

Chapter 2

Information gathering by the FCA or PRA on its own initiative

2.4 'Mystery shopping'

- 2.4.1** **G** 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** **G** 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** **G** 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

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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*.