

Credit Information Policy
Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

By email



28 April 2026

Dear Sir/ Madam,

CP26/7: Credit Information Market Study – proposed approach to implementing FCA remedies

The Panel welcomes the opportunity to respond to CP26/7. The Panel represents the interests of smaller regulated firms across all sectors. This response is submitted from the perspective of smaller credit and consumer lending firms – businesses that will be materially affected by the proposed remedies both as data contributors under the mandatory reporting framework and as users of credit reference agency (CRA) products.

The Panel's engagement is informed by the practical experience of smaller lenders operating in the consumer credit market, who frequently serve consumer segments outside the appetite of larger mainstream lenders, including individuals with limited credit histories, those who have experienced past financial difficulty, and borrowers who may appear higher-risk under conventional scoring models.

This response addresses three areas: the design and proportionality of the mandatory reporting framework under Remedy 2A; the FCA's assertion that the proposals will increase access to credit; and the position of smaller lenders in a market structure these remedies may reshape.

Mandatory Reporting (Remedy 2A) - Portfolio Approach

The Panel supports the decision not to proceed with an absolute mandatory reporting requirement. We recognise the FCA's view that the proposed approach captures around 98% of agreements by number, and approximately 96% by value, that an absolute requirement would capture, and that the proportionality rationale is therefore understandable. We are, however, concerned about the design as proposed. The obligation to share with all Designated Consumer Credit Reference Agencies (DCCRAs) is triggered by sharing with any single one. For a large lender, the marginal cost of an additional data feed may be modest. For a smaller firm operating on lean infrastructure with no dedicated technology function, establishing new DCCRA relationships - including contractual negotiation, data feed setup, quality validation, and ongoing monthly reporting - may represent a disproportionate operational and financial burden relative to the incremental compliance benefit achieved.

Implementation Period and Sequencing Risk

The Panel has concerns that a 12-month implementation period may not be sufficient for smaller firms to establish compliant reporting arrangements with additional DCCRAs. We recognise that the FCA has also proposed a 6-month lead-in for first-time provider firms once they begin sharing data. Even so, for smaller firms without dedicated technology or compliance functions, the combination of new DCCRA contractual relationships, data quality remediation, system integration, and staff training may take materially longer than the FCA anticipates, particularly given that DCCRA onboarding capacity may be constrained as the industry simultaneously absorbs a large number of new reporting relationships.

The Panel also highlights the sequencing risk between mandatory reporting and Remedy 2B (common data format). We recognise the FCA's statement that the proposed DCCRAs already accept each other's formats and the Standard Industry Reporting Format, such that firms should not need to create wholly new files simply in order to report more widely. Even so, smaller firms may still need to undertake duplicated onboarding, testing, contractual and systems work in the near term, with the prospect of further change costs when the common format is adopted. The FCA and Credit Information Governance Body (CIGB) should publish a clear timeline for the common data format and consider whether the regulatory framework should include a formal mechanism to protect firms from abortive investment costs where format changes are mandated within a defined period following initial implementation. The Panel also recommends that implementation should not commence until the CIGB is demonstrably fully operational.

DCCRA Designation and Competition

The Panel accepts the pragmatic rationale for designating the three incumbent CRAs as DCCRAs. However, directing all mandatory data flows exclusively to them risks entrenching their dominance rather than delivering the competition and innovation benefits the FCA identifies as a policy objective. We recognise that the FCA has proposed non-exhaustive designation factors and has indicated that it will monitor the market and may amend the list of DCCRAs over time. The circular dynamic - challengers cannot compete because they lack the data, and they lack the data because mandatory flows go elsewhere - will nevertheless be difficult to break without deliberate intervention. The Panel therefore recommends that the FCA further operationalises and publishes clear, transparent, and accessible criteria for future DCCRA designation, alongside a roadmap for how challenger CRAs may achieve designation as their capabilities develop.

Cost Analysis and Proportionality for Smaller Firms

The Panel accepts that a regulatory framework to improve the coverage and consistency of consumer credit information is a legitimate policy objective. We do not object in principle to the use of Handbook rules to address this. However, the Panel has concerns that the proposed framework has not been sufficiently calibrated to the realities of the smaller firm population it will capture.

The FCA's cost-benefit analysis relies on the standard cost model (SCM) to estimate implementation costs, treating compliance activity as a relatively small internal project. In the Panel's view, this methodology does not yet fully capture the actual cost profile of smaller firms that lack in-house technology and compliance resource. It does not sufficiently account for commercial negotiation and contractual establishment with new DCCRAs; integration work on legacy loan management systems; data quality remediation under Remedy 2D obligations; and the additional complexity arising from the absence of a common data format (Remedy 2B). The Panel therefore considers that characterising these costs as 'relatively modest' may understate the position of smaller firms.

Benefit Analysis - Will These Proposals Increase Access to Credit?

The Panel wishes to raise a substantive concern about one of the central claims in the consultation. At paragraph 1.8, the FCA states that the proposals would likely lead to more credit being extended in aggregate, with improved access for consumers including through reductions in thin files and the credit invisible population. The Panel welcomes this ambition but considers that the evidence base cited does not adequately substantiate this claim for the specific context of the UK market at its current stage of credit reporting development.

The key studies cited — Blattner, Hartwig and Nelson (Chicago Booth, 2022) and ECRI/Barci et al. (2019) — were conducted in materially different market contexts and do not directly address the question of whether extending multi-bureau coverage within an already-mature

positive-and-negative reporting system, such as the UK's, produces net improvements in credit access for non-prime, thin-file, and near-prime borrowers. Similarly, the Australian analogy, which involved a transformative shift from purely negative to full positive reporting, is not directly applicable to what is in essence a coverage harmonisation exercise in a market where positive data already exists.

The Panel's concern is practical as well as evidential. Greater cross-bureau visibility of indebtedness may increase the apparent risk of near-prime and non-prime borrowers, leading to higher pricing or contraction of appetite in those segments. In our experience, additional data sources in non-prime lending frequently surface reasons not to lend rather than reasons to lend. The access-to-credit benefit is likely to accrue disproportionately to larger lenders with sophisticated scoring capability and to borrowers who already have reasonable access to mainstream credit. An increase in aggregate lending volumes does not necessarily translate into improved financial inclusion if it principally reflects greater competition for prime customers. The Panel recognises that the FCA consulted a number of firms as part of the process for developing these proposals; however, we remain concerned that the sample may have been limited and not fully representative.

In the absence of academic research to substantiate the assertion of increased access to credit from the proposed changes combined with a small firm survey, the Panel does not feel the case is made that the proposals will increase access to credit.

Overall concern with Cost Benefit Analysis

The Panel is concerned that, given the costs for smaller firms may not be as 'modest' as suggested, and a core anticipated benefit, namely increased access to credit, may not be forthcoming, the cost-benefit analysis underpinning CP26/7 does not yet sufficiently evidence the case for the proposed changes.

The Panel would welcome the FCA's further analysis of the directional impact on credit access by borrower segment - with particular attention to near-prime, non-prime, and thin-file populations - before the access-to-credit benefit is treated as an established outcome. The Panel also recommends that the FCA establish specific post-implementation monitoring metrics for credit access in these segments and consider a formal review within 24 months of go-live should evidence emerge that access has contracted rather than expanded.

The Panel is happy to engage further with the FCA on any of the points raised in this response.

Yours sincerely,

[signed]

Will Self
Chair, FCA Smaller Business Practitioner Panel