FCA
Financial Services Consumer Panel

Email: enquiries@fs-cp.org.uk

12 December 2025

By email: cp25-27@fca.org.uk

Dear Sir/Madam,

Financial Services Consumer Panel response to FCA CP25/27 Motor Finance Consumer Redress Scheme

The Financial Services Consumer Panel (the Panel) welcomes the opportunity to respond to the FCA's consultation paper (the CP) on the proposed Motor Finance Consumer Redress Scheme (the Scheme). We are an independent panel that represents the interests of consumers of financial services including both individuals and small businesses. Our focus is on the outcomes and impacts to these stakeholders.

The Panel has already responded to the questions set out in Chapter 11 of CP25/27 given the earlier response date for that section of the CP. This response supports that earlier response and both responses should be viewed together as the Panel's response to CP25/27.

We have responded to the specific questions posed in the CP in the Annex, but first set out a few introductory comments.

The Panel is strongly supportive of the introduction of a consumer redress scheme. It seems clear to the Panel that there have been widespread legal breaches that have caused millions of consumers significant financial loss. The Panel shares the FCA's ambition to resolve these issues by providing redress to affected consumers as swiftly as possible and without the need for a large number of cases in the courts or before the Financial Ombudsman Service (the FOS).

However, the Panel is acutely aware that the Scheme will only be successful if consumers have trust in the scheme i.e. the confidence that it will deliver fair outcomes and the confidence that the FCA has the tools and resources necessary to ensure this. To this end we note that while the CP discloses evidence of consumer understanding of the loans in question, and consumer awareness of the Scheme, there does not appear to be any evidence collated to date regarding how the FCA can ensure it builds the requisite consumer trust in the Scheme. We think gathering such evidence would be valuable to help ensure the Scheme is successful, but also to help build trust in the FCA more generally and for any future redress schemes the FCA may oversee.

Similarly, we would strongly encourage the FCA to undertake consumer testing to help make sure that the proposed approach to how consumers will be contacted (e.g. by letter, email, phone etc) as well as the content and frequency of those communications are likely to maximise consumer engagement with the Scheme and lead to the expected positive consumer outcomes (as opposed to, for example, having the unintended consequences of prompting consumers to claim otherwise than through the Scheme or exposing consumers to scam operators).

The Panel recognises that the cost of implementing a redress scheme (along the lines proposed by the FCA) carries with it a significant administrative cost for firms. However, it is important to see that cost in context: it is a cost associated with rectifying breaches of legal and regulatory requirements by those firms and the administrative cost of resolving the millions of cases on an individualised basis would, it seem, be very significantly higher (up to £6.5bn more expensive).

The Panel believes it is critical that the design of any FCA redress scheme must ensure that large number of consumer complaints do not end in court or before the FOS. This would be the worst of all worlds, bringing with it significant delays to the provision of consumer redress; result in many consumers missing out on the redress properly due to them; and imposing significantly higher costs on firms, consumers and the regulatory/court infrastructure.

It is clear that there are many law firms, claims management companies and other paid representatives who will help consumers pursue cases through the courts or the FOS.

It is the Panel's view, therefore, that to be successful, any FCA proposed scheme needs to provide a level of redress which significantly reduces the risk that (a) consumers feel short changed and (b) third parties are incentivised to encourage consumers to pursue their claims in court.

The FCA has proposed a pragmatic way forward, an approach which the Panel believes has a considerable degree of merit. However, as currently proposed, the Panel is not fully confident the Scheme will properly mitigate these risks. In particular:

(1) the Panel queries whether the FCA has adopted an overly restrictive approach to the question of when the repayment of commission would be an appropriate remedy.
(2) the Panel queries whether the proposed compensatory interest rate is appropriate.

Accordingly, the Panel would encourage the FCA to carefully consider whether the proposed approach strikes the right balance in terms of the risks of over- or under- compensating consumers, noting the huge savings it estimates firms will make in terms of administrative (non-redress costs) from administrating complaints through a FCA scheme rather than through the courts. This is particularly important given that the only alternative for consumers to a scheme that is under-delivering is to take their case to court.

Therefore, the Panel sees the proposed scheme and approach to redress set out in the CP as an approach which delivers the absolute minimum level of redress. The Panel would be considerably concerned if, following the CP, the FCA was proposing to make changes which reduced the amount of redress being received by consumers (on either an individual or aggregated basis) and/or reduced the number of consumers receiving a redress payment.

More broadly, the Panel notes that primary responsibility for implementing the Scheme rests (quite rightly in our view) with the relevant lenders. This means, however, that there are significant and numerous subjective decisions that will need to be taken by those lenders when applying the Scheme rules – decisions that could have significant financial consequences for affected consumers. Ensuring these decisions are taken correctly is absolutely critical to building the requisite consumer trust in the Scheme.

Consequently, the Panel strongly believes that swift, effective and efficient supervision by the FCA is of fundamental importance to the ultimate success of the Scheme. This includes ensuring firms have the clear guidance they need; the number of subjective decisions to be made by firms are as limited as possible; that the scheme rules are drafted to ensure, as far as possible, that the scope for genuine uncertainty in how the rules are to be applied is kept at an absolute minimum; processes are in place to enable the FCA to monitor compliance with the Scheme rules in something close to real time; and that where firms are seen to be transgressing, the FCA steps in swiftly to nip any issues in the bud.

The Panel recognises this requires significant resources to be devoted by the FCA to the Scheme, but views this investment as fully justified. If the Scheme fails to deliver for consumers, this could do significant harm to consumer trust in the FCA and the financial services sector more generally. A reduction in consumer trust can lead to a reduction in consumer engagement and this is likely to be an important inhibitor to the broader growth agendas of both the FCA and the Government.

The Panel is aware of the pressure coming from some stakeholders that the Scheme in and of itself is an inhibitor to growth. We do not believe it is: on the contrary we consider it to be an efficient means by which past wrongs can be corrected. We therefore urge the FCA to stand steadfast in the face of such arguments and not be lulled into focusing on any short-term gains for firms at the expense of longer-term benefits that flow from consumer trust and confidence in financial markets.

Yours sincerely

Chris Pond
Chair, Financial Services Consumer Panel

Annex – Specific responses to Questions asked in the Consultation Paper

Question 1: Do you agree with our assessment that i) there were widespread and regular failures to disclose information about commission arrangements, ii) consumers have lost out as a result, and iii) a redress scheme is desirable? If not, please explain why

Yes, the Panel believes that a fair redress scheme is not only desirable, but necessary.

Question 2: Do you agree with the proposed broad definition of the subject matter of the scheme? If not, please explain why not and any other options we should consider

The Panel does not oppose a broad definition of the subject matter of the scheme per se. However, taking the current proposals in the round, we consider the subject matter should be limited to 'relevant arrangements'.

This is because as currently set out, any arrangement that is not a DCA, the payment of commission or a tied arrangement (collectively a relevant arrangement) but could be an "arrangement between a lender and a credit broker under which the credit broker was incentivised (directly or indirectly) to introduce consumers wishing to enter into motor finance agreements to that lender" would (i) be caught by the scheme, but (ii) would automatically be ruled not to give rise to an unfair relationship under the Consumer Credit Act 1974.

The consequence would be that consumers who consider their agreements fall within this category would not be entitled to redress under the scheme and, importantly, would be prevented from taking their complaint to FOS to determine whether the arrangements in question did give rise to an unfair relationship.

It is not clear to the Panel that adequate analysis has been undertaken such that the FCA can be sufficiently confident that there are not arrangements other than relevant arrangements present in the market that may give rise to an unfair relationship. In such circumstances, we do not agree consumers should lose effective access to the FOS. The Panel recognises that any consumer wishing to complain about an arrangement other than a relevant arrangement would still have access to the courts. However, we do not consider this to be sufficient to justify the removal of the free informal dispute resolution process, for all the reasons the FOS was established in the first place.

Question 3: Do you agree with the proposed definitions of a motor finance agreement, motor vehicle, commission arrangement, and commission? If not, please explain which definitions you do not agree with and any other options we should consider

Subject to the Panel's response to Question 2, the Panel agrees with these proposed definitions.

Question 4: Do you agree with our proposal not to include a de minimis threshold? If not, please explain why you do not agree and any other options we should consider

Yes, the Panel supports this approach.

Question 5: Do you agree with our proposed definition of a consumer? If not, please explain why you do not agree and any other options we should consider

Yes, the Panel supports this approach.

Question 6: Do you agree with our proposed definition of a lender? If not, please explain why you do not agree and any other options we should consider

Yes, the Panel supports this approach.

Question 7: Do you agree with our proposal that an agreement would need to have been written between 6 April 2007 and 1 November 2024 for it to be a scheme case? If not, please explain why you do not agree and any other options we should consider

The Panel strongly supports the inclusion of cases dating back to 6 April 2007 for the reasons set out in the consultation paper. The Panel would be particularly concerned were the FCA to limit the scope of the Scheme to more recent finance agreements only. The FCA's own analysis suggests this would leave significant numbers of consumers with a valid claim, but a claim that would lead to further delays in the paying of the redress due and carry significantly more costs (to the consumer, the relevant firm and the regulatory/court infrastructure) to pursue.

On the understanding that any consumer entering into a motor finance agreement after 1 November would be able to complain to a firm and, if necessary, to the FOS, if they were concerned about the non-disclosure of relevant arrangements (or arrangements having similar effects) in the same way as would be possible absence any Scheme, the Panel also supports the proposed cut-off date of 1 November 2024.

Question 8: Do you agree with our view that lenders should not be routinely finding that a case is out of time for the scheme? If not, please explain why you do not agree

Yes, the Panel strongly agrees.

Question 9: Do you agree with our proposal that civil limitation should be assessed at the point the lender determines whether a case is a scheme case? If not, please explain why you do not agree and any other options we should consider

Yes, the Panel agrees with the proposed approach.

Question 10: Do you agree with our proposal that the scheme should apply to any consumer with a scheme case, who was resident in the UK at the time of entering into the relevant agreement, even if they are not resident in the UK anymore? If not, please explain why you do not agree and any other options we should consider

Yes, the Panel agrees with the proposed approach. While we recognise the potential for some practical difficulties tracing consumers now based outside of the UK, we think as a matter of principle they should be included in the Scheme.

Question 11: Do you agree with our proposals on which cases should be excluded from the scheme? If not, please explain why you do not agree and any other options we should consider

The Panel sets out its views against the proposed excluded cases in the table below:

If a consumer has already referred a complaint to the Financial Ombudsman and the complaint falls within the jurisdiction of the Financial Ombudsman.	If these complaints have been paused, it is not clear to the Panel why they should not be referred back to the Scheme rather than determined by the FOS.
If a consumer made a complaint, prior to the scheme effective start date, to their lender or broker that related to the subject matter of the scheme and resulted in redress being accepted.	We agree provided that any complaints resolved after the Supreme Court handed down its decision in Johnson should be captured by the Scheme to the extent those complaints were resolved in a manner less favourable to the consumer than would be expected under the FCA's redress Scheme.
If a consumer had a case prior to the scheme effective date that related to the subject matter of the scheme decided by the Financial Ombudsman that resulted in redress being accepted.	Agree
If a consumer has accepted an offer of redress in full and final settlement of a complaint or claim that was not about the subject matter of the scheme and the terms of that acceptance extended to cover the subject matter of the scheme. For example, a consumer might have brought a separate claim against the lender for breach of contract which was settled on terms that required the consumer to agree to waive their legal right to bring any future claims based on the agreement. In such circumstances, if the terms of the settlement extend to cover a claim that would fall within the subject matter of the scheme, we expect the scheme to respect that	Agree, providing the consumer could still take their case to the FOS for the FOS to determine if any redress should be due in relation to a relevant arrangement in appropriate circumstances. This could be, for example, if the consumer felt they had been misled into agreeing a full and final settlement.

settlement reached between the parties.	
If a consumer had a case decided by the Court, prior to the scheme effective date, that related to the subject matter of the scheme, regardless of the outcome.	Agree
If no commission was payable. The purpose of the scheme is to address clear cases of unfair relationships in motor finance, drawing on the legal principles established in Johnson and Clydesdale. Neither case involved agreements where no commission was payable, and we do not consider that our diagnostic work or the current case law would support the inclusion of cases where commission was not payable	Agree, providing consumers could still take a complaint to FOS if they had concerns about a motor finance agreement that did not involve the payment of a commission but otherwise fell within the subject matter of the Scheme.

Please also see our responses to Qs 2, 13 and 16-18.

Question 12: Do you agree with our proposal that cases where no commission was payable should be excluded from the scheme? If not, please explain why you do not agree and any other options we should consider

Agree, providing consumers could still take a complaint to FOS if they had concerns about a motor finance agreement that did not involve the payment of a commission but otherwise fell within the subject matter of the Scheme.

Question 13: Do you agree with our proposal that, if a scheme case does not involve inadequate disclosure of a relevant arrangement, the lender must conclude that there is no unfair relationship, and the consumer is not entitled to redress under the scheme? If not, please explain why you do not agree and any other options we should consider

No, the Panel does not agree with the proposed approach. We consider the better approach (as a matter of principle) would be to exclude agreements that did not include a relevant arrangement from the scope of the Scheme, rather than to include them but automatically find them to not give rise to an unfair relationship.

Please also see our response to Question 2.

Question 14: Do you have any evidence on other potentially problematic practices where inadequate disclosure could have resulted in an unfair relationship and which would not be included under our current proposals? If so, please share your evidence with us

The Panel does not have any such evidence to provide at this stage.

Question 15: Do you agree with our proposed definition of a high commission arrangement? If not, please explain why you do not agree and any other options we should consider

On balance, the Panel is minded to support the proposed approach, although questions whether it is necessary for both the 35% and the 10% elements of the threshold to be satisfied, especially in relation to small loans (see para 4.58 of the CP).

Further, given the evidence uncovered by the FCA that commission rates below 35% can still have a material impact on the cost of credit for some agreements, the Panel would be concerned if the FCA was proposing to change the definition to reduce the number of commission arrangements caught (for example, by increasing the threshold to 40%).

Question 16: Do you agree with our proposed definition of a tied arrangement? If not, please explain why you do not agree and any other options we should consider

Question 17: Do you agree with our assessment that, because incentive-based arrangements are not binding on brokers' individual credit introduction decisions and operate at the level of brokers' wider commercial relationships, failure to adequately disclose an incentive-based agreement would not result in an unfair relationship? If not, please explain why you disagree

Question 18: Are there any other types of arrangement that you consider should be included in our proposed definition of a tied arrangement? If so, please explain why

The Panel agrees with the proposed definition of a tied arrangement but does not agree with the proposed use of this definition. If a motor finance agreement is subject to a tie falling within the proposed definition, the Panel considers this should give rise to the presumption that redress is due under the proposed Scheme. However, if a motor finance agreement is subject to another form of tie, then we consider that this should fall outside the scope of the Scheme rather than leading automatically to a finding that there was no unfair relationship. It is not clear that sufficient analysis has been undertaken to properly reach such a definitive view and we instead consider this is a matter best left to the FOS to determine (if the consumer and firm cannot agree).

Question 19: Do you agree with our proposal that complaints made to brokers that are about the subject matter of the scheme, should be sent to the lender to be dealt with under the scheme rules? If not, please explain why you do not agree and any other options we should consider

Subject to the Panel's response to Q2 and 11, we agree with the proposed approach.

Question 20: Do you agree with the letters we propose lenders send to consumers and the level of detail we require in those letters? Do you think the FCA should provide template wording to be used in those letters in the final rules? If you disagree, please provide reasons for your answers

Yes, the Panel agrees with the proposed letters, although make the following general comments:

(a) The Panel strongly supports the inclusion of template wording that lenders are required to use with their relevant group of consumers. This will aid consistency, reduce confusion and should also simplify the approach for firms.

(b) The Panel recommends the FCA undertakes some consumer testing with proposed firm letters to help evidence whether the letters are likely to deliver the expected positive consumer outcomes.

(c) The Panel suggests the FCA involve consumer representative bodies, including Money and Mental Health, to help ensure that all reasonable steps are being taken to maximise the chances that consumers, especially vulnerable consumers, are being targeted appropriately and in a way that will facilitate consumer understanding and effective responses.

(d) It is not clear to the Panel whether the FCA's expectation is that these letters be sent by post, email or both. Similarly, it is not clear how many repetitions of each communication is required. We would expect to see express expectations on firms in these regards to be set out in the scheme rules, based on appropriate consumer testing.

(e) The Panel suggests consideration is given to the inclusion of signposting within the letters to help consumers access further information, guidance and support. Mandatory signposting may also be helpful in reducing the impact of any illegitimate/scam letters regarding the Scheme.

(f) Where the proposed letters require firms to set out the amount of commission that was payable under the relevant agreement, we consider this should set out both in monetary terms but also as the relevant percentage amount to aid consumer understanding (e.g. so consumers can compare it against the scheme rules).

(g) Wherever the proposed letters explain that consumers have the right to object to a firm's provisional decision, it should always be clear that consumers have a time period in which to notify their objection and a separate period in which they can provide further information and -/or evidence in support of their objection. For example, this does not appear to be the case in the proposed CONRED 5 Annex 8.1(5).

(h) Where a consumer has objected to a provisional firm decision, we believe the final decision should always expressly set out how the firm has taken into account any information provided by the consumer in its objection (i.e. ensure the requirement in CONRED 5 Annex 9.1(4) is always required).

Question 21: Do you agree with the proposed expectations of brokers and professional representatives? If not, what should we consider when setting our expectations

Yes, the Panel agrees with the proposed expectations.

Question 22: Do you agree with our expectations of consumers, including how we have taken account of consumer vulnerabilities in our proposals? If not, please explain why you disagree and what else should we consider when setting our expectations of consumers

Yes, the Panel agrees with the proposed expectations on consumers in para 5.13 of the CP, save that we believe further consideration is needed regarding whether consumers who have not yet complained will need to opt-in or whether they should be included on an opt-out basis (see further, our response to Q30).

The Panel agrees it is of the utmost importance that specific consumer vulnerabilities are properly taken into account, and we support the proposed approach set out in para 5.16 of the CP. This also partially underpins our support for the use of template letters by firms contacting consumers. We also think it is important that firms give consumers the opportunity to identify as vulnerable (for example by a specific prompt in a template letter) as this data may not otherwise be available to the lender.

See also our response to Q20 above, particularly paras (b) and (c).

Question 23: Do you agree with our proposal that lenders should be allowed to make settlement offers without completing all the stages of the scheme, but that these are clearly explained and must either be no less than the maximum redress that would be available under the scheme or based on the repayment of commission? If not, please explain why you do not agree and any other options we should consider

Yes, the Panel fully supports the provision of swift settlement offers providing they are at a level which is no less than the higher of either the repayment of the commission or the APR adjustment remedy (plus interest). If only the commission repayment remedy is offered to consumers by way of early settlement, the firm in question must have reasonable grounds to believe this would be more favourable to the consumer than any other potential remedy available under the Scheme.

Wherever an early settlement offer is made to a consumer, the Panel agrees that the firm must be fully transparent with the consumer. The consumer must be put in a position so he is able to make a fully informed decision whether or not to accept the proposed offer.

Question 24: Do you agree that the scheme should start the day after the publication of our Policy Statement? If not, please explain why you disagree and what other options we should consider

Yes, the Panel considers this to be appropriate. We do not consider further delays to the provision of consumer redress at this stage to be warranted.

Question 25: Do you agree that consumers who have already complained should be contacted within 3 months of the scheme starting and all other consumers should be contacted within 6 months? If not, please explain why you disagree and what other options we should consider

Yes, the Panel supports these proposed timeframes.

Question 26: Do you agree with the steps we propose lenders must take to make contact with consumers? If not, please explain why you disagree

Yes, the Panel agrees that the onus should be on firms to contact relevant consumers and that firms should be under a clear obligation to take all reasonable steps to try and identify those consumers. We think firms should be required to document the steps taken to identify consumers and report this to the FCA upon request.

Question 27: Do you agree with our proposal for lenders to check whether at least one relevant arrangement for an unfair relationship is present before contacting consumers? If not, please explain why you disagree and what other options we should consider

Yes, the Panel strongly supports this proposal for the reasons set out in the CP.

Question 28: Do you agree with our proposed opt out consent mechanism for consumers who have already complained? If not, please explain what other options we should consider

Yes, the Panel strongly supports the proposed opt-out consent mechanism. The consumers in question are clearly interested in obtaining any redress due, and given they have already complained, there does not seem to be any rational basis on which to proceed on an opt-in basis. That would seem to only introduce friction into the process to the detriment of consumers.

Question 29: Do you agree with our proposed 1 month deadline for consumers to opt-out? If not, how long should we allow for consumers to opt-out?

This proposed deadline seems sensible, although the Panel would strongly support the introduction of some flexibility to ensure those consumers who are unable to meet this 1-month deadline due to extraordinary circumstances are still able to opt-out should they so wish.

Question 30: Do you agree with our proposed opt in consent mechanism for consumers who have not already complained? If not, please explain why you do not agree and what other options we should consider to gain the consent of the consumer

No, the Panel believes that the Scheme should generally operate on an opt-out basis. Where firms have identified a consumer has a motor finance agreement that includes a relevant arrangement and is writing to those consumers to inform them of the same, we think those consumers should be treated in the same way as consumers who have already complained (save for the distinct 3- and 6-month timeframes referred to in Q25).

We consider it likely that the vast majority of such consumers would likely want to be included in the Scheme (notwithstanding they have not yet complained) and if they did not, they would have the ability to opt-out. We note that the FCA's own research suggests at least 86% of consumers are likely to want to opt-in to the Scheme, and we consider that if a consumer has not yet complained this is more likely because they have been waiting to see the outcome of the court and FCA regulatory processes, or are not aware of their ability to claim, rather than because they do not wish to obtain any redress they are due.

Requiring consumers to opt-in would seem to introduce unnecessary friction into the process to the detriment of consumers, and additional correspondence and administration for firms to manage (with the associated cost of doing so).

The Panel agrees that consumers should be able to contact the lender and actively opt-in to the Scheme if they have not be contacted by the lender proactively.

Question 31: Do you agree with our proposals that consumers will need to opt-in to the scheme within 6 months of receiving the letter from their lender, or within 1 year of the start of the scheme if they are not contacted? If not, please explain why you do not agree and what other options we should consider

See our response to Q30. We believe consumers who are proactively contacted by the firm should be automatically opted-in, and be given a 1-month period in which to opt-out (subject to any extraordinary circumstances – see above).

However, if the Scheme is to proceed on an opt-in basis for consumers who have not already complained, then the Panel considers that a 6-month period in which to opt-in would seem to be appropriate, providing some flexibility is built into the regime to ensure those consumers who are unable to meet this 6 month deadline due to extraordinary circumstances are still able to opt-in should they so wish.

If consumers are not proactively contacted by their lender, then we think a generally applicable 1 year period for those consumers to opt-in should be sufficient. However, in line with our previous comments, we do believe that there should be some flexibility to ensure that consumers who are unable to meet this deadline due to extraordinary circumstances are still able to join the Scheme should they so wish.

Question 32: Do you agree with the steps we propose lenders must take to identify the presence of a relevant arrangement? If

not, please explain why you do not agree and any other options we should consider

Question 33: Do you agree with our proposal that if the lender has not identified the presence of any relevant arrangements having followed the steps required, that the lender must conclude that no unfair relationship exists, and no redress is due? If not, please explain why you do not agree and any other options we should consider

The Panel considers the steps that are proposed to be taken by the lender appear to be sensible, although the Panel agrees that this approach will need close supervision by the FCA to help ensure there is general trust and confidence among consumers and consumer representatives in the Scheme as a whole.

If there is genuinely no evidence at all that a relevant arrangement was present, then it would seem to be the correct outcome for there to be no redress payable to the consumer. However, before a firm informs any consumers of this particular outcome by way of a final response letter, we think there is merit in that firm seeking confirmation from the FCA that the firm has taken all steps required of it and that the FCA agrees there is no available evidence and no realistic expectation that such evidence exists. We would encourage the FCA to consider the introduction of such a requirement on the basis that this should help to reduce the likelihood of subsequent challenges to the firm's approach.

Question 34: Do you agree with our proposal to use rebuttable presumptions in favour of the consumer when establishing if an unfair relationship resulted from inadequate disclosure and whether it led to loss or damage for the consumer? If not, please explain why you do not agree and any other options we should consider

Yes, the Panel strongly agrees with the proposed approach for the reasons set out in the CP.

Question 35: Do you agree with the first rebuttable presumption we propose that failure to adequately disclose a relevant arrangement gave rise to an unfair relationship between the

lender and the consumer? If not, please explain why you do not agree and any other options we should consider

The Panel does not oppose as a matter of principle the ability of a firm to rebut the relevant presumptions in appropriate circumstances. However, we would expect this to arise in only a minority of cases, and we would contend that any such rebuttal should only be on the basis of clear contemporaneous written evidence. We would expect the FCA to closely supervise any proposed rebuttal of the presumption by the firm.

Question 36: Do you agree with our assessment that the relevant regulatory expectations around disclosure have remained materially the same throughout the period in which the OFT and then FCA provisions applied? If you do not agree, please explain why

The Panel is not in a position to comment.

Question 37: Do you agree with our proposal to approach the assessment of liability consistently for all scheme cases from 6 April 2007 onwards? If you do not agree, please explain why and any other options we should consider

Based on the content of the CP, this would appear to the Panel to be sensible. Such an approach would also help ensure a consistent, simplified and more transparent Scheme.

Question 38: Do you agree with our proposal that, under the scheme, "adequate disclosure" means that clear and prominent information about any relevant arrangement was provided to consumers before they agreed to the loan? If not, please explain why you do not agree and any other options we should consider

The Panel considers this is likely to be a sensible approach.

Question 39: Do you agree with our proposal that the average consumer standard should apply unless there is evidence on the file about the characteristics of the consumer which indicated that such disclosure would not have been sufficient for that customer?

If you do not agree, please explain why and any other options we should consider

The Panel considers this is likely to be a sensible approach.

Question 40: Do you agree with our proposal that, whenever a lender determines that adequate disclosure has occurred, the lender should clearly document in the consumer's redress determination which, if any, personal characteristics were considered and how? If you do not agree, please explain why and any other options we should consider

The Panel considers this is likely to be a sensible approach.

Question 41: Do you agree that there may be limited situations where it could be argued that the existence of a tied arrangement would have been obvious to the consumer from the circumstances of the transaction? If you agree, do you have any views on whether and how such situations should be reflected in the scheme rules when assessing adequate disclosure? If you do not agree, please explain why and any other options we should consider

The Panel accepts it is feasible that there may have been circumstances in which it could be argued that the existence of a tied arrangement would have been obvious to the consumer from the circumstances of the transaction. However, we would not expect such circumstances to be common. To the extent they exist, then we consider they would be best dealt with under the Scheme by way of a rebuttable presumption (i.e. there is a rebuttable presumption in favour of the consumer that a lender can rebut with the appropriate written evidence, and subject to the close supervision of the FCA).

Question 42: Do you agree with our proposal that for a DCA, adequate disclosure required disclosure of not just the fact that a commission is paid, but also the nature of the arrangement? If you do not agree, please explain why and any other options we should consider

Yes, the Panel agrees that this is appropriate. It is important that the disclosure was sufficient to put the consumer in a position where they could have made a fully informed decision about the transaction.

Question 43: Do you agree with our proposal that for a high commission arrangement, adequate disclosure required disclosure of both the fact and the amount of the commission? If you do not agree, please explain why and any other options we should consider

Yes, the Panel agrees that this is appropriate. It is important that the disclosure was sufficient to put the consumer in a position where they could have made a fully informed decision about the transaction.

Question 44: Do you agree with our proposal that for a tied arrangement, adequate disclosure required disclosure of either exclusivity or right of first refusal or equivalent right of priority? If you do not agree, please explain why and any other options we should consider

Yes, the Panel agrees this appears to be a sensible approach.

Question 45: Do you agree with our proposal that, irrespective of the age of the agreement and whether it falls within the lender's record retention period, lenders should presume disclosure of a relevant arrangement was inadequate unless it can provide evidence to the contrary? If you do not agree, please explain why and any other options we should consider

Yes, the Panel agrees this appears to be a sensible approach for the reasons set out in the CP.

Question 46: Do you agree with our proposal that lenders may rely on customer-specific documents, indicative records, and documents relating to similar customers as contemporaneous evidence of adequate disclosure? If you do not agree, please explain why and any other options we should consider

On balance the Panel considers this proposal to be broadly sensible. However, in line with our previous comments above, we consider the FCA needs to supervise this element of the Scheme closely and, given the FCA's findings to date regarding disclosure, we consider there should be a relatively high evidential threshold applied before a firm can justifiably reach the view that adequate disclosure was made.

In particular we note that just because policies and manuals set out that certain procedures should be followed does not mean that in practice those practices were actually followed. This is likely to mean that indicative records in and of themselves, and without any corroboration are unlikely to be sufficient to prove adequate disclosure.

Question 47: Do you agree with our proposal that lenders should take reasonable steps to assure themselves documents used to evidence adequate disclosure were in use at the time of the transaction? If you do not agree, please explain why and any other options we should consider

Yes, we do agree but also believe it is necessary to show that the documents were used and/or followed in practice.

Question 48: Do you agree with our proposal that lenders can rebut the presumption of an unfair relationship caused by inadequate disclosure where the broker selected a rate that earned them no discretionary commission? If you do not agree, please explain why and any other options we should consider

Providing the lender can provide clear, written contemporaneous evidence in support of its position, this would appear to be a sensible approach.

Question 49: Do you agree with our proposal that lenders can rebut the presumption of an unfair relationship caused by inadequate disclosure because the customer was sophisticated enough to have been aware of the relevant arrangement despite its inadequate disclosure? If you do not agree, please explain why and any other options we should consider

The Panel does not believe this proposal is needed and would prefer to see a scheme in which the presumption of an unfair relationship cannot be rebutted on this basis. This is because the Panel doubts whether, given the high threshold being applied, it will be of any real practical benefit, but instead the ability to rebut the presumption is likely to encourage a more detailed, time-consuming and expensive assessment which in the vast majority of cases would only lead to the delayed payment of redress to consumers.

However, if such a provision is to be retained, then the Panel agrees that a high threshold for establishing who is a sophisticated consumer – along the lines set out in the CP - is absolutely necessary given the circumstances in which it will be appropriate to rebut the presumption would, we expect, be extremely rare.

Question 50: Do you agree with the second rebuttable presumption we propose that an unfair relationship caused by inadequate disclosure caused loss or damage to the consumer? If not, please explain why you do not agree and any other options we should consider

Yes, the Panel strongly agrees with the inclusion of this rebuttable presumption.

Question 51: Do you agree with our proposal that cost recovery arguments are not a reasonable defence against an assertion of unfairness due to inadequate disclosure? If not, please explain why you do not agree and any other options we should consider

Yes, the Panel agrees for the reasons set out in the CP.

Question 52: Do you agree with our proposal that it is more appropriate to address the rebuttal for a DCA under the first key presumption of an unfair relationship caused by inadequate disclosure than the second key presumption of loss or damage? If not, please explain why you do not agree and any other options we should consider

Yes, the Panel agrees this seems to be a sensible approach.

Question 53: Do you agree with our proposal that the presumption of loss or damage caused by an unfair relationship arising from inadequate disclosure of a high commission arrangement or a tied arrangement should be rebuttable if the lender can provide evidence that the consumer would not have secured a better offer from any other lender the broker had arrangements with at the time of the transaction? If not, please explain why you do not agree and any other options we should consider

Yes, the Panel agrees this seems to be a sensible approach, subject to the fact that a consumer may have been able to secure a cheaper finance arrangement by shopping around more generally (i.e. not limited to other lenders with which the broker had arrangements with) – something they may have done if there had been adequate disclosure at the time. For the avoidance of doubt, the Panel thinks there is merit in including personal loans in this assessment[1], as well as other motor finance arrangements, given consumers may well have considered this alternative source of funding at the time if there had been adequate disclosure.

Accordingly, we consider the FCA should consider how this can be properly factored into the analysis.

Question 54: Do you agree with our proposal on the standard of evidence that we consider would be necessary to rebut the presumption of loss or damage caused by an unfair relationship arising from inadequate disclosure of a high commission arrangement or a tied arrangement? If not, please explain why you do not agree and any other options we should consider

Yes, and subject to our response to Q44, the Panel agrees this seems to be a sensible approach.

Question 55: Do you agree with our proposal that, where the broker was tied exclusively to one lender, the presumption of loss or damage would remain irrebuttable? If not, please explain why you do not agree and any other options we should consider,

[1] The Panel replicates this point in relation to any aspect of the Scheme in relation to which the FCA is proposing to calculate whether redress is owed (and if so, how much) by reference to prevailing interest rates available at the time.

particularly any alternative evidential approaches that could be developed for this scenario

Yes, the Panel agrees this seems to be a sensible approach.

Chapter 8 – Calculating Redress

The Panel fully recognises that when it comes to identifying how consumer redress should be calculated, the FCA:

- Is juggling a number of competing objectives;
- Is seeking to identify a relatively simplified approach, applicable to a wide number of cases (but not all cases);
- Will be unable to identify a general approach that will closely reflect in all cases the redress a consumer would likely obtain in the courts; and
- Is unlikely to be able to identify an approach that will satisfy all relevant stakeholders.

Recognising the extremely challenging task faced by the FCA, the Panel welcomes the work undertaken to date, and the proposal of a pragmatic solution to the question of how redress should be calculated. That said, the Panel does have some reservations regarding the proposed approach.

The Panel strongly believes that for the proposed Scheme to be successful it needs to resolve the vast majority of relevant complaints and ensure that the number of cases that are instead taken through the courts (instead of being resolved through any Scheme) are kept to an absolute minimum. As the CP notes, the cost of large numbers of cases being pursued through the courts carries significant costs for both firms and consumers.

It is the Panel's view, therefore, that to be successful, any FCA proposed scheme needs to provide a level of redress which significantly reduces the risk that (a) consumers feel short changed and (b) third parties are incentivised to encourage consumers to pursue their claims in court.

As currently proposed, the Panel is not fully confident the Scheme will properly mitigate these risks. In particular,

(1) the Panel queries whether the FCA has adopted an overly restrictive approach to the question of when the repayment of commission would be an appropriate remedy. In this regard, the Panel notes:

(i) The Supreme Court in Johnson was encouraged by the FCA to issue 'an authoritative ruling' on remedies.

(ii) Rather than remitting the question of remedies back to the lower courts, the Supreme Court decided to deal with this issue.

(iii) It did so, while expressly noting the FCA's request and in full knowledge of the vast number of consumer motor finance complaints that were waiting on the Supreme Court's decision.

(iv) Notwithstanding the vast number of related motor finance complaints, the Supreme Court said very little expressly on the question of what would be an appropriate remedy. The Court could have provided significantly more guidance (even if this would not have been binding) on what would be an appropriate remedy in a range of scenarios, but chose not to.

(2) The Panel queries whether the proposed compensatory interest rate is appropriate, specifically:

(i) Although the Panel recognises the Supreme Court in Johnson determined interest should be applied 'at an appropriate commercial rate' it is not clear how the FCA's approach aligns with the actual rate applied in Johnson and approved by the court. The Panel would expect the applicable interest rate under the Scheme to be no less favourable than that awarded by the Supreme Court.

(ii) The Panel understands that in many court cases, the level of compensatory interest awarded is at the standard rate of 8%.

(iii) Currently, the generally applicable interest rate for complaints upheld by the FOS is 8% (although we recognise the very recent policy decision to reduce this for complaints lodged with effect from 1 January 2026). But for this recent policy decision, a generally applicable interest rate of 8% would have applied to all motor finance complaints).

(3) The Panel notes the FCA obligations to consider the financial loss suffered by consumers when considering its approach to redress under the Scheme. In this regard, the FCA appears to have focussed on the difference between the actual and a counterfactual APR for a given motor finance agreement. However, the Panel notes that if the relevant arrangements lead to an unfair relationship within the

meaning of s140A of the Consumer Credit Act, then the consumer's loss for the purposes of any FCA redress scheme could be considered as the remedy the consumer would otherwise be entitled to in court (e.g. the repayment of commission).

Given the above, the Panel would encourage the FCA to carefully consider whether the proposed approach strikes the right balance in terms of the risks of over- or under- compensating consumers, noting the huge savings (up to £6.5bn according to the CP at para 8.11) it estimates firms will make in terms of administrative (non-redress costs) from administrating complaints through a FCA scheme rather than through the courts.

Therefore, the Panel sees the proposed scheme and approach to redress set out in the CP as an approach which delivers the absolute minimum level of redress. The Panel would be considerably concerned if, following the CP, the FCA was proposing to make changes which reduced the amount of redress being received by consumers (on either an individual or aggregated basis) and/or reduced the number of consumers receiving a redress payment.

The Panel responds below on the specific questions raised in the CP in relation to Chapter 8, but does so subject to the above comments, and on the assumption that the FCA proposes to move forward with an approach to calculating redress which is materially the same as set out in the CP.

Further, it appears to the Panel that the proposed Scheme proceeds on the assumption that the relevant motor finance agreements are no longer in force. It is not clear to the Panel whether there could still be some 'active' motor finance agreements which would fall within the scope of the Scheme. To the extent this is the case, the Panel would encourage the FCA to take the steps necessary to ensure the proposed approach to redress works for affected consumers whose motor finance agreements are still in force and for example, measures are not required to address concerns about restructuring (or not restructuring existing loans.

Question 56: Do you agree with our proposal for a loss-based APR adjustment remedy for all unfair relationships arising from inadequate disclosure of a relevant arrangement that applies a reduction of 17% to the APR the consumer actually paid to produce a market-adjusted APR to use as the basis for the

calculation of redress? If not, please explain why you do not agree and any other options we should consider

The Panel does not have any specific comments on this proposal, save to note that the Panel is unclear whether the data used to calculate the 17% reduction can properly be considered as properly representative of the full range of motor finance agreements given the date range chosen for the sample data. We would encourage the FCA to consider this carefully to ensure the sampling approach adopted by the FCA does not risk undercompensating affected consumers.

Question 57: Do you agree with our proposal that, if deducting 17% from the APR produces a market-adjusted APR lower than the lowest APR at which the broker would have received additional commission under the DCA, that APR should be used as the market-adjusted APR? If not, please explain why you do not agree and any other options we should consider

The Panel does not have any specific comments on this proposal.

Question 58: Do you agree with our proposal that, except for cases very similar to Johnson, all cases where there was an unfair relationship arising from inadequate disclosure of a relevant arrangement should receive a hybrid remedy that averages the outcomes of the proposed APR adjustment remedy and the commission repayment remedy? If not, please explain why you do not agree and any other options we should consider

For the reasons set out above, the Panel believes this could be a pragmatic way forward, but would view it as being the minimum level of redress consumers should receive under the Scheme.

Question 59: Do you agree with our proposed definition of commission for the purpose of calculating the commission repayment remedy as, in summary, the total amount that was payable to the broker in connection with the agreement?

The Panel does not have any specific comments on this proposal.

Question 60: Do you agree with our proposal that cases with commission equal to or greater than 50% of the total cost of

credit and 22.5% of the loan amount and a tied arrangement, where there was an unfair relationship arising from inadequate disclosure of these arrangements, should receive the commission repayment remedy rather than the hybrid remedy? If not, please explain why you do not agree and any other options we should consider

In addition to our more general comments above on when we consider a commission repayment remedy may be appropriate, the Panel considers it may be prudent to adopt a larger 'buffer' to further mitigate the risk of consumers having 'similar cases to Johnson' falling outside the scope of the proposed commission repayment remedy. In line with our more general comments, we think it would be prudent to err on the side of caution in this regard to help drive consumer confidence in the proposed Scheme.

Question 61: Do you agree with our proposal that the APR adjustment remedy should act as a minimum floor where either the hybrid or the commission repayment remedy would provide less redress than the APR adjustment remedy? If not, please explain why you do not agree and any other options we should consider

In the context of the current proposal, the Panel agrees this seems to be a sensible approach.

Question 62: Do you have any comments on the alternatives to our proposed approach to remedy that we considered but decided against? Are there any other approaches that we should consider?

As set out above, the Panel considers there would be merit in expanding the availability of the commission repayment remedy, and would encourage the FCA to give this some further thought.

We also consider there may be some merit in the 'smoothing' alternative, although on balance believe that expanding the availability of the commission repayment remedy would be a preferable approach.

The Panel strongly disagrees that the APR adjustment remedy is appropriate for all cases, in particular because it does not take into account any directly related but consequential additional costs incurred by the consumer flowing from the increased cost of credit under the motor finance agreement.

For the reasons set out in the CP, we agree with the proposal not to follow the approach used in Miss L/Clydesdale and the proposal not to determine whether a consumer suffered loss by reference to whether a consumer received an APR below the market average APR.

Question 63: Do you agree with our proposal that compensatory interest on redress should be calculated using a set rate of simple interest for each year covered by the scheme, based on the annual average of the daily Bank of England base rate for that year plus 1 percentage point and rounded up to the nearest quarter percentage point? If not, please explain why you do not agree and any other options we should consider

For the reasons set out in our general comments above, the Panel is not persuaded that the proposed approach is the correct approach, particularly in circumstances where it is also concerned that the Scheme has adopted an overly narrow approach regarding when the commission repayment remedy should be available. While we note that consumers can challenge a firm's preliminary redress calculation where they consider a higher rate of interest is justified due to their own specific circumstances, this does not address our concerns above and places a significant onus on the consumer.

Question 64: Do you agree with our proposal to allow consumers to make representations where they believe that interest at base rate plus 1 percentage point does not adequately compensate them for their loss? If not, please explain why you do not agree and any other options we should consider

Yes, the Panel supports this proposal, although notes that this is not in its view sufficient to address the broader concern highlighted above regarding the generally applicable level of interest given, in particular, in practice it is likely to be extremely difficult for the consumer to adduce the necessary evidence.

Question 65: Do you agree with our proposal that lenders are entitled to set redress off against any monies owed by the

consumer to the lender in relation to any motor finance agreement or other regulated consumer credit agreements and which are not subject to an unresolved dispute, complaint or legal claim? If not, please explain why you do not agree and any other options we should consider

Providing both the consumer and the lender agree that such monies are owed or overdue (i.e. they are not subject to unresolved dispute, complaint or legal claim), and the consumer is agreeing on an informed basis, the Panel agrees this seems to be a sensible approach.

For the avoidance of doubt, the Panel would not support a proposal whereby redress would be held on account to be used for future payments due under the relevant motor finance agreement.

Question 66: Do you agree that lenders may only apply any redress due under the scheme as a set-off against an outstanding balance with the consumer's explicit agreement? If not, please explain why you do not agree and any other options we should consider

Yes, the Panel agrees. It is important that any right of set-off only applies where both parties agree that any outstanding sums due are not subject to any unresolved dispute.

Question 67: Do you agree with the two options we have proposed for constructing the payment schedule to compare the customer's actual pattern of payments with the pattern under the market-adjusted APR? If not, please explain why you do not agree and any other options we should consider

Yes, the Panel agrees this seems to be a sensible approach.

Question 68: Do you agree with our proposal that, where the necessary data to calculate the early settlement payment is missing, lenders should assume the loan ran to term? If not, please explain why you do not agree and any other options we should consider, including whether there are any reasonable or evidence-based alternatives that would allow lenders to approximate the calculation more accurately

Yes, the Panel agrees this seems to be a sensible approach.

Question 69: Do you agree with the proposed steps that firms should take to calculate the total compensatory interest amount? If not, please explain why you do not agree and any other options we should consider

Subject to our more general comments in relation to the applicable compensatory interest amount, the Panel agrees this seems to be a sensible approach.

Question 70: Do you agree with the proposal that the presumed date of redress payment should be 2 months from the date the provisional redress decision is sent?

Yes, the Panel agrees that in the generality, this seems to be a sensible approach. However, there will need to be some scope for an alternative approach where this would be appropriate, for example where a complaint is subsequently taken to the FOS and upheld, or where there are delays to the payment being made for reasons beyond the control of the consumer.

Question 71: Do you agree with the proposed scheme steps to calculate redress set out in Table 10? If not, please explain why you do not agree and any other options we should consider

Yes, the Panel agrees this seems to be a sensible approach.

Question 72: Do you agree with the proposed minimum data needed to complete each step and the proposed alternative data/ values if the minimum data are not available? If not, please explain why you do not agree and any other options we should consider

The Panel does not have any specific comments in this regard.

Question 73: Do you agree with our proposal that lenders will need to send provisional redress decisions within 7 months of the

scheme start to consumers who have already complained, and within 15 months to all other consumers whose agreements have been assessed under the scheme? If not, please explain why you do not agree and what alternative time limits we should consider

Yes, the Panel agrees this seems to be a sensible approach, although notes that the 15-month timeframe would seem to only apply to those consumers who (under the current proposals) opted in to the Scheme just before the end of the 12-month deadline. Accordingly, the Panel would expect most consumers to have received their provisional redress decisions well in advance of this 15-month timeframe.

Question 74: Do you agree with our proposals for finalising the provisional redress decision? If not, please explain why you do not agree and what alternatives options we should consider

Yes, the Panel agrees this seems to be a sensible approach.

Question 75: Do you agree with our proposal that if a lender makes a payment more than 1 month after sending the redress determination, then interest will accrue on the redress payment at 8% per year? If not, please explain why you do not agree and what alternatives options we should consider

Yes, the Panel agrees this seems to be a sensible approach.

Question 76: Do you agree with our proposals for how a consumer can object to a provisional redress decision? If not, please explain why you do not agree and what alternatives options we should consider

Yes, the Panel agrees with the general two stage approach (one period in which to notify the objection and a second period in which to submit further information and supporting evidence). We support the scope for extending deadlines if consumers have been unable to meet them due to extenuating circumstances.

However, we are concerned that the 1-month time limit might be too short and would prefer to see something slightly longer (for example 2 months) to help ensure consumers have sufficient time to respond. A one-month period can elapse very quickly, especially if a consumer is unwell, away on holiday or experiencing a busy or difficult period. We consider greater allowance for this should be made, partly because the consumer will not be able to accurately anticipate when any relevant communication will be received from a firm and partly because it is unclear whether such circumstances would be covered by the proposed exceptional circumstances exemption (we suspect not).

While we recognise the importance of swift redress and the need to draw a line under this mass redress event as soon as is reasonably possible, it is, in our view, more important that the redress scheme is effective and does not (or does not appear to) unfairly prevent consumers from receiving the redress they are properly entitled to.

Further, the Panel considers it is particularly important to ensure that consumers do not face any unnecessary barriers or unduly onerous procedural steps when seeking to object to a provisional redress decision (e.g. in terms of the evidence to be provided and/or the form in which it is to be provided). We would urge the FCA to pay close attention to the processes being employed by firms at this stage of the redress process.

Question 77: Do you agree with our proposed Supervision strategy? If not, please explain why you do not agree and what alternative options we should consider

The Panel strongly believes that swift, effective and efficient supervision by the FCA is of fundamental importance to the ultimate success of the Scheme. This includes ensuring firms have the clear guidance they need; the number of subjective decisions to be made by firms are as limited as possible; that the scheme rules are drafted to ensure, as far as possible, that the scope for genuine uncertainty in how the rules are to be applied is kept at an absolute minimum; processes are in place to enable the FCA to monitor compliance with the Scheme rules in something close to real time; and that where firms are seen to be transgressing, the FCA steps in swiftly to nip any issues in the bud.

The Panel recognises this requires significant resources to be devoted by the FCA to the Scheme, but views this investment as fully justified. If the Scheme fails to deliver for consumers, this could do significant harm to consumer trust in the FCA and the financial services sector more generally. A reduction in consumer trust can lead to a reduction in consumer engagement and this is likely to be an important inhibitor to the broader growth agendas of both the FCA and the Government.

Question 78: Do you agree with the data we propose to gather to help us understand progress under the proposed scheme, compliance with the proposed scheme rules and monitoring of financial resilience? If not, please explain why you do not agree and what alternative options we should consider

Question 79: Do you agree with our proposed reporting frequency? If not, please explain why you do not agree and what other reporting frequencies we should consider

These appear to the Panel to be sensible, save that we wonder whether it would also be useful to track the average per-consumer redress payment (in relation to cases where redress is paid). We also consider it would be valuable for the FCA to gather data which tracks consumer satisfaction with how the consumer redress scheme is being applied in practice. This could potentially include tracking the number (and type) of consumer complaints received by a firm regarding, for example, the time being taken to process a complaint, the nature of the response and so on.

Question 80: Do you agree with our proposal to publish certain data on firms' progress during the scheme? If not, please explain why you do not agree and what alternative options we should consider

Yes, the Panel supports the proposal to publish certain data to aid transparency and help to build trust in the Scheme. However, we consider publication every 6 months may be too infrequent given the proposed timeframes for operating the Scheme as a whole. We wonder whether publication every 3 months would be more appropriate.

The Panel also notes that while regular reporting on the progress of complaints handling, the publication of certain data can also play an important role in helping consumers understand whether they need to object to a provisional redress decision. We would therefore encourage the FCA to consider whether some data regarding the substantive aspects of the complaint handling (e.g. number of cases in which no relevant arrangements have been identified) could helpfully be published.

We note that the publication of complaints data (whether on substance or the progress of the Scheme more generally will be used by both consumers and their representatives and could provide a helpful source of support and/or intelligence for the FCA’s supervisory activities.

Question 81: Do you agree with our proposal to require a senior manager at the lender to take responsibility for overall delivery and oversight of the scheme at their firm and for its preparatory steps? If not, please explain why you do not agree and what alternative options we should consider

Yes, the Panel supports this proposal, and considers it will be particularly important for a senior manager to attest for the firm having robust processes in place to ensure complaints are resolved appropriately and in line with the expectations under the Scheme.

Question 82: Do you agree with our proposals for the records firms will need to retain once the scheme ends? If not, please explain why you do not agree and what alternative options we should consider

Yes, this appears to the Panel to a sensible approach.

Question 83: Do you agree that we should further extend the time firms have to send a final response to motor-finance DCA and non-DCA complaints that are not leasing complaints? If not, please explain why

Question 84: Do you agree that leasing complaints should be carved out of the extension? If not, please explain why

Question 85: Do you agree with our proposal to extend the deadline for firms sending a final response for motor-finance DCA and non-DCA complaints that are not leasing complaints to 31 July 2026? If not, please explain why. Please include any views on the possibility of consulting to end the extension early

Question 86: Do you agree that it is not necessary for the time to refer a complaint to the Financial Ombudsman to be aligned with the 15 months previously offered? If not, please explain why

Question 87: For consistency of approach, do you agree with our proposal that the period of the extension should not contribute to

the 3-year period that firms are required to keep records of complaints for? If not, please explain why

Question 88: Do you agree with our proposal that lenders and credit brokers must maintain and preserve any records that are or could be relevant to the handling of existing or future complaints or civil claims until 11 April 2031? If not, please explain why

For questions 83-86, please see the Panel's response dated 4 November 2025.

Cost benefit analysis

Question 89: Do you agree with the overall conclusions in this CBA, including the market impacts?

Question 90: Do you agree with the overall methodological approach taken?

Question 91: Do you agree with the choice and articulation of the counterfactual scenario?

Question 92: Do you agree with the modelling assumptions used and sensitivities applied?

Question 93: Are there impacts (costs or benefits) that you have evidence of that are missing or incorrectly estimated?

Question 94: Do you have feedback on assumed firm and consumer behaviours under the intervention?

Question 95: Is there further data we should use that could improve the analysis?

As set out above, the Panel believes that in the absence of a consumer redress scheme, there will be a large volume of complaints, including a large volume of new complaints. Further, given the large number of expected claims we anticipate the processing of those complaints would, collectively, carry a significant administrative and financial burden to firms (including in terms of FOS and/or court fees) and lead to significant further delays for consumers in receiving any redress they are due.

In reaching this view, the Panel notes: the potential value of each individual successful complaint; the high media profile of the issues; the large number of existing complaints; the lack of clarity in terms of calculating redress; and that the paid representative and claims management company sector are extremely active in this space.

Accordingly, we consider it is axiomatic that (a) a centralised consumer redress scheme is appropriate; and (b) it will deliver significant benefits and cost savings to firms and consumers (excluding the value of any redress paid to consumers), albeit we accept these are difficult to quantify in absolute terms.

Nevertheless, the Panel would like to have seen a cost benefit analysis undertaken for different potential redress schemes including, in particular, an assessment of a fully opt-out scheme (ie a scheme covering consumers who have already submitted complaints and consumers who have not yet complained but can be identified by the relevant firm). We would expect such a scheme to deliver enhanced benefits to consumers without disproportionately increasing the costs to firms of administrating the scheme: in our view, it would have been helpful to explore this.

We note the CBA Panel's recommendations, particularly around the lack of an assessment of the consumer benefits of redress in the counterfactual. While we recognise the various uncertainties associated with the calculation of redress in the counterfactual, we consider that adopting the CBA's recommendation would be a valuable exercise in helping to clarify the benefits of the proposed consumer redress scheme and the reasonableness of the proposed approach. By contrast, failing to undertake such an assessment does, we fear, leave the FCA susceptible to significant criticism from firms, and potentially subject to legal challenge.

More generally, we consider the CBA Panel make a number of important observations and we believe the FCA should carefully consider adopting the CBA Panel's recommendations for similar reasons.