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Retail investor rights boosted – Deal to reduce mis-selling of financial products to consumers

Consumers across Europe are set to become better informed about financial products on the market. A key information document (KID) standardised across the EU will explain to consumers in plain language the key features of investment products. This is the outcome of a deal reached between the European Parliament and EU governments.

Anne Fily, Legal and Economic Director of The European Consumer Organisation commented:

“Consumers cannot afford to make mistakes when investing their savings for retirement or their children’s studies. Too many people have lost their nest-egg as a result of inappropriate or perplexing products which are available but totally unsuitable for small investors.

“It is crucial that misleading layers on how much an investment really costs is lifted. Today’s deal foresees that both one-off and recurring costs such as commissions, transaction fees and management costs have to be disclosed upfront. This should make comparing products easier. This is a first step and we will closely monitor if this will materialise in practice to ensure banks and intermediaries do not find new loopholes to hide costs from their clients.

“The new disclosure and information rules apply to a broad range of products from investment funds to most life insurance policies. This is only sensible because otherwise consumers would be offered similar types of investment products with different disclosure rules. Incomprehensibly, due to last minute pressure from national governments individual pension schemes will not be included.”

Link to European Parliament’s [press release](#).

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