

Standard Financial Statement Code of Conduct



The Money Advice Service has, in partnership with industry experts, developed the Standard Financial Statement (SFS) for use by debt advice agencies, creditors and other relevant bodies to record and summarise a person's financial circumstances and, where appropriate, provide this information to that person's creditors or relevant third parties.

It includes a set of spending guidelines in three areas of 'flexible' spending. These spending guidelines are designed for use with over-indebted clients and should be used accordingly.

Ongoing oversight and development of the SFS will be delivered in collaboration with a governance group made up of industry practitioners (known as the SFS Governance Group).

Users signing up to this code agree to follow this statement of good practice and will be given access to the data entry format, the statement to be sent to recipients of the SFS, the spending guidelines, logo, and user guidance. Agencies signing up will also be added to a register of Code of Conduct members on the SFS website.

The SFS Spending Guideline methodology is included as an appendix.

SFS Good Practice

Good practice in using the SFS is:

1. Using the specified categories at the data entry stage (with no amendment, deletion or adding of any additional categories), as set out in the most up-to-date data entry format. This data entry format should be integrated into an organisation's own system, or used through the most up to date Microsoft Excel tool produced by the Money Advice Service.
2. Using the latest version of Spending Guidelines for the three flexible spending categories: communications and leisure; housekeeping and personal costs as published by the Money Advice Service at least annually.
3. The Spending Guidelines should only be shared with members of the public as set out in the SFS user guidance.
4. The outputted SFS contains the specified categories (with no amended, deleted or additional categories) as set out in the most up-to-date statement produced by the Money Advice Service.
5. The SFS logo is included on the statement sent to recipients of the Standard Financial Statement, as is the version number of the statement being used.
6. Using the latest user guidance as released by the Money Advice Service.
7. Transitioning to the latest version on the first Monday of April each year (unless specified otherwise) when the Money Advice Service produces an update to the data entry format, the statement to be sent to recipients of the SFS, the Spending Guidelines, the logo and / or the user guidance.
8. The code member shall co-operate with the Money Advice Service in good faith in demonstrating its adherence to this good practice. This will particularly be the case where there is information to suggest the agency is not adhering to the Code of Conduct.

Withdrawal of Code Membership

The Money Advice Service owns the SFS logo. In the event of an agency having its code membership withdrawn, the Money Advice Service will withdraw its permission for the logo to be included on that agency's financial statements. Access to the restricted area of the SFS website will also be withdrawn and the agency will be removed from the register of code members on the SFS website.

Agencies may also withdraw from SFS code membership at any point by writing to the Money Advice Service. This can be with immediate effect or at an agreed future date at the discretion of the code member.

Ongoing operation of the SFS and the Code of Conduct

Updates to the SFS Spending Guidelines, Formats, User Guidance and/or Logo

The Money Advice Service will, in conjunction with the SFS Governance Group, ensure the SFS remains relevant and up-to-date by issuing updates to the data entry format, the statement to be sent to recipients of the SFS, the Spending Guidelines, the logo, and the user guidance from time-to-time. The SFS Spending Guidelines will be updated at least annually. In the event that the Money Advice Service issues an update to any of these, members will be given at least two months notice of the updated figures each year before they take effect on the first Monday of April. However, in the event of significant changes, the Money Advice Service will consult with code members to agree a sufficient transition period, which may be longer than two months.

To aid clarity during transition periods, the Money Advice Service will include a version number on each update. As stated in good practice point (5), when providing statements to recipients of the SFS, agencies should indicate which version number is being used.

The Money Advice Service will inform code members of updates via email to the contact points provided by each code member, communications through trade associations, membership bodies and relevant media outlets and via reports on the SFS website.

Relationship between the Money Advice Service and the SFS Governance Group

The SFS Governance Group is made up of relevant industry practitioners. It will assist and guide the Money Advice Service in oversight of ongoing development and usage of the SFS, ensuring it remains relevant and effective for the sector. Members will be appointed as set out in the Group's Terms of Reference. The Terms of Reference also set out the Group's duties, how it will consider adherence to this code of conduct and the process to be followed when a failure to adhere to the code of conduct is identified.

Monitoring Adherence to this Good Practice

Use of the SFS will be monitored by the broader debt sector. For example, it is expected a creditor would monitor a debt advice agency's use of the statement through its usual ongoing oversight practices. The Money Advice Service will provide an email inbox at sfs.support@moneyadviceservice.org.uk for reporting use which does not meet good practice. The process that will be followed when these reports are received are also set out in the SFS Governance Group's Terms of Reference.

APPENDIX

Spending Guideline Methodology

The Standard Financial Statement spending guidelines are derived using the following methodology:

1. Levels of expenditure observed among typical households within the UK are identified.
2. Granular-level expenditure data is mapped to the three Standard Financial Statement flexible costs spending categories.
3. Allowances are then made to reflect the composition of households of varying sizes, including varying numbers of adults plus children, taking into account the higher consumption levels necessary for larger households.
4. The guideline figures will be updated annually to reflect changes to expenditure patterns based on data taken from the annual ONS Food and Living Costs survey and / or any significant fluctuations in the Consumer Price Index. This will ensure that the real value of the expenditure figures is maintained over time. A 3% positive or negative variance in real inflation from the forecasts applied to the SFS will be notified to the Governance Group, while a 5% positive or negative variance will trigger a review of the current figures
5. Updated figures will be published on the SFS website each year. Members will be given at least two months notice of the updated figures each year before they take effect on the first Monday of April.
6. The SFS Governance Group will be consulted ahead of changes to spending guidelines.