Money Advice Service: independent review

Thank you for your letter of 15 July, in which you responded to my letter of 12 June about the review of the Money Advice Service.

As you know, the Committee’s Report on the MAS raised serious concerns about its ability to perform its functions, and made clear that we had given careful consideration to recommending the abolition of the MAS. The question of whether the MAS should continue to exist as a statutory organisation was the central question to be answered by the independent review that we recommended. I am therefore concerned that the current terms of reference do not provide for the independent reviewer to address it.

It was also concerning to note that the review will be able to consider the governance of the MAS only within the current statutory framework. The Treasury Committee recommended that the review “consider specifically whether the FCA needs additional statutory powers to hold the Money Advice Service to account—for example, whether the FCA should have powers to intervene on operational matters and whether it needs additional powers to scrutinise the Service’s budget.”

The review is therefore unlikely to be able to address and resolve the serious concerns that the Committee has about the Money Advice Service. These concerns are relevant in the light of your announcement today that the MAS may play a role in the delivery of the pensions guidance guarantee. Until the independent reviewer is able to consider carefully the key questions recommended by the Committee, we would have reservations about the MAS playing a significant part in such crucial work. It would therefore be helpful if you would set out the scope and limits of the role proposed for MAS and, in particular, what is meant by HM Treasury’s description of it as a “delivery partner”.

21 July 2014
I also urge you to allow the independent reviewer, once she has reported on the improvements that can be made without legislation, to continue her work in the new year by considering the appropriateness of the existing statutory framework for the MAS, including whether it should continue to exist as a statutory organisation.

I will be placing this letter, and your reply, in the public domain.

Yours sincerely,

ANDREW TYRIE
CHAIRMAN OF THE TREASURY COMMITTEE