Chapter 2

Information gathering by the FCA or PRA on its own initiative



2.4 'Mystery shopping'

- G 2.4.1 Representatives or appointees of the FCA (which may include individuals engaged by a market research firm) may approach a firm, its agents or its appointed representatives in the role of potential retail consumers. This is known as 'mystery shopping'.
- 2.4.2 G The FCA uses mystery shopping to help it protect consumers. This may be by seeking information about a particular practice across a range of firms (■ SUP 2.4.3 G (1)) or the practices of a particular firm (■ SUP 2.4.3 G (2)). One of the risks consumers face is that they may be sold products or services which are inappropriate to them. A problem in protecting consumers from this risk is that it is very difficult to establish after the event what a firm has said to a 'genuine' consumer in discussions. By recording what a firm says in discussions with a 'mystery shopper', the FCA can establish a firm's normal practices in a way which would not be possible by other means.
- 2.4.3 The FCA may carry out mystery shopping:
 - (1) together with a programme of visits to obtain information about a particular practice, looking at a particular issue across a range of firms, when the FCA may advise the firms of the issues beforehand; the practice being scrutinised may be that of firms or a class of firms in carrying on regulated activities or ancillary activities or in communicating or approving financial promotions;
 - (2) together with focused visits (concentrating on particular aspects of a firm's business) to obtain information about the practices of a firm; these practices may be in carrying on regulated activities or ancillary activities or in communicating or approving financial promotions when the FCA has particular concerns about those practices;
 - (3) using recording devices, telephonic or other communications; the FCA may monitor and store the contents of the materials obtained by these devices or communications.
- 2.4.4 Telephone calls and meetings held during mystery shopping will be recorded. The FCA expects that any mystery shopping it arranges will be conducted in accordance with the Market Research Society Code of Practice.

2.4.5 G The FCA may use the information it obtains from mystery shopping in support of both its supervisory functions and its enforcement functions. This includes sharing any information so obtained with *firms* and *approved* persons.