if attitudes shift throughout an organisation -- from the CEO to the front line sales personnel," he said.

The FSA's announcement comes just weeks after the results of a survey compiled by Which? magazine that demonstrated how financial mis-selling is still rife in the UK banking industry.

Research released by the consumer watchdog uncovered high levels of mis-sold mortgages, loans, credit cards and insurance policies across major high street banks with 45 per cent of surveyed staff saying they felt they were "expected to sell regardless of the customer's benefit."

A spokesman from the British Bankers' Association said: "Selling products they do not need is not putting customers' interests first and is bad for the bank."

In recent years, UK banks have been hit by billions of pounds in claims as a result of mis-selling scandals, most notably that of payment protection insurance, and as a result have had to put aside more than GBP12bn to meet compensation claims.

ABOUT HARDWICK FINANCIAL

Hardwick Financial Solutions Ltd cater for clients with complex, historical cases and also help in claiming back money that is owed to them - which in many cases is news to the client themselves.

They act for clients who have been hampered by mortgage mis-selling and fight their corner so they receive what they are rightfully entitled to.

They have long been recognised as one of the leading Claims Management/Financial Solutions practices in the UK and are highly regarded for their depth of knowledge and breadth of experience.

Website: <http://www.hardwickmissoldmortgages.co.uk/>

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