

Consumer Finance Data Team
Financial Conduct Authority
12 Endeavour Square
London E20 1JN



By email

15 November 2023

Dear Sir/ Madam,

SMALLER BUSINESS PRACTITIONER PANEL RESPONSE TO CP23/21: CONSUMER CREDIT – PRODUCT SALES DATA REPORTING

The Panel welcomes the opportunity to respond to the proposals set out in this consultation. Our main comments focus on concerns regarding the potential impact on smaller businesses.

Our first observation is that the proposed reporting threshold of £500,000 is too low and would have disproportionate impact on a large number of smaller firms many of which have limited resources. The average transaction size across consumer credit lending varies considerably dependent on the loan purpose or asset being funded, meaning that small consumer credit firms funding very low unit volumes, but high loan sizes, would be captured. Once the threshold is reached, firms would be subject to ongoing annual reporting costs in perpetuity, regardless of whether they ever reach the threshold again.

In our view the work required and cost involved in meeting the data requirements would be challenging for many smaller lending firms. The level of detail (for example the postcode of where the trade sale was made) and number of data fields required are unlikely to be reportable in a single platform, could involve multiple data sources and may require system changes by lenders/brokers. In many cases there would also be dependency on external 3rd party system providers to meet the requirements, creating additional burden and cost.

Imposing data collection requirements for rejected/ non-progressed applications would be similarly likely to necessitate disproportionate cost and system changes, putting additional strain on resources. If progressed, it will be important to set out specific proposals clearly in a consultation (e.g. what data would be required from 'Details from the application'?) to enable consideration of potential challenges such as data protection considerations and potential consequential changes to privacy notices/ consents.

Fundamentally, we are not convinced that the cost benefit analysis presented in the consultation supports that the proposed changes would be justifiable. In our view the estimated costs outlined under 'Familiarisation and gap analysis' (£0.51m one-off costs and £0 ongoing) in particular, significantly underestimate the real position. We also note that there has been no attempt to quantify any of the benefits and therefore it is difficult to assess the validity/robustness of the analysis.

Finally, if new reporting requirements are imposed consideration should be given as to whether quarterly updates would be necessary and justifiable, or whether less frequent reporting e.g. 6 monthly, may be more appropriate.

We would be happy to discuss any of these points further.

Yours sincerely,

[signed]

Andy Mielczarek
Chair, FCA Smaller Business Practitioner Panel