PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

FINANCIAL SERVICES AND MARKETS BILL

Ninth Sitting

Thursday 3 November 2022

(Morning)

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PBC (Bill 146) 2022 - 2023

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not later than

Monday 7 November 2022

The Committee consisted of the following Members:

Chairs: † Mr Virendra Sharma, Dame Maria Miller

† Bacon, Gareth *(Orpington)* (Con)
† Bailey, Shaun *(West Bromwich West)* (Con)
† Baldwin, Harriett *(West Worcestershire)* (Con)
† Davies, Gareth *(Grantham and Stamford)* (Con)
† Docherty-Hughes, Martin *(West Dunbartonshire)* (SNP)
† Eagle, Dame Angela *(Wallasey)* (Lab)
Grant, Peter *(Glenrothes)* (SNP)
† Griffith, Andrew *(Economic Secretary to the Treasury)*
† Hammond, Stephen *(Wimbledon)* (Con)
† Hardy, Emma *(Kingston upon Hull West and Hessle)* (Lab)
† Hart, Sally-Ann *(Hastings and Rye)* (Con)
† McDonagh, Siobhain *(Mitcham and Morden)* (Lab)
Mak, Alan *(Havant)* (Con)
† Morrissey, Joy *(Beaconsfield)* (Con)
† Siddiq, Tulip *(Hampstead and Kilburn)* (Lab)
† Tracey, Craig *(North Warwickshire)* (Con)
† Twist, Liz *(Blaydon)* (Lab)

Bradley Albrow, Simon Armitage, *Committee Clerks*

† attended the Committee

Public Bill Committee

Thursday 3 November 2022

(Morning)

[Mr Virendra Sharma *in the Chair*]

Financial Services and Markets Bill

11.30 am

New Clause 13

Chair of the Payment Systems Regulator as member of FCA Board

"(1) FSMA 2000 is amended as follows.

(2) In section 417(1) (definitions), at the appropriate place insert—

'"the Payment Systems Regulator" means the body established under section 40(1) of the Financial Services (Banking Reform) Act 2013;'.

(3) Schedule 1ZA (FCA: constitution etc) is amended as follows.

(4) In paragraph 2—

(a) in sub-paragraph (2), after paragraph (c) insert—

'(ca) the Chair of the Payment Systems Regulator,';

(b) in sub-paragraph (3), after '(c)' insert ', (ca)'.

(5) In paragraph 3—

(a) in sub-paragraph (6) after 'PRA' insert 'or of the Payment Systems Regulator';

(b) in sub-paragraph (7) for 'the Bank's Deputy Governor for prudential regulation' substitute 'a person holding an office mentioned in paragraph 2(2)(c) or (ca)'.

(6) In paragraph 5(a) for 'or (c)' substitute ', (c) or (ca)'.

(7) After paragraph 6 insert—

'6A (1) The Chair of the Payment Systems Regulator must not take part in any discussion by or decision of the FCA which relates to—

(a) the exercise of the FCA's functions in relation to a particular person, or

(b) a decision not to exercise those functions.

(2) Sub-paragraph (1) does not apply at any time when the person who is the Chair of the Payment Systems Regulator also holds the office mentioned in paragraph 2(2)(a).'"—*(Andrew Griffith.)*

This amendment provides for the Chair of the Payment Systems Regulator to be a member of the FCA's Board.

Brought up, read the First and Second time, and added to the Bill.

New Clause 14

Cryptoassets

"(1) FSMA 2000 is amended as follows.

(2) In section 21 (restrictions on financial promotion), in subsection (14) at end insert '(including where an asset, right or interest is, or comprises or represents, a cryptoasset)'.

(3) In section 22 (regulated activities), in subsection (4) at end insert '(including where an asset, right or interest is, or comprises or represents, a cryptoasset)'.

(4) In section 417 (definitions)—

(a) in subsection (1), insert at the appropriate place—

'"cryptoasset" means any cryptographically secured digital representation of value or contractual rights that—

(a) can be transferred, stored or traded electronically, and

(b) that uses technology supporting the recording or storage of data (which may include distributed ledger technology).';

(b) at end insert—

'(5) The Treasury may by regulations amend the definition of "cryptoasset" in subsection (1).'

(5) In section 429 (Parliamentary control of statutory instruments), in subsection (2) leave out 'or 333T' and insert ', 333T or 417(5)'."—*(Andrew Griffith.)*

This new clause amends the Financial Services and Markets Act 2000 to clarify that the powers relating to financial promotion and regulated activities can be relied on to regulate cryptoassets and activities relating to cryptoassets. Cryptoasset is also defined, with a power to amend the definition.

Brought up, read the First and Second time, and added to the Bill.

New Clause 1

Regulation of buy-now-pay-later firms

"(1) Within 28 days of the passing of this Act, the Secretary of State must by regulations make provision for—

(a) buy-now-pay-later credit services, and

(b) other lending services that have non-interest-bearing elements to be regulated by the FCA.

(2) These regulations must include measures which—

(a) ensure all individuals accessing services mentioned in sub-section (1) have access to the Financial Services Ombudsman,

(b) ensure that individuals applying for services mentioned in sub-section (1) are subject to credit checks prior to the service being approved, and

(c) ensure that individuals accessing services mentioned in paragraph (1) are protected by Section 75 of the Consumer Credit Act."—*(Emma Hardy.)*

This new clause would bring the non-interest-bearing elements of bring buy-now-pay-later lending and similar services under the regulatory ambit of the FCA, as proposed by the Government consultation carried out in 2022.

Brought up, and read the First time.

Emma Hardy (Kingston upon Hull West and Hessle) (Lab): I beg to move, That the clause be read a Second time.

I wish to say from the beginning that I will push the new clause to a vote. I move the new clause in the name of my hon. Friend the Member for Walthamstow (Stella Creasy). As we heard in evidence, buy now, pay later companies offer consumers the opportunity to spread payments, but they remain unregulated. They represent a large, growing and unregulated form of debt, the growth of which was fast-tracked during the pandemic. Because the loans are initially interest free, consumers lack the key consumer credit protections they receive with other products, which potentially puts them at risk.

We know that buy now, pay later products drive people to spend more money because the providers tell us so. That risks pushing people to spend money that they do not have, without adequate protection against mis-selling. In the cost of living crisis, millions more consumers have turned to this form of credit to make ends meet. As with all forms of high-cost credit, regulation is critical to ensuring that buy now, pay later can be a constructive way for consumers to manage their financial situations.

Labour put forward a proposal to that effect in 2020, which the Government voted down. In 2021, the Financial Conduct Authority called for regulation, and the Government did a U-turn. Now, over two years later, consumers are still waiting for those vital protections, but there is little sign that the Government recognise the urgency to act. In the meantime, the industry has rapidly expanded, so the risks to consumers have grown, which has further increased the need to intervene.

In 2021, Citizens Advice reported that 41% of buy now, pay later users had struggled to make a repayment. One in 10 have been chased by debt collectors, rising to one in eight among young people. Some 25% have fallen behind on another household bill in order to pay a buy now, pay later bill. Those effects of this form of credit were echoed in research by StepChange. Its data shows that 40% of buy now, pay later customers took negative coping actions to cover the debt that they had accrued through this service, including using credit to repay credit, falling behind on housing payments or utility bills, asking family or friends for help, and cutting back to the point of hardship. The figure is 40% for buy now, pay later and 21% for users of other forms of credit.

With Christmas approaching, it is likely that more consumers will be driven to use buy now, pay later and risk unaffordable debt. Equifax data from Christmas 2021 showed that 9% of Christmas shoppers in 2020 used buy now, pay later to spread the cost of presents, and that a quarter of all 18 to 34-year-olds plan to use buy now, pay later to buy presents this Christmas. Last year, one in five people using buy now, pay later said that they felt pressure to buy presents for family and friends, and roughly a quarter—27%—said that they would struggle to afford Christmas without its help. These trends are only likely to increase. The Equifax data shows that two in five users report missing at least one payment in the past, and half of them say that they have been hit with extra fees as a result.

New clause 1 therefore requires that urgent action be taken now to ensure that consumers are protected against being sold unaffordable debt by these companies. It would ensure that some key protections form part of the regulation. That includes ensuring that buy now, pay later users have access to the Financial Ombudsman Service, that there are credit checks before use, and that users are protected by section 75 of the Consumer Credit Act 1974. Those changes would bring buy now, pay later products into line with other forms of credit and ensure that our consumer credit landscape could not be pulled apart by other forms of credit demanding bespoke arrangements.

Dame Angela Eagle (Wallasey) (Lab): I add my voice to those supporting new clause 1. I commend my hon. Friend the Member for Kingston upon Hull West and Hessle for her speech on this very important issue and my hon. Friend the Member for Walthamstow, who has long campaigned to bring buy now, pay later credit companies into some form of regulation. Obviously, their emergence has been assisted by the shift to online shopping, which we all have experienced and which was turbocharged during the lockdowns.

The consumer credit legislation that protects customers from taking on unaffordable levels of debt and paying over the odds for credit, in a way that is often quite opaque, did not anticipate the existence of online shopping or the explosion in the kind of credit that is now easily available to those who roam the internet or look at TikTok and see lovely things that are just within reach. I speak as someone who has been around for quite a while and whose parents used to put money away in shops so that they could afford Christmas presents, before consumer credit exploded in the way that it did. The Consumer Credit Act tried to make that fair and to regulate it. This is another switch in velocity, capacity and the availability of things, and it is very difficult to discern what the price is when you take something out.

We are now in an instant gratification culture, rather than the place where we said, "Put money away months before and hope you can afford to get the Christmas presents you want for your kids." It is now a case of instantaneous availability—literally a click on a website. Klarna and various other of the buy now, pay later organisations are everywhere that it is possible to spend money. It is very difficult to imagine how that might be adding up—what the price of it actually is—when a person is in the middle of a purchase, particularly a younger person who is used to that kind of instant availability. It is very difficult for anyone to argue sensibly that the people who are clicking and making those purchases have a good idea of the price of the credit and the burden of the repayments they are taking on.

New clause 1 seeks to bring the new fintech ways of getting access to consumer credit—if I can put it that way—within the existing consumer protections in the Consumer Credit Act 1974, which admittedly is now pretty long in the tooth. Clearly, it is important for those to whom we give the job of protecting consumers to think in detail about how that can best be done, but it is pretty difficult to argue that we should allow the current circumstances to persist. I am interested to hear what the Minister has to say about that.

It is important that people have time to think about what they are doing and that the pricing of credit is obvious at the time of the click, so that people can make genuine decisions and not feel that they have been conned, that the price is wrong or that they have got themselves into a vortex of increasing costs that were not in front of them at the time. The consequences of allowing an entire generation to have access to that kind of consumer credit without protections are too dire to contemplate.

I hope the fact that this Parliament has always put consumer protection at the heart of what it does and legislated for that purpose will prevail, and that the Minister will think about how we can sensibly and quickly bring this part of the growth industry of credit, including consumer credit, into the protected space.

Harriett Baldwin (West Worcestershire) (Con): Thank you, Mr Sharma, for allowing me to contribute to the debate on new clause 1. My colleagues on the Treasury Committee have raised a very interesting and topical subject for us to debate regarding the best way forward.

[Harriett Baldwin]

I must declare an interest, as someone who has bought things on the internet and has used this convenient way of paying for them. Clearly, when we have the FCA in front of us, we need to ask how it is approaching regulation in what has been an area of innovation, where fintech has really come to the fore.

It will be very interesting to hear the Minister's reply to the points that have been raised, and what he sees as the best way forward. That innovation is supporting our retail sector, but at the same time, consumers deserve to know what they are getting into and to have good information when they make decisions. I look forward to hearing the Minister's comments.

Siobhain McDonagh (Mitcham and Morden) (Lab): I, too, support new clause 1, not because I wish to stop buy now, pay later as a form of credit or to restrict people's choice, but because I want people to fully understand what they are getting into before they do it. I did not understand what Klarna was. I like the Space NK website as much as the next woman who likes to spend too much money on skin products, but I could not quite understand why all of a sudden, about two years ago, Klarna was mentioned as a means of buying now and paying later. I thought, "How terrifying. If you cannot pay that ridiculous price this month, how are you going to pay that ridiculous price next month?".

My hon. Friend the Member for Walthamstow has done some brilliant work on this issue. Buy now, pay later is the form of credit for the under-30s. They use it more than store cards or credit cards. It is often used on clothing websites, primarily by young women who buy different sizes to see which dress they actually want.

11.45 am

We know that we have hit financially difficult times for young people. They need to be fully aware of the situation. The idea that people have started to use buy now, pay later to pay food bills is absolutely chilling. This cannot be an unregulated a form of credit, just because it is new or because it does not really impact on older people or people likely to be Members of this House.

Martin Docherty-Hughes (West Dunbartonshire) (SNP): I rise to support the new clause moved by the hon. Member for Kingston upon Hull West and Hessle.

Some things do not change. The technology might, but the need for continuation of consumer protection does not. I heard Members talk about parents using buy now, pay later. I remember buying a sideboard with my sister in the '80s using the old-fashioned financial system of paying money every week—that took a long time to pay back. That reality does not change, and this form of credit is now happening with single items, whether they be trousers or shoes, or make-up, which raises a whole range of diverse issues. We cannot lose sight of the fact that most people who might utilise the service in my constituency might not know that they do not have the appropriate consumer protections. The SNP will support the new clause if it is pushed to a vote.

Tulip Siddiq (Hampstead and Kilburn) (Lab): It is a pleasure to serve under your chairmanship again, Mr Sharma. I start by paying tribute to my hon. Friend the Member for Walthamstow, as others have done, for tabling the new clause and for her relentless work in the House to highlight the risks that unsecured credit poses to the most vulnerable in society, including many of my constituents in Kilburn. I also pay tribute to her successful campaign for better regulation of payday loans and companies. I am sure everyone has heard her speak on that campaign in the Chamber at some point.

As my hon. Friend the Member for Kingston upon Hull and Hessle said, we are disappointed that the Bill has failed to address buy now, pay later regulation. For years, the Government have promised to regulate the sector, but have not done so, which has left millions of consumers without protection. I recognise that many of my constituents, particularly the young, value buy now, pay later products, because they allow people to pay for expensive products over time. However, the products can also result in debt building up quickly and easily. That is why it is so important that the sector is properly regulated, as my hon. Friend the Member for Mitcham and Morden outlined.

An investigation by the FCA, the Woolard review, which reported in February last year, found that many consumers simply do not know that buy now, pay later products are a form of credit, which means that some people do not consider the risks associated with taking out such products and may not look at the products as carefully as they might have done otherwise. That should be deeply concerning to all of us here, and it has left the most vulnerable, financially excluded people at risk of getting trapped in a cycle of debt. The review made it clear that there is an urgent need to regulate all buy now, pay later products.

We are almost two years on from the review and nothing has been done—no action has been taken. The Government's consultation concluded in June, and this Bill was the perfect opportunity to bring forward provisions to regulate the sector. Will the Minister explain why the Government have chosen not to do so? It is not just consumers who are in desperate need of regulation. As shadow City Minister, I have engaged with the main players in the buy now, pay later sector in recent months. They too have called on the Government for proper regulation to provide certainty for businesses and to keep bad actors out of the market. I hope the Minister will explain why his Government have chosen to leave consumers unprotected and have ignored calls from the sector by failing to include this regulation in the Bill today.

The Economic Secretary to the Treasury (Andrew Griffith): It is a pleasure to serve under your chairmanship, Mr Sharma. It is always a pleasure to follow the hon. Member for Hampstead and Kilburn. I would like to add my recognition for what the hon. Member for Walthamstow has achieved, particularly when it comes to payday loans.

The debate on this clause is not about the ends. Rather, it is about the means and the best way of proceeding from here to an end that, as we heard from my hon. Friend the Member for West Worcestershire, is common to both sides of the Committee. However, there is a difference. The Government will not be supporting this amendment. I want to make it clear that we are trying to find the best path on which to proceed, and we are trying to get this important area right.

The amendment would require the Treasury to make regulations to bring buy now, pay later products into regulation within 28 days of the Bill's passage. I contend that that would be breakneck speed. I hear and understand the frustration of colleagues that the legislation has taken a certain amount of time to mature, but it is also an innovative product and something that provides real utility to millions of people. It is important that we get this right.

The challenge for us in bringing forward appropriate regulations in this domain is that we must ensure we give no succour to the greater evil of informal or illegal credit. As we look to regulate the credit market, we have to acknowledge that what we do not regulate creates a floor, beneath which nefarious providers operate—for example, those whom the hon. Member for Walthamstow has been vigilant in cracking down on.

I understand the desire to move at pace, but I do not accept that nothing has happened. The FCA has significantly moved the dial on this, although there is more to do. It is our contention that we should do it in a thoughtful way and by consulting with the sector, which is supportive of endeavours to bring forward the right amount of legislation.

We also acknowledge that to many people credit can be a valued lifeline. Like the hon. Member for West Dunbartonshire, I remember being sent to do the weekly grocery shop, and that shop provided credit of a buy now, pay later form. As a growing family, and particularly at certain moments of the year, we had a more-than-average amount of groceries. It was a real lifeline. It was a way to spread the cost in a measured way. We should recognise that we must be very careful of the unintended consequences.

Dame Angela Eagle: I am glad to hear that the Minister was helpful to his mother when growing up by doing the grocery shop. He has just made a subtle point about unintended consequences of unregulated lenders—nefarious was the word he used. We would all associate ourselves with that. I wonder if the Minister would talk about speed, given that he does not agree with a month. When does he expect this process to bring forward the wherewithal to incorporate this kind of lending into regulation? Is it his view that the price and consequences of the interest rates that are attached to lending like this should be presented far more upfront when it comes to the button being clicked?

Andrew Griffith: I will address both of those points. In terms of timing, the Government published, as the hon. Member knows, a consultation on the proposed approach to regulation in October 2021; I acknowledge that was some time ago. The response to that consultation was published in June 2022. The Government are now developing the necessary legislation and intend to consult on that draft legislation soon. The Government aim to lay secondary legislation in mid-2023.

The hon. Member talks about price, and I will defer to her expertise if this is the case, but my understanding is that the category that is defined as "buy now, pay later" is required to be credit-provided for no more than 12 months, in no more than 12 instalments, and interest free. So although I am an addict for data, and I believe that transparency is—in most markets—the best oxygen, in this case it is clear and established that this product category is not allowed to charge interest. That does not mean that it does not have charges; there is hidden small print, and I understand and support the need for that.

Dame Angela Eagle: I accept what the Minister has said, but the price here is not an interest rate, it is actually what happens if one does not make the payments. It is the consequences of falling behind that are the issue rather than an interest rate.

Andrew Griffith: I think that the hon. Member and I are at common cause in terms of what we are talking about. To make a wider point, I think we would all understand and aspire to a culture that was "save first, and buy later". What we are talking about are societal changes. We live in a society where too many people have early recourse to debt and where we perhaps do not have the level of financial education that we would like. That is something that I discussed yesterday with the Money and Pensions Service.

There is a great deal more work to do. I would like to champion that in my relatively new ministerial role. Although it is important that we regulate, and although we have to recognise that, however much we try to work upstream, there will be people who are exploited or simply vulnerable, or who are not operating on the sort of level of financial resilience that they should be. I know the Treasury Committee spends a great deal of time on that; it is a concern to me and the ministerial team in the Treasury. That is an area that we can collaborate and work on; it need not be something that we divide over. That is particularly pertinent to younger people.

As well as committing to move forward with regulation, we commit to do so in a measured way, in the right way and at the right time. That also brings into consideration wider initiatives about financial education in general.

Emma Hardy: I want to press the new clause to a vote.

Question put, That the clause be read a Second time.

The Committee divided: Ayes 6, Noes 8.

Division No. 6]

AYES

Docherty-Hughes, Martin
Eagle, Dame Angela
Hardy, Emma
McDonagh, Siobhain
Siddiq, Tulip
Twist, Liz

NOES

Bacon, Gareth
Bailey, Shaun
Davies, Gareth
Griffith, Andrew
Hammond, Stephen
Hart, Sally-Ann
Morrissey, Joy
Tracey, Craig

Question accordingly negatived.

New Clause 4

LOCAL COMMUNITY ACCESS TO ESSENTIAL IN-PERSON BANKING SERVICES

"(1) The Treasury and the FCA must jointly undertake a review of the state of access to essential in-person banking services for local communities in the United Kingdom, and jointly prepare a report on the outcome of the review.

(2) "Essential in-person banking services" include services which are delivered face-to-face and which local communities require regular access to. These may include services provided in banks, banking hubs, or other service models.

(3) The report mentioned in subsection (1) must be laid before the House of Commons as soon as practicable after the review has been undertaken.

(4) The report mentioned in subsection (1) must propose a minimum level of access to essential in-person banking services which must be provided by banks and building societies in applicable local authority areas in the United Kingdom, for the purpose of ensuring local communities have adequate access to essential in-person banking services.

(5) The applicable local authority areas mentioned in subsection (4) are local authority areas in which, in the opinion of the FCA, local communities have a particular need for the provision of essential in-person banking services.

(6) In any applicable local authority area which, according to the results of the review undertaken under subsection (1) falls below the minimum level of access mentioned in subsection (4), the FCA may give directions for the purpose of ensuring essential in-person banking services meet the minimum level of access required by subsection (4).

(7) A direction under subsection (6) may require a minimum level of provision of essential in-person banking services through mandating, for example—

(a) a specified number of essential in-person banking services within a geographical area, or

(b) essential in-person banking services to operate specific opening hours."—*(Tulip Siddiq.)*

This new clause would require the Treasury and FCA to conduct and publish a review of community need for, and access to, essential in-person banking services, and enable the FCA to ensure areas in need of essential in-person banking service have a minimum level of access to such services.

Brought up, and read the First time.

12 noon

Tulip Siddiq: I beg to move, That the clause be read a Second time.

The Chair: With this, it will be convenient to discuss new clause 5—*Essential banking services access policy statement*—

"(1) The Treasury must lay before the House of Commons an essential banking services access policy statement within six months of the passing of this Act.

(2) An 'essential banking services access policy statement' is a statement of the policies of His Majesty's Government in relation to the provision of adequate levels of access to essential in-person banking services in the United Kingdom.

(3) 'Essential in-person banking services' include services which are delivered face-to-face, and may include those provided in banks, banking hubs, or other service models.

(4) The policies mentioned in sub-section (2) may include those which relate to—

(a) ensuring adequate availability of essential in-person banking services;

(b) ensuring adequate provision of support for online banking training and internet access, for the purposes of ensuring access to online banking; and

(c) expectations of maximum geographical distances service users should be expected to travel to access essential in-person banking services in rural areas.

(5) The FCA must have regard to the essential banking services access policy statement when fulfilling its functions."

This new clause would require the Treasury to publish a policy statement setting out its policies in relation to the provision of essential in-person banking services, including policies relating to availability of essential in-person banking services, support for online banking, and maximum distances people can expect to travel to access services.

Tulip Siddiq: I would like to say from the outset that I will push new clauses 4 and 5 to the vote.

New clause 4 would require the Treasury and the FCA to conduct and publish a review of the community need for, and access to, essential in-person banking services, and enable the FCA to ensure that areas in need of such services receive them, and to make sure that banking services have a minimum level of access.

New clause 5 would require the Treasury to publish a policy statement setting out its policies in relation to the provision of essential in-person banking services, including policies relating to availability of such services, support for online banking and maximum distances that people can expect to travel to access banking services.

Of course Labour welcomes the fact that, after years and years, we finally have a Bill that introduces protection for access to cash. However, the Bill has some serious gaps that we are concerned about. We have already debated in a previous sitting the Government's failure to guarantee free access to cash, but this Bill also does nothing to protect essential face-to-face banking services, which the most vulnerable people in our society depend on for financial advice and support.

Analysis published by the consumer group Which? found that almost half the UK's bank branches have closed since 2015. That has cut off countless people from essential services. In its written evidence to us, Age UK called for the Bill to be amended to protect the in-person services that older people rely on, such as the facility to open a new account or apply for a loan, to ensure that banking services can meet their needs.

However, it is not just older people who struggle without support. Natalie Ceeney, chair of the Cash Action Group, who many Committee members will know, warned us at our evidence session of the significant overlap between those who rely on access to cash—around 10 million British adults—and those who need face-to-face support. She said that

"every time I meet a community, the debate goes very quickly from cash to banking. It all merges. The reason is we are talking about the same population."—[*Official Report, Financial Services and Markets Public Bill Committee,* 19 October 2022; c. 49, Q98.]

She is completely right: it is the most vulnerable, the poorer people in society and the older members of society, who depend on that extra face-to-face help, for instance in making or receiving payments, or dealing with a standing order. These are the people who will be left behind if this question about banking is left completely unaddressed. Nor should we forget those without the digital skills needed to bank online, people in rural areas with poor internet connection, or the growing number who cannot afford to pay for data or wi-fi as the cost of living crisis deepens.

As the FCA warned in its written evidence to us, the powers granted to the regulator by this Bill do not extend to the provision of wider banking services beyond cash access. That is why I hope the Minister will today commit to supporting new clauses 4 and 5, which will give the FCA the powers it needs to protect essential in-person banking services.

Just to be clear, Labour is not calling for banks to be prevented from closing branches that are no longer needed—far from it. Access to face-to-face services could be delivered through a shared banking hub or other models of community provision. We also recognise that banking systems will inevitably continue to innovate, which is a good thing. Online banking is a far more convenient way for people to make payments and manage their finances. However, we must ensure—indeed, as constituency MPs we have a duty to ensure—that the digital revolution does not further deepen financial exclusion in this country.

That would require protecting face-to-face services and putting in place a proper strategy for digital exclusion and inclusion. Banking hubs or other models of community provision must be part of that solution. These spaces have the potential to tackle digital exclusion through their dedicated staff, who can teach people how to bank online and provide internet access for those without it. I was delighted to hear this week's announcement from the Cash Action Group that the sector will be launching additional banking hubs on a voluntary basis, but if we want to ensure that no one is left behind—the most vulnerable in our society—these services must be protected by legislation. I ask the Minister to support these two new clauses.

Siobhain McDonagh: I rise to support new clauses 4 and 5, which we know are supported by our constituents. No matter what kind of constituency we represent, whether it is wealthy, rural or urban, people are desperate for face-to-face services. Recently, in Mitcham town centre, Barclays and Halifax have closed. I stood outside both branches for a week during their opening hours, asking customers why they wanted face-to-face services and if they used online banking. In both cases, about 50% of customers had no access to online services, either because they did not know how to access them or were too frightened to use them because they were concerned about being scammed. That is an enormous concern, but it is completely rational and understandable, when we consider how many people are scammed.

This is about those quintessentially un-financial market issues of community and human contact. The closure of our banks and building societies is symptomatic of so much more—of our town centres being destroyed, of people feeling excluded from progress and the new society, and even of their feelings of loneliness. I am not suggesting that it is the banks' job to resolve issues of loneliness, but we can talk about these issues as much as we like; people crave human contact to give them the confidence to use financial services and their bank accounts.

The branch staff do an enormous amount for our communities by protecting some of our most vulnerable constituents from doing things they really should not do, such as giving their life savings to people who they have never met who have offered to marry them. So much goes on in our banks and building societies, but it is only through the closure of banks in my town centre that I have understood what is really happening. Banks are retreating from branches on the high street but also from phone services. The number of banks that will allow people to do things by phone is reducing. Anyone here who has tried to contact their bank by phone knows that unless they have a significant amount of credit on their phone, they will not get through any time soon.

Emma Hardy: I thank my hon. Friend for the incredible speech that she is making. Looking at the Royal National Institute of Blind People briefing, does she agree how important it is for visually impaired or blind people to be able to access telephone and face-to-face banking services?

Siobhain McDonagh: Absolutely. As always, I agree with my hon. Friend. I think we will see an even greater explosion of financial fraud if there is an ever-quickening closure of branches in our town centres, and even more reductions in the ability to access services by phone. Unless there is regulation, we can appeal to the best motives of banks and building societies, but I understand that they are challenged. They have new competitors that do not have the infrastructure of the branches or staff. They are doing everything online, but they are doing it for a particular segment of society that does not, and will not, include everybody. We really have to grapple with that.

The work by the CASH Coalition has been excellent, but unless there is pressure from regulation, that will not happen. The idea that we all have to wait for the last bank in our town centre to close before we can even start thinking about a banking hub is as good as useless. I am only saying things that every member of the Committee knows, and that we know the consequences of. We have an opportunity today to do something about it on behalf of our most vulnerable constituents.

Dame Angela Eagle: It is a pleasure to follow the powerful speeches of my hon. Friends the Members for Hampstead and Kilburn and for Mitcham and Morden on this important issue. It is not an issue that affects most people, who have been able to make the switch to online banking and find it more convenient—although it has to be said that there is an increasing level of worry about online banking services because of the increasing prevalence of fraud and scams. We dealt with that in earlier parts of the Bill, but we touched only the very edge of it, as the tide of the problem rises. I am sure that we will come back to the issue many times in future Bills.

A significant number of our constituents cannot participate, for whatever reason, in the IT and tech changes that have made banking available on our phones and computer screens, and that allow us to chat to various bots that put us through to the places where we need to go. I do not know whether the Minister has had occasion to phone a bank recently or, to be honest, any other service after the pandemic, but it is one of the most frustrating things that anyone has to do. It seems there is only one phone line for all the telephone access points. One has to hang on listening to appalling music for hours on end.

Siobhain McDonagh: That should be against the law.

Emma Hardy: Outlaw that!

Dame Angela Eagle: We will have to come in a Digital, Culture, Media and Sport Bill to outlawing the appalling music that one has to listen to when trying to access any kind of service, private or public, by phone. We have to remember that many people cannot hang on the phone forever. They cannot afford to, and they are the people who tend to need the most help. They may have pay-as-you-go phones that run out quite rapidly.

[Dame Angela Eagle]

They may be unable to afford to hang on at the whim of an artificial intelligence bot, or the fewer and fewer actual human beings at the other end. They cannot access even ordinary banking in the way that the majority of people do. As I have said, that can be for a number of reasons. All Members present may get to a stage in our lives when we cannot either, and when we cannot remember our PIN numbers.

Siobhain McDonagh: It has arrived!

Dame Angela Eagle: We already have trouble with our PIN numbers, but many people's memories fail as they get older, or they may be in the early stages of Alzheimer's or other dementias. They cannot remember things, they cannot deal with the security issues that are required to make banking in this way safe, and they cannot go and ask somebody to help them.

Emma Hardy: On that point, will my hon. Friend flag to the Minister that, if a bank machine does not have buttons and is just a touch screen, it is very difficult for blind and partially sighted people to know where the numbers are, so as to put their PIN in correctly? That is another reason why face-to-face banking is so important.

12.15 pm

Dame Angela Eagle: My hon. Friend makes an extremely good point: tech developments sometimes leave people behind. That is not usually deliberate; sometimes it is thoughtless. However, we in Parliament must ensure that all citizens in this country are able to participate in what is, increasingly, effectively a utility, even though it is not in public hands—I make no comment one way or the other about that. Being unable to access banking services for whatever reason is a real disadvantage, whatever an individual's age or time of life.

That is a primary reason why we must ensure that what the market cannot provide, regulation provides. I am interested in what the Minister has to say about that. This issue will get bigger as more and more services go online. Regulation cannot happen merely at the end of a process, when access has completely disappeared. Even in some places where bank offices still exist, not everybody can access them. As a Parliament, we are people who point our regulators in particular directions to deal with emerging issues, and this is an important one. I look forward to what the Minister has to say.

Stephen Hammond (Wimbledon) (Con): It is a pleasure to serve under your chairmanship, Mr Sharma. I will make a short speech. It is more of a speech of curiosity. I listened very carefully to my next-door neighbour, the hon. Member for Mitcham and Morden, who said what most members of the Committee would probably say. She will know as well as I do that everybody looks at my constituency and thinks "leafy Wimbledon suburbia". But she will also know that parts of south Wimbledon, of Raynes Park and of Morden town centre, which we share, have exactly the problems that she spoke about.

I may have misheard the hon. Lady, but she said that she did not wish to compel banks to stay open, or did not think that we necessarily could do so, and she spoke therefore about the establishment of banking hubs. What I am curious about is how banking hubs would be established. Are we saying that, as part of getting or maintaining a banking licence, there should be a contribution to a social fund, so that banking hubs can be established around the country? Are we saying that that levy should be extended, particularly because some of the harm that we are talking about is the rise of online banking? Should online banks make a contribution to the cost of those banking hubs? Or are we saying—I think it was said that the hubs should be inside local authority areas—that local authorities should offer them, for instance in town centres?

That is a genuine point of curiosity. As in previous discussions with the hon. Members for Kingston upon Hull West and Hessle, for Wallasey, and for Mitcham and Morden—my next-door neighbour—there is huge sympathy for ensuring that our constituents, including vulnerable constituents, have access to banking services. But we need to more tightly define the practicality of how we ensure that they have that access.

Siobhain McDonagh: I am completely open-minded about how the hubs are paid for, but they have to be paid for from the banking sector itself. I would not wish to put the responsibility on already overstretched local authorities. Many high street banks have had decades of loyal support from these customers, and they cannot just walk away from that responsibility and ignore them. They have been good, loyal customers. There should be a banking hub, but not at the point that the last bank closes. We need to have a view towards what happens in the future. There can be collaboration about sites, but there needs to be access to those services.

Stephen Hammond: That is extremely helpful in setting out the thought processes behind the new clause. One of the issues that the hon. Member for Hampstead and Kilburn might wish to clarify is that, if the hon. Member for Mitcham and Morden is correct, the new clause has to contain the stipulation that to get a banking licence in the United Kingdom, one needs to pay a certain amount of social levy so that banking hubs can be established. For me, that is the issue with the clause. I therefore suggest that the hon. Member for Hampstead and Kilburn might want to take it away and bring it back on Report, or have a discussion with the Minister about exactly how the levy that the hon. Member for Mitcham and Morden is effectively talking about is to be established. This new clause does not make that clear, and therefore, frankly, the practicality of the new clause—notwithstanding that we all agree with its intent—is clearly flawed.

Andrew Griffith: I once again note the strength of feeling on both sides of the Committee. The hon. Member for Mitcham and Morden has spoken in a number of debates on clauses of the Bill about the importance of bank branches to our constituencies and local communities. When I visit her constituency to see the opening of the new cash machine, perhaps I will be able to review the provision for myself.

Dame Angela Eagle: In the hub! *[Laughter.]*

Andrew Griffith: The Government do not support the new clause, but if I may make eyes at the Opposition, I would be very open to accepting an amendment about appalling hold music, as suggested by the hon. Member for Wallasey. That is something to look forward to—I am not sure I should say that in front of my Whip, but one has immense sympathy with the point made.

There are very real issues here, which no one disputes. I am familiar with the sobering challenges that the hon. Member for Wallasey talked about. I know from my meetings with charities that one in three of us will end up with dementia. The RNIB has done fantastic work for those with impaired sight or sight loss, and Age UK does lots of great work in our constituencies—very practical work, as well as raising these issues. I am very open to meeting representatives of all three organisations, so I am happy to give that commitment: they are on my long list of people to meet in this role.

Notwithstanding the wider debate about the role of statute in protecting bank branches from closure, I am keen that we harness the positive uses of technology to try to solve problems. We know that voice recognition can help people who are partially sighted, and the internet now has a great deal more regulation—every website now has accessibility options for people with sight issues—so there are things we can do to close that delta. The point about the importance of the consumer voice is also very well made and understood. It is very important that we make sure there is the right level of consumer representation and consumer voice across our entire financial regulatory system, rather than its representatives solely being producers or practitioners.

Emma Hardy: This might not be strictly within the scope of the new clause, but will the Minister take away the point about the problems with touchpads when people pay for things in shops? With flat surfaces, it is incredibly difficult for visually impaired and partially sighted people to know which buttons they are pressing when entering their PIN number. It is one of those cases where, as the Minister has said, technology advances and does not mean to discriminate against people, but it is causing difficulties.

Andrew Griffith: I do understand that point, and I will take it away. We are all challenged by the wonderful two-factor authentication that even the parliamentary authorities require of us as we log in, and I understand that as we move from analogue to digital, some really important protections are sometimes lost.

The availability of alternative channels by which customers can access their banking means that this issue is quite distinct from access to cash. We have talked about access to cash, and we understand the significant steps forward presented in the Bill and the new duty on the FCA. That is very positive. Where a branch is the only source of cash access services, the closure of that branch will be within the scope of the powers, which starts to address the issue of branch closure. We are giving the FCA powers to do its job. As we know, the purpose of the Bill is to give the FCA powers, not for Parliament to be overly prescriptive. In that circumstance, the FCA could delay the closure until some other reasonable provision for access to cash applied.

Tulip Siddiq: The Minister mentions the FCA, and I also want to take the chance to respond to the earlier comments by the hon. Member for Wimbledon. I am not endorsing a specific model—this is something to consider—but the proposed banking hub could work in exactly the same way as the current banking hub model, which is funded by the sector and regulated by the FCA, which also ensures that sites provide in-person services as well. If the Minister is willing to talk further on the provisions in the new clause—the hon. Member for Wimbledon was generous in suggesting that he would do so—I would be happy to explore banking hub models with him.

Andrew Griffith: There is a great deal of good evolution. I suspect that members on both sides of the Committee would say that it has come quite late in the process, but nevertheless there has been evolution in the banking hub solution—that dynamic, sector-led initiative—as well as the work of the Post Office, which offers in-person facilities for a wide range of, if not all, transactions. There may be a gradient of availability, but post offices that offer a certain range of services to deal with the most common and frequently made transactions are almost ubiquitous. The need to travel for more complex needs would not be an unsurprising feature in this market.

I welcome the initiatives developed by the Cash Action Group, Natalie Ceeney and UK Finance, and implemented by LINK, which are making the local assessments to determine where shared solutions are most appropriate. The industry has committed to shared bank hubs in 29 locations across the UK. Yesterday, it committed to a further four, in Luton, Surrey, Prestatyn, and Welling in south-east London. There is a good rate of change coming now, albeit from a low base.

The Government's perspective is that while many people need and prefer to use in-person banking services, at this time it would not be proportionate to legislate to intervene in the market. Instead, we want to see the impact of closures understood, considered and mitigated wherever possible by the array of initiatives that have been put forward. I will continue to work with the sector, the FCA and other stakeholders from both sides—I mentioned some earlier—on this important issue.

Dame Angela Eagle: Will the Minister give way?

Andrew Griffith: I am about to conclude, but I will give way.

Dame Angela Eagle: The Minister says that it is not enough of a problem at the moment to legislate. Why might that be the case? This is not going to become less of an issue. As more people get to the stage where they cannot access services, I suspect it will get worse rather than better. Could he give the Committee an idea of his thinking about how bad the situation would have to get before regulation would be appropriate? We must make certain that we do not leave millions of people behind and shut them out of access to necessary banking services.

Andrew Griffith: While taking nothing away from the hon. Member's view, and indeed her experience in this space, I do not entirely share her pessimism that it is a one-way street and that the problem will only get worse. Solutions will be deployed. The rate at which banking

[Andrew Griffith]

hubs can be deployed, the sorts of services that people use, and technology will all evolve. I talked earlier, as she did, about some of the challenges of an ageing society in which loneliness is prevalent, both in urban and rural areas. There are initiatives, both community-led and technological, to help with some of that. We do not decry in any way the statement that there is a problem. I do not think that Members have heard that from me, or from any Government Members. The aim is to proceed in a proportionate manner.

12.30 pm

Martin Docherty-Hughes: The Minister talks about how he wants the impact of closures to be understood in the decision-making process. Understood by whom? The banks are telling us why they want to close their branches: they are saving money. The FCA is saying, "The banks are closing their branches to save money." Our constituents know what it means to lose a bank branch. There is nothing new here. We understand why banks are closing their branches: they want to save cash. They do not want to continue a local service for our constituents, so what does the Minister mean by "understood"? Understood by whom—the banks, the FCA or our constituents?

Andrew Griffith: Ultimately, the banks are downstream of the widespread issue that is the change in consumer behaviour. We have heard both in evidence and in comments made in Committee that 86% of transactions are now digital. The use case of going to a bank branch has evolved rapidly in my lifetime and the lifetime of all Committee members. That is the ultimate macro issue that we are dealing with. Is that issue understood? I think it is.

Solutions could be brought to the table, in terms of both a greater toolkit for the FCA and greater prominence and scrutiny of the FCA as it uses the existing toolkit and the new powers in the Bill. There are also industry-led solutions, which having perhaps started slowly are increasing at greater pace. Proportionality is about giving those developing trends time to mature to see what models can be developed, while accepting the underlying need for action.

I therefore ask the hon. Member for Hampstead and Kilburn to withdraw the motion.

Tulip Siddiq: After listening to contributions from Members on both sides of the Committee, I would like to have a conversation with the Minister about the new clause. I will bring it back at a later stage, but for now I beg to ask leave to withdraw the motion.

Clause, by leave, withdrawn.

New Clause 6

National strategy on financial fraud

"(1) The Treasury must lay before the House of Commons a national strategy for the purpose of detecting, preventing and investigating fraud and associated financial crime within six months of the passing of this Act.

(2) In preparing the strategy, the Treasury must consult—

(a) the Secretary of State for the Home Office,

(b) the National Economic Crime Centre,

(c) law enforcement bodies which the Treasury considers relevant to the strategy,

(d) relevant regulators,

(e) financial services stakeholders,

(f) digital platforms, telecommunications companies, financial technology companies, and social media companies.

(3) The strategy must include arrangements for a data-sharing agreement involving—

(a) relevant law enforcement agencies,

(b) relevant regulators,

(c) financial services stakeholders,

(d) telecommunications stakeholders, and

(e) technology-based communication platforms,

for the purposes of detecting, preventing and investigating fraud and associated financial crime and, in particular, tracking stolen money which may pass through mule bank accounts or platforms operated by other financial services stakeholders.

(4) In this section 'fraud and associated financial crime' includes, but is not limited to authorised push payment fraud, unauthorised facility takeover fraud, and online and offline identity fraud.

(5) In this section, 'financial services stakeholders' includes banks, building societies, credit unions, investment firms, Electric Money Institutions, virtual asset providers and exchanges, and payment system operators."—*(Tulip Siddiq.)*

This new clause would require the Treasury to publish a national strategy for the detection, prevention and investigation of fraud and associated financial crime, after having consulted relevant stakeholders. The strategy must include arrangements for a data sharing agreement between law enforcement agencies, regulators and others to track stolen money.

Brought up, and read the First time.

Tulip Siddiq: I beg to move, That the clause be read a Second time.

We fully support the provisions in the Bill that enhance the protection for victims of authorised push payment scams, but we feel that an opportunity has been wasted to do something on fraud prevention. UK Finance, the financial services trade body, recently published data that revealed that the amount of money stolen directly from hard-working families and businesses' bank accounts through fraud and scams hit a record high of £1.3 billion in 2021. That is bad enough at the best of times, but even worse during a cost of living crisis. We need to get to grips with new types of fraud such as identity theft and online scams, which have seen criminals get rich at the public's expense, with people's life savings stolen and their economic security put at risk.

The current approach to fraud will always leave law enforcement agencies one step behind the criminals, who are exploiting new financial technologies and bank accounts to steal and hide the public's money. The Opposition want to see enforcement agencies given the powers that they need to crack down on digitally savvy criminals, and to track stolen money through payment system operators, electronic money institutions and cryptoasset firms. If the Government are serious about tackling fraud, they will support our new clause to allow regulators and enforcement agencies to pursue criminals and bring them to justice wherever they hide their stolen money, and to protect people's financial security.

New clause 6 would put in place a single, dedicated national strategy to tackle fraud. It would deliver a co-ordinated, interagency response across the Treasury, the Home Office, the National Economic Crime Centre, law enforcement agencies, the major banks and wider partners in financial services, telecommunications and social media centres. It would put in place a data-sharing agreement to help investigators and the sector prevent fraud and track stolen money. That agreement would extend beyond the banks to include social media companies, fintechs, payment system operators and other platforms that are exploited by tech savvy criminals. That is important, because for too long, tackling fraud has been solely the banks' responsibility. That approach is completely outdated.

Mike Haley, the chief executive of CIFAS, said in evidence to the Committee:

"Provisions that facilitate greater data and intelligence sharing, particularly on suspicions of fraud and financial crime, would have the biggest impact in helping to prevent this type of crime. It is a crime that is at scale and at speed in the online environment. To be able to share the mobile numbers that are being used, the devices and the IP addresses at speed across the whole of the environment—payment providers, fintechs and telcos—would be enormously powerful. This is a volume crime, and we need to have prevention at the core of any national strategy. That would have a massive positive impact."—[*Official Report, Financial Services and Markets Public Bill Committee,* 19 October 2022; c. 68, Q129.]

The new clause would facilitate that sharing. Does the Minister agree with Mike Haley? If so, will he commit the Government to introducing a fraud strategy with data sharing at its heart?

I am sure, because I have heard the Minister speak so many times in this Committee, that he will tell us to be patient; he will say that change is coming. However, the millions of people who have fallen—or will fall—victim to fraud cannot afford to be patient any more. We cannot drag our feet over this. Scams will continue to rise, and countless more lives will be destroyed or lost. We need to make sure that the outdated way of tackling fraud is challenged once and for all. I ask the Minister to support the new clause.

Dame Angela Eagle: It is a pleasure to talk about this extremely important issue. The Treasury Committee produced a long and detailed report on this issue, with a series of recommendations. I hope that the Government will work cross-departmentally to put those into effect. Data sharing certainly featured in our views in that inquiry.

It is hard to contemplate the size of the explosion in fraud, how little of it is captured, and how few of the perpetrators are brought to justice. That is partly because of the massive number of chances for fraudulent activity to be perpetrated, which have come with changes in access to banking and digital capacity. They range from push frauds, fraudulent emptying of bank accounts and credit card cloning, all the way through to the text messages that we all get regularly on our phones.

The text messages tell us, for example, that we have recently been near someone who has covid—the message is purportedly from the NHS—and we need to give them our banking details so we can pay £1.75 for access to a PCR test. We have all seen them. I am getting a load now on energy support—probably everyone is getting them—which say that the Government's support for energy bills has to be applied for and that we have to give these people our banking details. These are very plausible texts, which many people fall for. There are phone calls as well, purportedly from the bank, and emails too. This is a sophisticated level of fraud that is psychologically very well organised.

Emma Hardy: One message worth highlighting that I received was, "Hi mum, I've lost my phone. Please send some money to this number." I rang both my daughters to ask, "Is this from one of you?". They both said it was not. This "Hi mum" one that is going round at the moment has caught many people out. These messages play on emotions and can make people deeply concerned when they receive them.

Dame Angela Eagle: It makes people deeply concerned and it makes them do things that they obviously live to regret in the fullness of time.

Increasingly, there are also phone calls from fraudsters pretending that they are the fraud police and that the person's bank account has been accessed for fraudulent purposes. It is very difficult to keep up with the level of activity on our phones—we are being bombarded every day—and that is without considering the scamming that the FCA is fighting, day in, day out, on products offered online, such as pensions, insurance and investment products, all of which regularly lie beyond the regulatory border, but can lead to massive amounts of financial loss if they are believed. It is also without considering the areas where younger people tend to get their financial advice, such as TikTok and other places, where we probably—it has to be said, Mr Sharma—do not spend that much of our time.

The windows for getting to people with these kinds of fraudulent intents and sophisticated frauds widen constantly. The capacity to deal with them does not widen as regularly and, by definition, legislation is much slower than the innovation of these people.

We have asked the authorities that are tasked with fighting fraud what they are doing about it. The Treasury Committee has taken evidence on the topic, and we were struck by how fragmented those fighting fraud are across Departments and by how process-related, rather than output-related, the evidence from the authorities was. They said things like, "We have 150 different things that we are meant to do by 2023, and we have done 91% of them," but fraud is still massively increasing all the time.

We need a system—a national fraud strategy—that looks at the output of fraud, rather than the processes or tick boxes by which the different anti-fraud authorities, which are fragmented all the way through, justify what they are doing. In reality, even if there is lots of work going on, the outcome is not nearly what we would want to see. Levels of fraud are rising significantly, affecting more and more people, and there are fewer and fewer successes in dealing with it.

It ranges from very sophisticated money laundering kinds of fraud—we are not talking about money laundering here, but we could talk about it for a very long time, and about the way banking structures seem to facilitate it—to lower levels of fraud. There is fraud that is perpetrated from outside our country's boundaries and there is sophisticated money laundering activity. We are talking about frauds that are ruining the lives of the many constituents who fall victim to them. Many people do not get compensation when they have been conned

[Dame Angela Eagle]

into sharing their bank details and have had their bank accounts emptied or their credit cards cloned, because they have had a hand in it in some way. I know that the authorities work closely with the banks to create circumstances in which compensation can be given when there is no fault, but there are big blurred lines.

12.45 pm

New clause 6, which would provide a national fraud strategy, is not the whole answer, but it would take us some steps along the way to creating better outcomes for all our constituents. Importantly, there ought to be mandatory data sharing across these areas so that money can be followed and stopped, and so that the banking system is not used to spirit away money that has been taken fraudulently. We know that that can happen rapidly and that transactions can quickly take the money where it cannot be found. To better fight fraud, it is important that banks' sophisticated behind-the-scenes capacity be put to use in a more systemic way rather than in just a company way.

I am interested to hear what the Minister has to say about this. I certainly hope that he will read the Select Committee's report and that, as he spends more time in his role, he will consider how his duties impinge on the systemic structure of this problem, as well as what he and his anti-fraud counterparts in other Departments can do. If the Minister reads their oral evidence to the Select Committee, he will find that they were very frustrated by how ineffective what they had managed to do had proven to be. We hope that this Minister will get to the stage of bearing down on this problem and turning the tide of fraud that is engulfing our entire system and having a detrimental effect on our constituents.

Martin Docherty-Hughes: If the hon. Member for Hampstead and Kilburn presses the new clause to a vote, I will certainly support it. I declare an interest as the chair of the all-party parliamentary group on blockchain.

To build on what the hon. Member for Wallasey said, in subsections (2)(f) and (3)(d) and (e), we have a huge opportunity to help the Government by ensuring that there is a strategic overview of how fraud impacts on the technology sector. The problem is not necessarily the technology but the people utilising it. Distributed ledger-type technologies, for example, are used to access investments and assets, but those who are supposedly selling assets are taking advantage of technology that a lot of younger people use.

Critically, I hope that the Government hear the concern that there might be no strategic overview of how such technology can be manipulated. The tech is fine, but we must consider that manipulation—particularly of closed distributed ledger technologies and closed blockchains—and how it can block out the people who actually buy into those systems. I hope that the Government hear what has been said on the new clause.

Emma Hardy: I support the new clause. I refer the Minister to the evidence given by Mike Haley, the chief executive of CIFAS. In respect of fraud, he said:

"Absolutely, there should be a national strategy, and prevention should be at its core."

He said that the Home Office was looking at

"publishing a national strategy; it has been much delayed and it is very much anticipated."

One reason for including a national strategy in the Bill is the need for that strategy to be introduced as quickly as possible.

Mike Haley also said that he would like that strategy to be

"more ambitious, and to cover the public and private sectors, as well as law enforcement."

He made the very good point that

"fraudsters do not decide one day, 'We only go after bounce back loans because that is a public sector fraud.' They will go after a loan from the NatWest bank, or a mortgage."—[*Official Report, Financial Services and Markets Public Bill Committee,* 19 October 2022; c. 68, Q130.]

He highlighted the inability to share information and said that some people might say that GDPR was preventing them from sharing information. He went on to say:

"It is a crime that is at scale and at speed in the online environment. To be able to share the mobile numbers that are being used, the devices and the IP addresses at speed across the whole of the environment—payment providers, fintechs and telecos—would be enormously powerful. This is a volume crime, and we need to have prevention at the core of any national strategy. That would have a massive positive impact. "—[*Official Report, Financial Services and Markets Public Bill Committee,* 19 October 2022; c. 38, Q129.]

Our witnesses called for a national strategy that looks at crime seriously and that is more ambitious than that suggested by the Home Office and broader in scope. Although many of the frauds relate to small amounts, they are numerous and they cause people significant harm. When the Minister responds, I would like him to recall that oral evidence and the reason why our new clause calls for a national strategy.

Andrew Griffith: I will be brief. The Government are committed to tackling fraud, and we recognise that it goes far wider than financial services. There absolutely should be a national strategy, and there will be.

The Government recognise that tackling fraud requires a unified and co-ordinated response from Government, law enforcement and the private sector better to protect the public and businesses from fraud, reduce the impact on victims, and increase the disruption and prosecution of fraudsters. That is why the Government, led by the Home Office, which is the right body to be the lead, but with full Treasury input, will publish a new broad-based strategy to address the threat of fraud. I hope the Opposition will welcome that. The Government intend to publish it later this year.

Dame Angela Eagle: Ooh!

Andrew Griffith: Indeed.

The Government will work with industry to remove the vulnerabilities that fraudsters exploit, we will work with intelligence agencies to shut down fraudulent infrastructure, and we will work with law enforcement to identify the most harmful offenders and bring them to justice. We will also ensure, with all partners, that the public have the advice and support they need. That should reassure the Committee that a clear strategy to tackle fraud will be forthcoming and that the new clause is unnecessary.

I note the Opposition's concerns about data sharing, which are specifically referenced in the new clause. I reassure them that the Payment Systems Regulator has work under way with industry participants to enhance data sharing to prevent fraud. The PSR's managing director, Chris Hemsley, did not raise any legislative barriers to data sharing for that purpose when he gave evidence to the Committee recently.

I will rise to the challenge put down by the hon. Member for Wallasey to turn the tide on fraud, because we all must acknowledge that it is a critical policing issue in this day and age. In that spirit, I hope that she will join us to ensure that her colleagues reverse their opposition to the Public Order Bill, which is tying up hundreds of thousands of police hours that could usefully be spent prosecuting the challenge of fraud. I also hope that she supports our initiative to cut red tape in policing and to end woke policing, so that we no longer arrest people for Twitter posts, we do not send the police off to dance the Macarena at carnivals or Pride events, and they no longer take the knee. If the hon. Lady is as serious as we are about tackling fraud, she has to acknowledge that there is a need to think about how we allocate our resources.

Dame Angela Eagle: After what I thought was quite a consensual debate, it is slightly unworthy of the Minister to resort to those comments in the week when there has been an inspectorate report about the misogyny, behaviour and culture of a lot of the police force. That needs to be reformed so that all members of our communities, whatever their age, gender or ethnicity, can trust the police; we all want to see that.

Will the Minister admit that so-called woke policing is not an issue in fraud? The issue is fragmentation. Woke policing was not raised during the great number of Treasury Committee evidence sessions about the fraud, so it was unworthy of him to make those points at the end of his speech. We need a system that is not fragmentated and that is focused relentlessly on output, and where there is cross-departmental working and proper funding, as well as data sharing, so that we can crack down on something that all of us want to see driven out of our system.

Andrew Griffith: I would never want to be unworthy in the hon. Lady's eyes, so I am distressed that my offer to build consensus about how the police could best deploy their resources has, at this first stage, been rebuffed.

I ask the hon. Member for Hampstead and Kilburn to withdraw the motion.

Tulip Siddiq: The Minister was doing so well and I was hoping we could go through this sitting without hearing the Conservatives say the word "woke" once, but unluckily that has now been crossed off my bingo sheet.

I will press the new clause to a vote, because I want to hold the Minister to account and ensure he does not push this commitment too far down the road, and because every person in the sector I have spoken to has stressed the importance of legislative change when it comes to data sharing.

Question put, That the clause be read a Second time.

The Committee divided: Ayes 6, Noes 9.

Division No. 7]

AYES

Docherty-Hughes, Martin
Eagle, Dame Angela
Hardy, Emma
McDonagh, Siobhain
Siddiq, Tulip
Twist, Liz

NOES

Bacon, Gareth
Bailey, Shaun
Baldwin, Harriett
Davies, Gareth
Griffith, Andrew
Hammond, Stephen
Hart, Sally-Ann
Morrissey, Joy
Tracey, Craig

Question accordingly negatived.

Ordered, That further consideration be now adjourned.—(*Joy Morrissey.*)

12.58 pm

Adjourned till this day at Two o'clock.