

# **Credit Information Market Interim Working Group**

**Response to the FCA Credit Information Market Study (MS19/1.3)**

**Final Report:**  
**Credit Reporting Governance Body**

**23 May 2025**

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# Section A: Introduction

## Chapter 1: Foreword by the IWG's Independent Chair

This report is in response to the Financial Conduct Authority's (FCA's) Credit Information Market Study (CIMS) [final report](#), which sought enhancements to the industry's governance model. The FCA mandated the Interim Working Group (IWG) to make recommendations on the establishment of a governance body, with a working name, the Credit Reporting Governance Body (CRGB). The report is the culmination of the work of the IWG and consultations with industry over a seventeen-month period. To the best of our understanding, we believe that the recommendations in this report satisfy FCA expectations and reflect the general views of wider stakeholders.

This report is a summary of the recommendations defined via thousands of pages of extensive research, analysis, considerations, and, whenever possible, consultation. Access to much of the detail can be found on the [IWG landing page](#), in the form of: [report one](#), [report two](#), [report three](#) [consultation package](#), minutes of all meetings, and formal FCA communication. It seeks to summarise the fundamental recommendations on purpose, objectives, roles, legal structure, Board governance, contracting, policing, funding, along with a multitude of smaller practical recommendations that would allow the CRGB to be operationalised.

Every effort was made to consult widely with industry, regulators, and similar bodies, during the definition of the recommendations. However, the pace at which the IWG has been directed to work did not allow for as much engagement as wished. It is never too late, however, and feedback can still be provided on the report and once established, the CRGB will continue to evolve with the perpetual input of stakeholders. I, as Chair, the IWG secretariat, and the IWG members continue to welcome your views.

These recommendations would not be possible without the commitment, endurance, and experience of the IWG members. It was not always an easy exercise as the subject matter was complex, impactful, and options not clear cut. However, they should be proud that all recommendations carry the support of the IWG membership. This stance required appreciation of the views of others and compromise on many "redlines". The inclusive engagement achieved during this exercise bodes well for the future of the industry. There was a robust consumer focus with continuous participation from both the IWG consumer representatives and the consumer subgroup.

Significant thanks must go to the IWG secretariat; Rosie Mahoney, Kashish Makkar, and Alberto Sepulveda, who were seconded from the FCA to support this work. They were the exemplification of professionalism through their hard work, competence, knowledge, integrity, and respect of ethical walls. The wider FCA team also deserve recognition for their continued open engagement and direction.

The new governance framework was selected as the first remedy to be advanced following the CIMS final report. It was a joint effort between the industry and the FCA. The FCA continue to progress their additional remedies, and in advance of the CRGB launch, the Steering Committee on Reciprocity (SCOR) is co-ordinating the ongoing work to design the industry remedies. An operational CRGB will then pick up the lead on the realisation of these remedies.

We trust that this report can provide the direction needed to set the governance of the credit information industry up for the foreseeable future. We look forward to the transition from SCOR to the CRGB and the benefits that come with the new framework.

**Jacqueline Keogh**

**Independent Chair, Interim Working Group**

## Chapter 2: Report development process

This report was developed, following the Credit Information Market Study (CIMS) final report, to propose the design and operations of the new governance framework of the credit information industry, the CRGB. The report forms the recommendations of the IWG, being a diverse group of volunteers (IWG membership is outlined in Appendix A of this report) and an Independent Chair, supported by a small, seconded secretariat team from the FCA. The [Terms of Reference](#) (ToR) for the IWG were agreed between the FCA and the IWG.

### 2.1 Delivery timeframe

The IWG was launched in January 2024, with an aspirational target for issuance of the final IWG report in September 2024, with three interim reports shared with the FCA prior. However, it was always acknowledged that this was an ambitious timeline for the work required.

As stakeholder consultation progressed, and the IWG faced into the evolving complex interdependencies between various topics, it became evident that holding to the September timeframe would not deliver in the best interest of all stakeholders. Therefore, by mutual agreement, between the FCA and the IWG, the timeline was extended. The extension acknowledged the need for relying on data-driven insights which required greater evidence collection, deeper consideration of complex recommendations that could impact the industry at large, allowed for more comprehensive pre report issuance industry engagement, and the development of an in-depth transition plan from the current industry governance arrangements SCOR to the CRGB.

Additionally, whilst three interim and a final report were planned, two interim reports were delivered, issued in April and July 2024, along with a set of consultation papers in November 2024 and February 2025, in lieu of report three. All of these are consolidated in this final report, issued to the FCA in May 2025. The earlier reports and consultation papers are available on the IWG landing page on the FCA website. It should be noted that some stances taken in earlier reports evolved overtime and the final IWG recommendations are reflected in this report.

### 2.2 Development procedure

In line with the ToR, a systematic process to address what the CRGB should do, how the CRGB will be constituted, and how the CRGB will operate, including the transition plan from SCOR, was followed. At each stage, earlier recommendations were revisited to ensure that the overall proposal avoided any conflicting or unworkable recommendations.

Every effort was made to ensure that the development of the recommendations in this report was well researched, considered and consulted, with a comprehensive evidence trail of the process followed.

Each recommendation was defined following the issue of papers which included framing of the subject, research on the options available, comparable domestic and international industry case studies (outlined in Appendix B) and external legal advice provided to the IWG by [Mills & Reeve](#). The recommendations were evaluated on their own merits as well as alongside other recommendations as a complete package. Financial scenario planning was also undertaken, utilising confidential CRA and FCA data<sup>1</sup> alongside helpful insights provided by similar industry bodies and the use of wider public data. For technical subjects requiring in-depth consideration, such as contracting, Board composition and funding, smaller subgroups were utilised to brainstorm and analyse the alternative models available.

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<sup>1</sup> Confidential data was handled only by the IWG secretariat. Any analysis shared did not identify nor expose information on any organisation.

Papers were discussed and debated at one or many meetings, where the industry and CRGB implications were considered. Subjects were developed over time with the opportunity to assess interdependencies. The IWG sought to gain agreement by consensus which resulted in the need to compromise to deliver recommendations that balanced the needs of all stakeholders. All recommendations were tested against the need to meet the challenges set out in the FCA CIMS reports. These discussions were minuted and a summary shared on the IWG landing page.

## 2.3 Consultation process

The IWG members bring vast personal experience and representation from a diverse range of stakeholders. As such, they are a good indication of the likely reaction of the industry to the recommendations contained in this report. To complement their insights, several private and public consultations were undertaken during the development of the proposals.

- **Specific subjects:** Some IWG members engaged a small subset of their cohorts, to validate their thinking on subjects, during the development of the reports. Subgroups, made up of IWG members, were also formed to answer questions requiring particular technical expertise, such as those relating to legal or financial issues.
- **Consumer insight:** A consumer subgroup was formed of members of the FCA's consumer network (membership listed in Appendix C), chaired by the IWG's consumer representatives and with the support of the IWG secretariat. This group met monthly to ensure consumer perspectives were accounted for within the recommendations, particularly in terms of consumer representation within the CRGB.
- **Data user and contributor events:** Two in-person industry events were held in March and September 2024. Through these events, the IWG sought feedback on its recommendations and ensured a wide range of views were accounted for within the finalisation of its recommendations. Hundreds of firms were invited, with over 80 attendees at each of these events, including banks, fintechs and trade associations.
- **Report one and two:** All IWG members shared report one and two with their cohort after report issuance and provided significant feedback. Both reports were published on the IWG landing page.
- **Report three:** Instead of a third report, a set of consultation papers were issued to industry stakeholders in November 2024 and February 2025 to support pre-report issuance. The IWG members collected detailed feedback as subjects addressed were more technical and operational.
- **Final report:** This final report was shared by the IWG with their cohorts for a three-week consultation prior to finalisation. Industry feedback was incorporated in the final report under the guidance of and signed off by all IWG members before issuance to the FCA.
- **Wider engagement:** The IWG secretariat engaged with relevant government departments, non-financial industry regulators, along with relevant trade associations, and a limited number of non-financial industry companies, at each stage of recommendation development. A list of organisations engaged can be found in Appendix D.
- **FCA engagement:** There was considerable engagement with the FCA during the development of the recommendations. In addition to the topics set out in the ToR, the FCA have provided steers on subjects where requested. The FCA provided written published feedback on report one, two and the report three consultation paper pack. All feedback prior to the publication of this final report was focused on redlines, key



issues or concerns, so that they could be considered by the IWG. The FCA will provide final detailed feedback upon publication of this final report.

- **External legal advice:** Mills & Reeve were secured by the IWG<sup>2</sup> (funded by the IWG, not the FCA exceptional fees levy) to provide external legal advice. Mills & Reeve advised the IWG on queries relating to the legal structure, Board powers and safeguards, policing approach, funding model, implications of the subscriber classification, joint controller risks, and the contracting framework of the CRGB. Their focus was predominately on company law, contract law, and regulatory compliance with competition law and data protection law. Their assessments provided the IWG comfort that the proposed CRGB roles, processes, powers, and functions are exposed to only manageable and proportionate risks, with some risks needing to remain under review.

All 449 written feedback comments received from all reviewers on the IWG's reports was stored, tracked, reviewed, discussed, and addressed. The contribution made by reviewers has greatly enhanced the comprehensiveness of this report.

It is acknowledged that whilst every effort has been made to ensure that recommendations have been thoroughly considered and that stakeholders have been given opportunities to engage, no process is perfect. On the face of it, seventeen months to deliver this report feels extended, the complexity of the subjects and the level of industry interest has meant that the consultation periods were never sufficiently long.

The IWG would like to thank all parties that made this report possible and hope that it delivers on many of the expectations of industry stakeholders.

## Chapter 3: Executive summary

Within the CIMS final report, the FCA identified that evolution was required in the credit information industry and recommended 12 remedies to address perceived issues. The FCA will take forward four remedies, while industry will lead the remaining seven. The first remedy is a new governance framework, working name the CRGB, via co-operation between the FCA and the industry. The CRGB will be formed following recommendations made by the IWG to the FCA. In line with the recommendations in this report a company named Credit Information Governance Body (CIGB) has been incorporated to secure the domain name and allow timely progress on next steps. However, for consistency, this report continues to utilise the working name of CRGB.

### 3.1 The IWG's final recommendations

The CRGB's purpose should be to provide effective governance of credit information for all consumers and other stakeholders. Three objectives set the agenda and priorities for the CRGB being: operational, consumer-focused, and future-looking. Outcome themes set a framework to measure and evidence the progress being made by the CRGB.

The CRGB will be legally constituted as a company limited by guarantee, where the Board Directors are the members and guarantors. The CRGB will have a majority Independent Board with industry Nominated Directors representing key cohorts. The Board will be supported by three Committees and three Advisory Councils, with strong consumer representation. The Board Directors are the ultimate decision makers of the CRGB, which can be delegated to the Committees and the CRGB staff. The Advisory Councils provide industry input and advice.

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<sup>2</sup> All other IWG costs were funded by industry via FCA exceptional fees. See [CP24/6: FCA fees and levies: rates proposals 2024/25](#) page 11 and 14 for further details.

The CRGB will be subject to a high level of transparency and will be accountable to public and private sector stakeholders, both from within and outside of the financial industry.

A set of roles have been recommended which would enable the CRGB to operate and deliver on its objectives, along with potential longer-term roles. Whilst the CRGB is a self-regulatory organisation (SRO), rather than a governmental regulator, it would still be expected to fundamentally fulfil the same tasks as a regulator. The most central role is the governance of the shared data whose quality is predicated on strong oversight.

The CRGB will be empowered to oversight its subscribers via contract law, where all subscribers will need to register and subscribe to the CRGB. The contracting framework accommodates the relationship between industry players, the CRAs, and the CRGB, resulting in one additional subscription contract for all stakeholders. A subscriber is an entity that has the ability to access shared data and seeks to exercise this ability. Shared data is information relating to individual consumers and will not be made available to non-subscribers. Close relationships will be maintained with regulators and government to support alignment and collaboration. Consideration should be given at a future date as to whether the governance of credit information should be subject to statutory oversight rather than contract law.

The enhanced management of data quality is only one of many benefits that the CRGB will bring to stakeholders. To support the definition of datasets, a set of principles are outlined along with recommendations on next steps to progress the incorporation of additional datasets. Individual consumer data is the core focus for the CRGB, including the continuation of the cross over agreement with the Commercial Credit Data Sharing Scheme (CCDS). The rules embedded in the PoR relating to commercial data will be transferred to the CRGB, but they are not the intended focus in the medium term. The effort required to scope, consider, cost and fund changes needed to shared commercial data governance have not been included in the proposed workplan. A wider strategic conversation will be needed at the regulatory level on commercial data in due course. The vast array of stakeholders are encouraged to participate in the efforts of the CRGB as it seeks to increase industry awareness of credit information and to influence the decisions being made on behalf of the industry.

The decisions and actions of the CRGB should have a positive impact on the credit information industry. However, these decisions need to be taken with due consideration to subscribers and the wider industry. As such, comprehensive processes and safeguards have been recommended to ensure that decisions have the appropriate and proportionate positive impact.

The scope and remit of the CRGB goes well beyond that of SCOR and will result in an increased cost for the industry, and therefore, the CRGB budget projections were given considerable attention. Cost projections have been defined for the first five years of operations, having in mind the pace of remedies execution and the degree of proactivity in the management of the data sharing rules. However, post year one the CRGB's budget will be determined by an annual work plan, approved by the Board following industry consultation.

The CRGB will be funded by its subscribers, with an annual fee structure reflecting the nature and size of the entities. A large percentage of subscribers will be exempt from payment due to their smaller size and/or social purpose objectives, but they will still need to sign a CRGB contract. This allows for a more inclusive governance model and helps to offset any concerns on competition law. A small number of future subscribers will be asked to pre-fund the CRGB to support live operations, and their contribution will be offset against the following year's fees.

To be effective the CRGB needs to ensure it manages a smooth transition from SCOR and takes ownership for leading the CIMS industry-led remedies. A summary plan of action has been defined, with some actions underway. There is close cooperation with the SCOR team and membership, who are supporting the cross industry workstreams which are already facing into some of the CIMS industry-led remedies. The IWG and the FCA will remain involved in

the transition until such time that an independent CRGB Chair and a small team have been recruited.

All terminology used in this report is defined in Appendix E.

### 3.2 The recommended next steps

The proposals contained in this report have been developed by the IWG, where possible, in consultation with the industry. Every effort has been made to reflect the evolving and diverse opinions in what is a complex subject matter.

In view of the time between the publication of the CIMS final report and the issue of the IWG final report, consideration was given to the continued suitability of advancing CRGB. Industry feedback raised a question on alignment of the CRGB, as a governance remedy, with the new FCA strategy and the governments' growth focus. The FCA included in both their [letter to the Prime Minister](#) and their [new strategy](#) reference to the efforts to "improve credit information with changes to industry governance". The government have acknowledged both documents. The CRGB, as a self-regulatory organisation, allows the industry to define a proportionate approach to enable appropriate consistency whilst supporting business growth.

The report will be shared with the FCA for consideration and their feedback on the recommendations contained in the report will be published. Any amendments needed to the IWG's recommendations in light of this feedback will also be published.

The IWG Chair and secretariat will advance key activities to support the set-up of CRGB in the short-term. This will include the recruitment of initial CRGB staff who will take the reins from the IWG.

## Section B: Why is the CRGB being formed?

To provide the context as to why the CRGB is being formed, this section covers a brief overview on what credit information is, its purpose, along with the role of the main industry actors.

### Chapter 4: Role of credit information

Credit information is the data that is utilised to support identity verification, reduce fraud, inform affordability assessments, and enable credit decisions based on the financial standing of consumers. Its foundations grew out of the lending sector. Credit Reference Agencies (CRAs) primarily serve as a source of information about consumers' use of credit as reported to the CRAs by those from whom consumers borrow. Lenders use this information to supplement whatever data they have already directly acquired about a borrower's creditworthiness to make lending decisions.

The credit information data is obtained by the CRAs from data contributors who have a relationship with the consumer. This can include banks, credit card providers, utility suppliers, and mobile phone companies. The CRAs supplement this data with information securely collected from public records, to verify, analyse, and store the data, whilst creating a credit rating. Any product which relates to the provision of goods or services before they are paid for can potentially be included in the credit file, meaning that the credit file is created from data provided by contributors from many industries and utilised by even more industries, well beyond the original lenders.

Credit data essentially represents a consumer's credit "reputation," illustrating borrowing and repayment behaviour over time. CRAs give businesses insights into a consumer's past behaviour, which includes a consumer's record of meeting their financial obligations. Without such information, borrowers would likely be required to provide far more information about themselves when applying for any type of credit and pay more for access to credit. Equally, without such information creditors could make a decision not fully informed of the facts or lend to consumers who are already overextended or in default. This could result in a higher cost of borrowing for all consumers. As part of this system, lenders have incentives to report their own experiences with borrowers to gain access to other creditors' data in the future.

Whilst the products and services provided within the credit information industry have expanded over the years, the data shared by contributors has at its core purpose the use in the assessment of responsible credit decisions, where integrity and availability cannot be compromised.

### Chapter 5: Role of different actors

There are five main types of actors in the credit information sector: CRAs, data contributors, credit information users (CIUs), credit information service providers (CISPs) and consumers.

However, the credit information industry is increasingly complex, with credit information data flowing between and beyond the five key actors outlined above as well as outside the retail lending market. Likewise, credit information itself is becoming broader and can now include innovative new data sources which require flexibility from all stakeholders involved.

Therefore, it is worth defining in more detail the different players and their roles.

#### 5.1 CRAs: Credit Reference Agencies

The regulatory definition of a CRA is "a person providing credit references." Providing credit references refers to "furnishing of persons with information relevant to the financial standing

of individuals or relevant recipients of credit is a specified kind of activity if the person has collected the information for that purpose."<sup>3</sup>

The CRA collects and aggregates consumer information from public sources like the electoral roll and from data contributors such as lenders. This data is verified, matched and pinned, analysed, and securely stored to build a credit profile of the consumer. The consumer profile is used to deliver credit reports, credit scores, and other associated products and data to credit information users. The CRA may also provide direct services to the consumer.

The FCA CIMS report states that there are c.20 CRAs, these can be grouped into four broad categories:

1. CRAs who source their data directly from lenders and other data contributors along with public data sources and other non-standard data sources to create their own consumer database (often referred to as a bureau). They have a range of value-added services such as undertaking advanced analytics on the data. This may include issuing their own unique range of credit and affordability scores and building products and services for clients which utilise consumer credit data. There are three large established CRAs (Experian, TransUnion and Equifax) who are all part of global groups and at least one recent entrant (Infact Systems) in this category. Each CRA constructs its own credit reports and uses distinct methodologies to determine an individual's credit score which differ from other CRAs.
2. Newer CRAs with different business models source data from the incumbent CRAs, who create the consumer credit database. These newer CRAs source individual consumer data (subject to restrictions and with customer consent) from one or multiple CRAs. They complement the data with other alternative and public data sources which may include Open Banking data, to create their own database with an enhanced consumer file. They supplement the individual data with insights and / or present a combined assessment. Crediva and Lending Metrics are currently examples of this type of CRA.
3. CRAs who distribute/resell services on behalf of CRAs, who create the consumer database, without adding additional value via extra data or analytics, under a contract. They are only a CRA if they are authorised by the FCA, otherwise they are simply resellers of CRA data.
4. CRAs who source data from non-traditional and Open Banking data, usually to provide real time services and other technology enablement. They do not access any shared data directly from lenders, beyond Open Banking permissions, nor from other CRAs. It is unclear if they issue their own credit score. They are subject to Open Banking regulations. AperiData could be considered an example in this category.

Under appropriate FCA authorisations, many CRAs also perform other functions such as those performed by CISPs, Account Information Service Providers, Credit Brokers, and Debt Collection Agencies.

The categorisation of new CRA entrants may change over time, depending on the outcomes of the CIMS FCA-led remedies such as the mandatory data reporting requirements (remedy 2A) and the strategic direction these may take firms.

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<sup>3</sup> Article 89B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544).

## 5.2 Data contributors

Data contributors collect data from consumers during the process of providing a good or service. The consumer is made aware of the intent to share this data with the CRAs<sup>4</sup>. Data contributors typically include lenders (providers of mortgages, credit cards, loans, etc), other financial service providers (including insurers, motor finance providers, credit unions, Buy Now Pay Later (BNPL) firms) and non-financial services firms such as telecom companies, utility companies and landlords.). CRAs also obtain information from other public (such as from the electoral roll, court judgements and the insolvency register) and private data sources.

Data contributors are encouraged to contribute data as it increases the insights on the consumer and the probability of better-informed decisions for all contributors. Data contributors are generally also credit information users. All data contributors must act in accordance with the Data Protection Act 2018 and UK GDPR alongside industry rules on data sharing, as described below.

## 5.3 Credit information users

Credit information users are private and public sector companies that seek to understand the financial standing of consumers to make decisions on the provision of goods or services. Historically these entities were mostly lenders, who used the data to assess creditworthiness and inform forbearance strategies. The FCA rules do not explicitly require lenders to use information from CRAs when making lending decisions.<sup>5</sup> A firm must base its creditworthiness assessment on sufficient information.

Beyond lenders, credit information users include other financial services providers such as insurance companies, debt management and collection services, and other industries such as telecom, water, and energy companies. Public sector government entities also utilise credit information, often for fraud and identification purposes.

## 5.4 Consumers

A consumer is any natural person acting for purposes outside their trade, business, or profession. To create a credit file, data on a consumer needs to be collected. This data is collected when a consumer seeks to purchase a product or a service in some form. An organisation must inform a consumer if it is collecting or using their personal data<sup>6</sup>.

A consumer has the statutory right to access their credit information for free under UK GDPR and under section 158 of the Consumer Credit Act 1974. A Subject Access Request (SAR) is a legal entitlement under UK GDPR article 15, read with clarification in section 13 of the Data Protection Act. An individual can seek a copy of their data via a SAR, or they can authorise another organisation / person to seek a copy on their behalf.

## 5.5. CISPs: Credit Information Service Providers

CISPs purpose is to provide consumers “credit information services”. The business model of many of the CISP’s revolve around two roles:

1. Provide credit information services to consumers who want to understand their credit file and/or score better. The CISP is authorised by the FCA for this purpose under the Financial Services and Markets Act ([FSMA](#)). As of January 2025, c.19 entities have

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<sup>4</sup> This is made clear in the lenders’ privacy notice and the consumer will be given access to the CRAs’ Credit Reference Information Notice (CRIN).

<sup>5</sup> FCA Handbook, Consumer Credit Sourcebook, Rule 5.2A and 5.5A.

<sup>6</sup> [Articles 13 and 14 UK GDPR](#)

FCA permissions where acting as a CISP is their main business activity. The FCA register also lists a significant number of other entities with CISP permissions as part of a much broader business.

2. As an intermediary, the CISPs deliver services to consumers and lenders including providing consumers' quotes for financial services and lenders' services to check credit information. In offering these services to consumers, the CISP acts as a credit broker and is authorised by the FCA for this purpose under FSMA.

Many CISPs offer credit information services for free and generate revenues through credit broking. Other CISPs have a blended business model. In most instances, the bulk of the CISP revenue is related to the broker business.

CISPs were defined in the CIMS report as one of the five main participants in the credit information sector. The FCA highlighted that CISPs have been innovating to attract and retain consumers, which is welcome in the industry. They are incentivised, by virtue of their broking business and its revenue, to help consumers to improve their credit situations.

CISPs are an important part of the credit information ecosystem, not least because a very common way that consumers access information on their credit profile is via a CISP. All CRAs have a process by which consumers can access their credit information for free. However, with the exception of Experian, the CRAs do not offer CISP services. Therefore, these CRAs work with CISPs to meet this need. CISPs often play an important consumer education role, support corrections of consumer credit data, and are a channel for consumer complaints.

The CISP commercial model is built on the back of delivery of a positive consumer experience where access to their credit information is efficient, user friendly, and complemented with additional offerings. To achieve this experience a contract is put in place between the CISP and CRA for CRA services, to deliver the data faster, periodically, and in a more standardised manner than what is required under the SAR framework, e.g., additional alerts, Application Programme Interface delivery, agreed formatting, process for handling complaints, requests to exercise data subject rights, etc. Additionally, the CRA utilises the contract to assure themselves that the right level of authorisation and authentication has been obtained, and the data provided would be used appropriately.

## 5.6 Governance entity: SCOR

Today, regulation defines policies designed to protect the interest of consumers. The consumer's data is subject to data protection requirements and the consumer is advised that their data will be utilised for credit information purposes. However, because credit information cuts across industries and their associated regulators, it is not a straightforward sector to regulate. The FCA oversight the CRAs and other entities subject to FSMA such as lenders. However, they are not responsible for the oversight of telecom, water, energy, landlords, gambling, etc, beyond their credit activities.

Following a series of wide-ranging discussions in the 1990s between lenders, trade associations and regulatory bodies regarding the use of consumer information in the determination of credit and marketing decisions, it was identified that a more formalised governance approach was necessary.

As a result of this, the UK finance industry established the Steering Committee on Reciprocity (SCOR) in 1998. SCOR is made up of representatives from finance industry trade associations, credit reference agencies and other trade associations representing non-FSMA entities such as telecoms and water. The purpose of SCOR is to develop and administer documented guidelines known as the Principles of Reciprocity (PoR) which address issues surrounding the use and sharing of credit performance and related data on individual consumers residing in the UK.



The PoR has been established through consultation with industry trade associations and regulatory bodies. The PoR cover the supply and access of consumer and commercial credit performance data about parties located in the UK, as well as the recording of rules on credit search footprints, shared through CRA databases.

The PoR regulates the sharing of this information to ensure that it is utilised in accordance with the 'governing' principle that – the data is shared only for the prevention of over-commitment, bad debt, fraud and money laundering, and to support debt recovery and debtor tracing, with the aim of promoting responsible lending.

SCOR is a cross-industry forum which operates on behalf of the trade associations, CRAs, and industry bodies that it represents. Its purpose is to monitor, develop, and administer the PoR. It has no devolved powers of its own and may only recommend decisions to its membership.

The role of SCOR and the PoR have subsequently been extended to also cover the reciprocal sharing and use of related data on businesses.

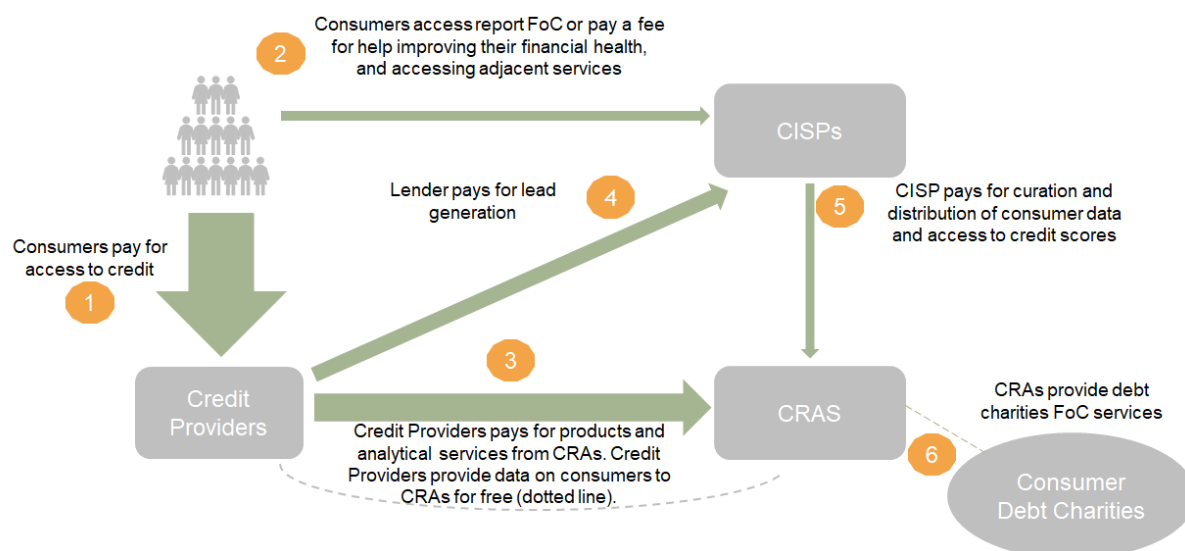
## Chapter 6: Flows of revenue and data

Understanding how the money and data flows in the credit information industry provides important context to support and appreciate why certain recommendations are being made in this report.

### 6.1 Industry flow of revenue

The use of consumer data is the foundation of the creation of several products and services. The below diagram seeks to define the movement of money resulting from these products and services. The thickness of the arrow denotes the relative size of the flow of money between the parties for the transaction. This example addresses the credit flows but does not cover the use of the data and associated revenue for other products and services.

**Diagram 1: Consumer data – fee flows<sup>7</sup>**



**Notes:**

1. Thickness of the arrows denotes relative size of fees flowing between the entities
2. Consumer Debt Charities such as Citizens Advice Bureau, take products / services from CRAs, it is usually free of charge (hence the dotted line)

<sup>7</sup> Free of Charge (FoC)

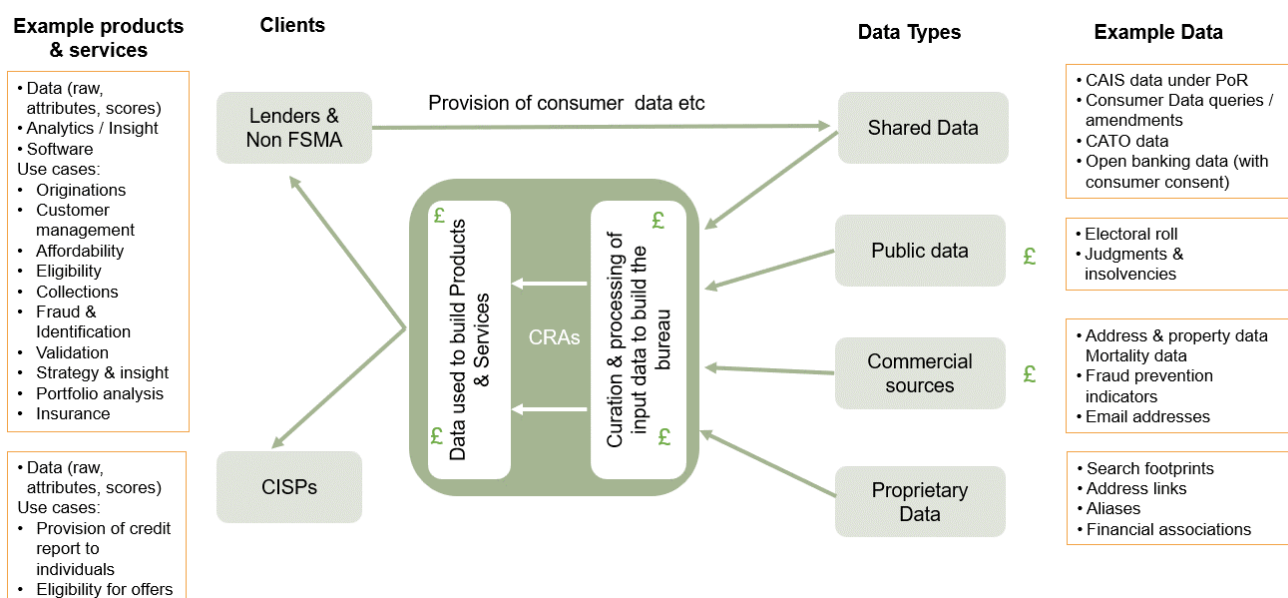


1. The consumer pays the lender for the provision of credit. The lender uses the consumer data, usually after the CRA has cleaned and added value, as part of their credit risk assessment. However, it is fair to acknowledge that capital utilisation and acceptance of risk are a major contributor to the lender's revenue.
2. The consumer pays a fee to the CISP to help improve their financial health and to access suitable credit services. The CISP uses consumer data, which may be consolidated across CRAs, to allow them to identify ways to improve credit ratings and to match consumers to credit products with lenders.
3. The lender pays the CRAs for the provision of products and analytical services which are based on consumer data. The CRA has invested in data cleaning and matching, supplemented with other data and analytical capability.
4. The lender pays the CISP for lead generation which they have created by matching consumers with suitable credit products.
5. The CISP pays the CRA for access to the credit score and consumer data. The consumer data is not anonymised as it is for the consumer but has been subject to cleaning and matching.
6. Consumer debt charities gain access to services based on the consumer data free of charge, so no payment passes between these parties.

## 6.2 Industry data flow

The current industry data flows have the CRAs at the centre of the consumer data flow. With that in mind, it is appropriate to outline the difference between the consumer data provided by data contributors and the consumer data available to the data user. This is addressed in the diagram below.

**Diagram 2: Credit information industry data flows**



The £ symbols indicate a payment for this data by the CRAs. Whilst they do not directly pay lenders for shared data or for their own proprietary data there is a high cost to the CRAs to curate and process all data inputs to create the credit bureau.

The data flows out to clients e.g., lenders, in the form of products and services created by the CRAs, which again has a high associated cost (both development, product maintenance and continual innovation).

## Chapter 7: The FCA's CIMS findings and governance remedy

In November 2022, the FCA published the CIMS interim report. The FCA outlined that, while the market was working well in several ways, there were also areas where it could be working better. The FCA highlighted four potential areas for improvement:

- Data consistency and data quality.
- Consumer awareness in terms of accessing and disputing credit information.
- Greater competition and innovation could be fostered through changes to data access arrangements and more timely reporting of key metrics.
- Updated governance arrangements.

In December 2023, the FCA published the CIMS final report which detailed the 12 remedies the FCA propose to address the improvement areas outlined above. The FCA has adopted a hybrid approach to delivering its remedies package, with each remedy categorised into one of three distinct implementation types:

- FCA-led (four remedies)
- Industry-led (seven remedies)
- Joint FCA and industry (one remedy)

### 7.1 Governance as the first remedy

In the CIMS final report, the FCA acknowledged that the current industry governance arrangements, SCOR<sup>8</sup>, have achieved significant milestones to date. However, the FCA also explained that it felt that SCOR could be more efficient in driving forward change, represent a wider range of stakeholder views, give greater priority to consumer outcomes, and operate more transparently.

Therefore, the joint remedy was prioritised, being the creation of a new industry governing body for the credit information market, i.e., the CRGB. As per the FCA's final report, the CRGB should represent the interests of lender organisations, non-lender organisations (such as utilities), trade bodies, consumers, and engage with regulators. The governance remedy is the first of the remedies to be implemented as it will oversee the development and implementation of the seven industry-led remedies. The CRGB may also need to engage with some of the FCA-led remedies. The industry-led remedies are outlined in Appendix F.

Meanwhile, the FCA will be working toward publishing consultation papers on the proposed FCA-led remedies. Further information on the CIMS FCA-led remedies can be found in the CIMS final report.

### 7.2 The role and approach of IWG

To assist with the development of the new governance framework, the FCA, in conjunction with the industry, has formed the IWG, whose purpose is to make proposals and recommendations to the FCA on the design, implementation, and operation of the new CRGB, as set out in remedy one of the CIMS report – reformed industry governance arrangements.

The IWG was launched in January 2024 and is temporary and advisory only, with no decision-making powers. The ToR provide further detail on the IWG's role. The IWG do not have a mandate to address other remedies outlined in the CIMS final report.

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<sup>8</sup> <https://www.scoronline.co.uk/>

The IWG is comprised of twelve members with a balanced representation from across the financial services and credit information industry. This includes a fixed and Independent Chair, Jacqueline Keogh, appointed by the FCA, who is supported by a secretariat team seconded from the FCA. Members have remained relatively consistent during the development of the recommendations, with a few changes as noted in Appendix A.

Industry and wider stakeholder views are represented by the 11 IWG members who either volunteered or were nominated from alternative finance providers, newer CRAs, consumer groups, CISPs, incumbent CRAs, and trade associations. IWG representatives have sought views from the areas they represent, from wider stakeholders, and representative cohorts who have an interest in the creation of the CRGB and are not already represented on or engaged with the IWG. This includes gaining insights from regulators representing other sectors as well as trade associations and some firms from these sectors.

## Section C: What will the CRGB do?

After extensive consideration and industry feedback, the CRGB's purpose, objectives, roles, and the datasets within its remit were agreed. The CRGB will provide effective governance of credit information, ensuring robust data-sharing rules, industry standards, and oversight of key datasets. Its objectives focus on operational governance, consumer outcomes, and a forward-looking approach to competition and innovation. The agreed roles and datasets reflect the CRGB's broader remit beyond SCOR, aligning with industry needs and regulatory expectations.

### Chapter 8: Purpose and intent of the CRGB

A purpose statement is defined as an organisation's reason for being, extending beyond mere profit-making, and explains how its products or services contribute to the well-being of people. A purpose statement addresses fundamental questions for both customers and employees: why does the organisation exist, and what would the world lose if it ceased to exist? It maintains an external focus and remains constant over time.

To define the CRGB's purpose, consideration was given to what exists today in SCOR, the FCA expectations outlined in the CIMS report, exploration of comparable industry bodies, a review of good practice and academic research. The purpose should be read in conjunction with the recommended objectives.

#### 8.1 Purpose and intent of SCOR

SCOR operates on behalf of the trade associations and industry bodies that it represents and can only make recommendations on matters concerning the PoR to those organisations; it has no powers of its own. Each trade association and industry body have internal procedures for debating and agreeing their position on SCOR's proposals. Issues referred to SCOR may arise from a request by a trade association, industry body, a member, or a CRA. When changes are approved, these are incorporated into the PoR, which forms part of contractual relationships between a CRA, data users, and data contributors. These changes may also arise because of legislative changes that affect the PoR.

#### 8.2 CIMS report expectations

In the CIMS final report, the FCA stated that the purpose of the CRGB should extend beyond a mere data-sharing framework, encompassing the progression and oversight of selected remedies deemed suitable for industry leadership, set out in Appendix F.

#### 8.3 Purpose of the CRGB

The CRGB's role extends beyond credit data-sharing rules to encompass critical aspects such as data quality, industry standards, and its role in delivering the CIMS industry-led remedies. Given that the credit information system impacts millions of people, the CRGB's purpose reflects the need for an inclusive social contract.

To ensure clarity and focus, the IWG recommend a purpose statement for the CRGB, which is intentionally brief, and should be read alongside the proposed objectives:

**To provide effective governance of credit information for all consumers and other stakeholders.**

Industry feedback, including from the FCA, has been supportive of this purpose, particularly when viewed alongside the three recommended objectives. This approach grants the CRGB a broader remit than SCOR while maintaining a clear focus on its core governance role.

## Chapter 9: Objectives and outcomes

The CRGB's objectives and outcomes will be necessary to steering the strategic direction of the CRGB and will need to be used to guide CRGB's decision-making and prioritisation of its future work.

### 9.1 CRGB's stakeholders

Effective governance is dependent on the participation and backing of industry stakeholders. It is vital to have an inclusive stakeholder map and understand the drivers for those stakeholders. The interest stakeholders have in the CRGB will only be maintained if the parties benefit from the organisation.

The list of CRGB's stakeholders has remained unchanged during the development of the recommendations:

- Large/mainstream lenders
- Smaller/specialist lenders
- Alternative credit providers
- Incumbent/mainstream credit reference agencies (CRAs)
- Newer CRAs
- Consumers and consumer representatives
- UK Government (including His Majesty's Treasury)
- Financial Conduct Authority
- Other UK regulators (including the ICO, Ofcom, Ofwat, Ofgem and the Gambling Commission)
- Trade bodies representing FSMA firms.
- Trade bodies representing non-FSMA regulated firms (including Energy UK, Water UK, Mobile UK and the British Retail Consortium)
- Credit Information Service Providers (CISPs)
- Schemes such as those related to Open Banking

These stakeholders have been engaged as part of the development of this final report. Each recommendation has been considered with these stakeholders in mind.

### 9.2 CRGB's objectives

A company's objective(s) is what it needs to do to achieve its purpose. The objectives provide a direction for the organisation's efforts and sets a strategic focus.

From the outset the objectives were characterised as needing to deliver on CRGB's purpose into three areas of responsibility 1) operational; 2) consumers; and 3) forward-looking. These three areas have remained consistent during all deliberations.

Within report one, the IWG recommended the following objectives for the CRGB:

- **Operational Objective:** The CRGB will actively define, govern, and promote data sharing rules and data standards along with relevant industry initiatives. By doing so, it aims to establish a robust foundation for the efficient exchange of credit information within the industry.

- **Consumer Objective:** The CRGB will promote good outcomes for all consumers. It will support the credit information industry to build transparency, trust, understanding and fairness. In doing so it will have regard for the impact credit information has on consumers in terms of access to credit and other goods or services.
- **Future-Looking Objective:** The CRGB recognises the dynamic nature of the industry and embraces a forward-looking approach. It is dedicated to support competition and innovation to ensure that the industry remains adaptable and sustainable in the face of evolving technology and customer needs.

In response, the FCA welcomed the scope of the three proposed objectives and expected all to be given equal priority and weight to enable the CRGB to achieve the outcomes set out for it in the CIMS reports. Feedback from industry was supportive of the operational and future-looking objectives. As such, these two objectives have remained unchanged from report one.

However, the consumer objective has stimulated more debate within industry, particularly whether financial inclusion should feature explicitly in the CRGB's consumer objective.

Some stakeholders felt that the CRGB's role in leading the CIMS industry-led remedies and in improving the processes by which credit information is produced and shared will help to reduce financial exclusion. However, others felt many drivers of financial inclusion were outside of the CRGB's control, as such it would be difficult for the CRGB to evidence any impact it may have on financial inclusion. Likewise, some stakeholders were conscious of the extent of the CRGB's existing workload and did not want to distract CRGB's primary focus away from the governance of credit information.

As a result, every effort was made to reach a compromise which makes clear that CRGB's main activities in relation to financial inclusion will be in the context of the CRGB's work regarding rule changes and CIMS remedies. The recommended consumer objective also maintains that the CRGB will strive for good consumer outcomes and will support industry in delivering these where it can.

Likewise, the CRGB must align with the new Government's definition of financial inclusion, as outlined in the Financial Inclusion Committee's terms of reference<sup>9</sup>, the *"ability to access affordable and appropriate financial products and services"*.

Therefore, the IWG's final recommended objectives for the CRGB are as follows:

#### **CRGB objectives**

**Operational:** The CRGB will actively define, govern and promote data sharing rules and data standards along with relevant industry initiatives. By doing so, it aims to establish a robust foundation for the efficient exchange of credit information within the industry.

**Consumer:** The CRGB will promote good outcomes for all consumers in its data governance and leadership of industry initiatives. It will support the credit information industry to build transparency, trust, understanding and fairness. In doing so, it will consider the impact credit information has on consumers and financial inclusion in terms of access to credit and other goods or services within its decision-making processes.

**Future-looking:** The CRGB recognises the dynamic nature of the industry and embraces a forward-looking approach. It is dedicated to support competition and innovation to ensure that the industry remains adaptable and sustainable in the face of evolving technology and customer needs.

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<sup>9</sup> [Financial Inclusion Committee: terms of reference - GOV.UK](#)

The IWG recommend that all three objectives be considered in the context of the purpose and remit of CRGB. In taking forward these objectives, the CRGB must have at its core that the ultimate purpose of the shared data is for use in the assessment of responsible credit decisions, where integrity and availability cannot be compromised.

### 9.3 CRGB's outcomes

To measure and evaluate the success of the CRGB in achieving its objectives, a set of outcomes also need to be identified. Outcomes are the result of actions taken to deliver the objectives. The IWG recommended three interrelated outcome themes:

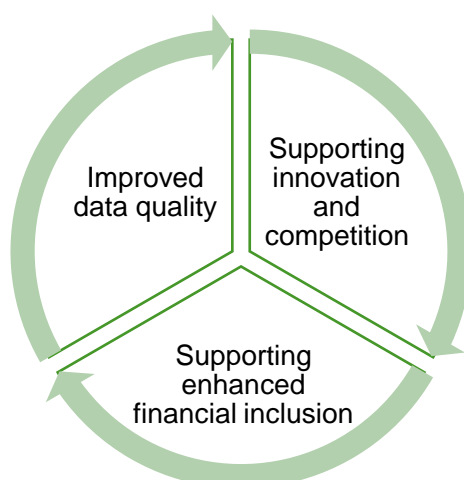
- **Improved data quality** refers to increased confidence of all stakeholders in the accuracy and consistency of shared credit information data to ensure consumers' data reflects their true financial circumstances.
- **Supporting innovation and competition** refers to the CRGB creating potential in the credit information industry for both existing and new players to offer innovative products and developing advanced tools that improve credit information.
- **Enhanced financial inclusion** refers to the CRGB ensuring that credit events reported into the credit information system safeguard equality of opportunity for everyone to access financial products according to their circumstances and does not create barriers to seeking early help with financial difficulties.

In response, the FCA welcomed the focus on outcomes and most of the feedback from industry was supportive of the first two outcome themes. These two outcome themes have remained unchanged since April 2024. However, further debate was needed on the CRGB's activities regarding financial inclusion.

Conversations were held as to how the CRGB's activities can have an evidential impact on financial inclusion whilst accounting for the concerns raised above. It was agreed the CRGB can impact financial inclusion in two ways 1) ensuring its decisions regarding remedies and scheme rules promote good quality data 2) utilising its position and influence to provide support to industry in their tackling of financial inclusion issues.

As such, the IWG now recommends a 'supporting enhanced financial inclusion' outcome theme for the CRGB. This aligns with the 'supporting innovation and competition' outcome, as set out in report one, where it was acknowledged the CRGB cannot reasonably go beyond facilitating competition and creating potential for innovation.

**Diagram 3: Final recommended three themes**



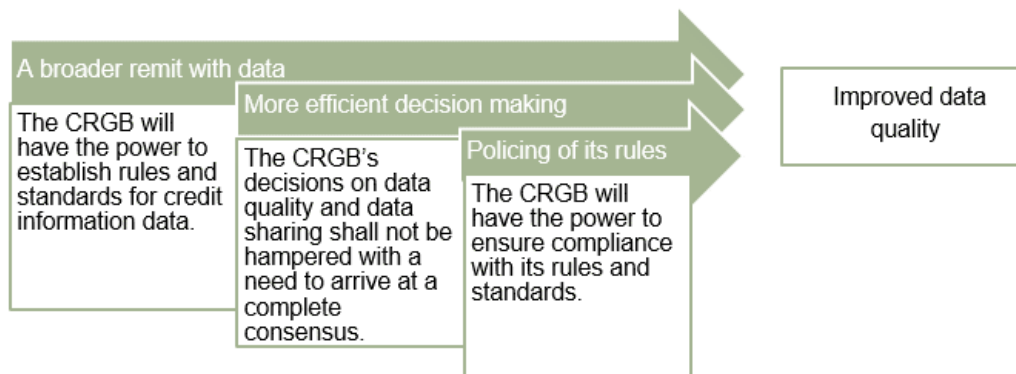


- **Improved data quality** refers to increased confidence of all stakeholders in the accuracy and consistency of shared credit information data to ensure consumers' data reflects their true financial circumstances.
- **Supporting innovation and competition** refers to the CRGB creating potential in the credit information industry for both existing and new players to offer innovative products and developing advanced tools that improve credit information.
- **Supporting enhanced financial inclusion** refers to the CRGB ensuring that decisions on the scheme rules and CIMS industry-led remedies promote good quality data, enabling responsible lending. The CRGB will seek to enhance financial inclusion through providing industry with support in their tackling of key issues and by exerting CRGB's influence on key stakeholders, where possible, to bring financial inclusion to the forefront of their agendas.

## 9.4 Attribution of outcomes to CRGB and stakeholders

To attribute the outcomes to the CRGB, the activities of the entity must be able to positively influence the outcome. Likewise, it is important that practical outcomes relevant for each stakeholder of the CRGB can be attributed to CRGB's themes. The first report demonstrated this by illustrating how the CRGB's activities can drive improved data quality via three core capabilities:

**Diagram 4: CRGB capabilities driving improved data quality**



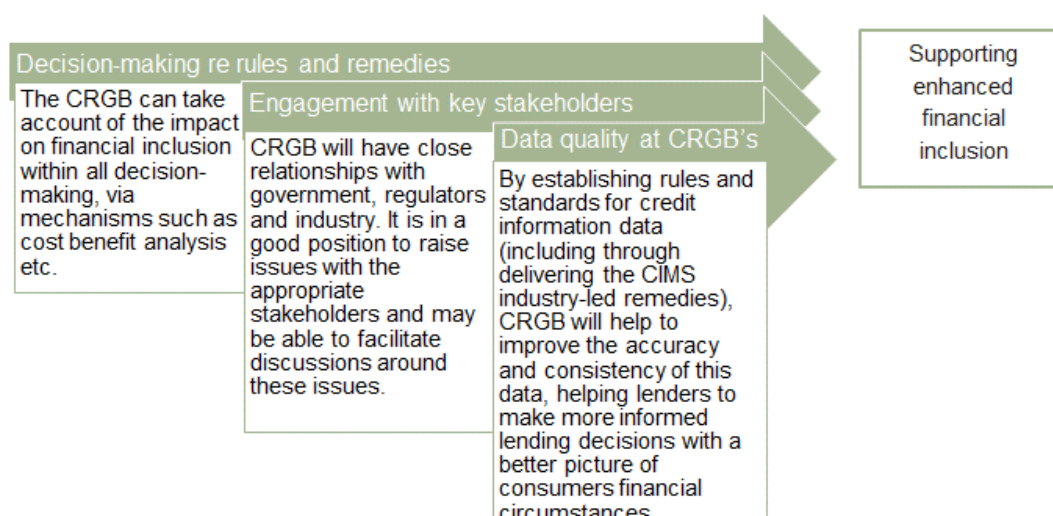
These capabilities can drive positive impacts for different stakeholders:

- **For government and the FCA**, they will benefit from less cause for intervention in terms of data quality and consistency issues as well as the CRGB's creation of enforceable standards in this space.
- **For lenders, CRAs and CISPs**, they will benefit from the CRGB's delivery of the CIMS industry-led remedies resulting in improved accuracy and consistency of data, leading to better lending decisions and fewer defaults and customer complaints.
- **For consumers**, they will benefit from greater confidence in credit information, more accurate lending decisions, and less need to dispute information relating to their credit history.

This process was replicated for the other outcome themes. There are three main CRGB activities that can support enhanced financial inclusion:



**Diagram 5: CRGB capabilities supporting enhanced financial inclusion**



Given the complexity of the discussions around the CRGB's ability to support industry to enhance financial inclusion, detailed consideration was also given to what is not within CRGB's remit.

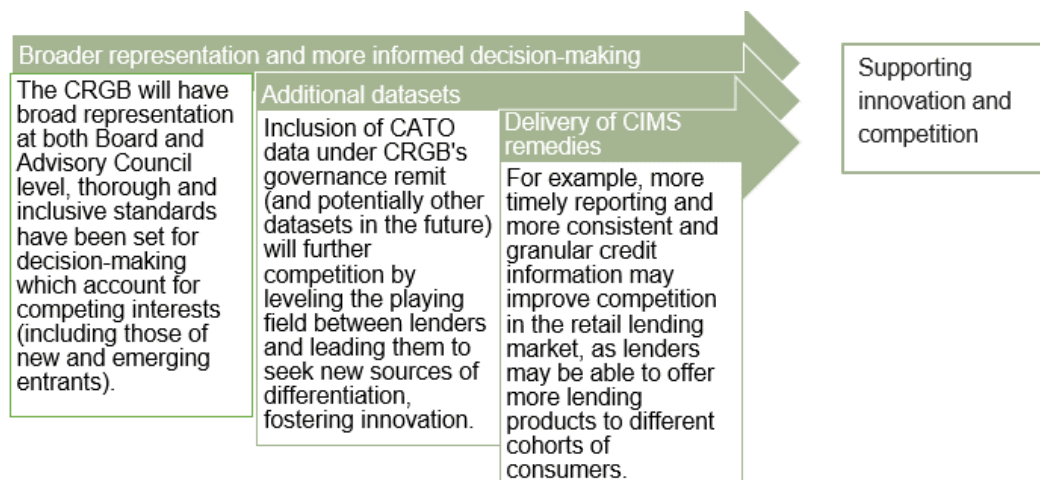
- Tell data users what data to use and how to account for it within decisioning or get involved with pricing of products and services – these are commercial decisions.
- Interfere with lender policies such as at what stage repayment of debt is required. For example, CRGB can only be responsible for ensuring that, where repayment has been requested and no satisfactory response received, a 'default' is consistently/ accurately reported to the CRAs.
- Focus solely on where data provides a positive outcome – for example, changes to report more frequent data updates must consider both improving and worsening arrears positions.

This outcome theme can be applied to the various stakeholders identified by the CRGB, for example:

- **For government and the FCA**, they will benefit from the CRGB bringing relevant financial inclusion issues related to credit information to their attention, allowing them to strategically plan and prioritise appropriate action and to achieve their own objectives and outcomes.
- **For lenders, CRAs and CISPs**, they will benefit from the CRGB's support in tackling financial inclusion issues, helping to facilitate industry working together to put in place appropriate solutions. These stakeholders will also benefit from impacts on financial inclusion, data quality, and coverage being considered as part of the implementation of the CIMS industry-led remedies, resulting in more accurate credit decisioning and less defaults.
- **For consumers**, they will benefit from the CRGB accounting for consumer impact within its decision-making. This is particularly the case in relation to the CIMS industry-led remedies which should result in improved data quality, coverage, and consistency, leading to more accurate lending decisions and ultimately the availability of products and services suited to their financial circumstances.

There are also CRGB activities which will help to support competition and innovation:

**Diagram 6: CRGB capabilities supporting competition and innovation**



This outcome theme can also be applied to the various stakeholders identified by the CRGB:

- **For government and the FCA**, they will benefit from the achievement of the competition and innovation outcomes set out in the CIMS final report in terms of the industry-led remedies. Given CRGB will account for the diversity of firms within its decision-making, including emerging and new entrants, these stakeholders may notice a reduction in insolvencies and exits from the market, a reduction in complaints from consumers as well as firms not satisfied with the current governance arrangements in the industry.
- **For lenders, CRAs and CISPs**, they will benefit from their interests being thoroughly represented and accounted for within CRGB's decision-making processes, including competition assessments within CBAs. The CRGB's implementation of CIMS industry-led remedies and the inclusion of more relevant datasets will result in more accurate lending decisions and firms potentially being able to meet the needs of a wider customer base.
- **For consumers**, they will benefit from the achievement of the competition and innovation outcomes set out in the CIMS final report in terms of the industry-led remedies, particularly improved choice and availability of credit-related products and services.

The IWG recommend that the CRGB Board, when established, defines quantifiable measures to evidence the progress being made towards these three outcome themes.

## Chapter 10: Roles and datasets

There is a need for effective governance of credit information, ensuring that the CRGB's responsibilities extend beyond those of SCOR today and enable data-sharing rules to encompass key industry standards and oversight. The discussion on roles and datasets was first framed in report one, and industry feedback following its publication was carefully considered in refining these recommendations.

### 10.1 CRGB's roles

The role(s) of an organisation is defined by external expectations and responsibilities, providing a framework for behaviour and decision-making. The role(s) is linked to the function of an organisation.

A set of role principles were defined to facilitate discussions on the breadth of potential roles and will form part of the overall CRGB design principles. Design principles are used to help an organisation adapt to the changing business strategy so that it functions efficiently and achieves its objectives.

Role principles:

- The CRGB will lead relevant CIMS remedies to conclusion at the request of the FCA or stakeholders and be responsive to any changes in the industry.
- The CRGB should have sufficient scope over its roles to be able to adapt to a changing market.
- The CRGB's activities do not need to benefit all stakeholders but will evidence consideration of impacts on all stakeholders.
- The CRGB as an entity will promote good consumer outcomes and will support industry in enhancing financial inclusion, aligned with its objectives.
- The CRGB will make every effort to ensure that all data sharing rules and standards meet and do not conflict with all applicable regulations.
- The CRGB must have the ability to prevent and deal with inappropriate behaviour or non-compliance with its rules and standards.
- Roles undertaken must be transparent, contribute to the agreed stakeholder outcomes and support the CRGB's objective to help improve the credit information market.

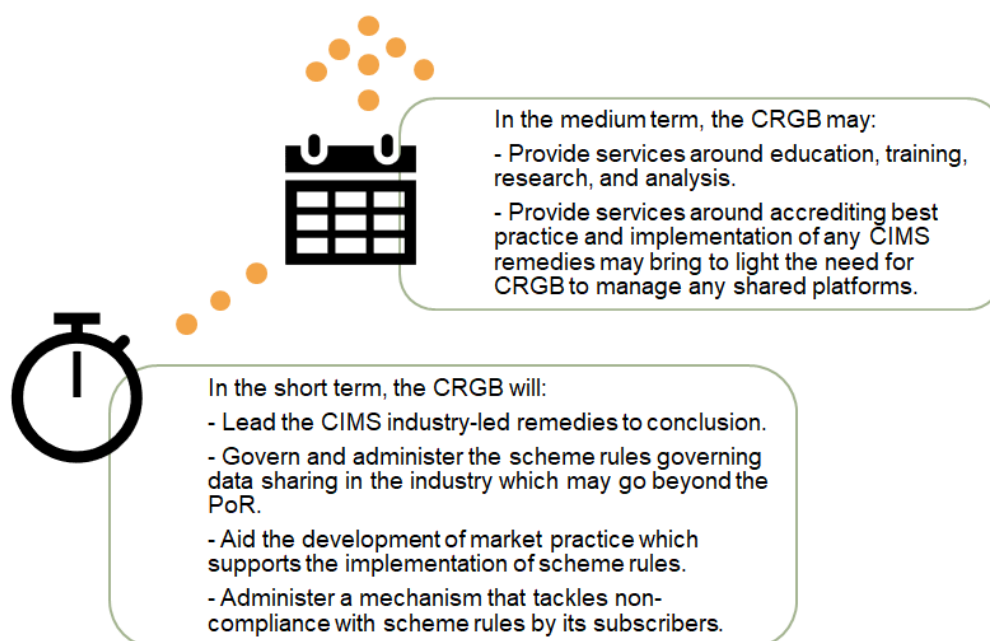
To help define the future role(s) of the CRGB, the current role of SCOR was reviewed, plus the FCA expectations set out in the CIMS final report, along with a few overseas case studies.

SCOR defines its role as administering and developing the data sharing rules (the PoR). It operates on behalf of the trade associations, CRAs, and industry bodies that it represents to administer the PoR and has no devolved powers of its own. It may only recommend decisions to its membership.

The FCA outlined the remit of the CRGB to include a role in supporting good consumer outcomes through competition and innovation, whilst also taking forward other proposed remedies. The new body could also take responsibility for other relevant datasets currently shared by lenders with CRAs.

Several roles for the CRGB were outlined, distinguishing between those essential from the outset and others that may become necessary in the medium term as the CIMS industry-led remedies are implemented. Drivers behind a small number of potential roles have been addressed in other ways so a specific role will not be scoped. Following positive industry feedback, the IWG reaffirmed its initial proposals, with no substantial changes made.

**Diagram 7: CRGB's recommended short- and medium-term roles**



Several additional roles for the CRGB were considered but ultimately it was decided these were best addressed through other means:

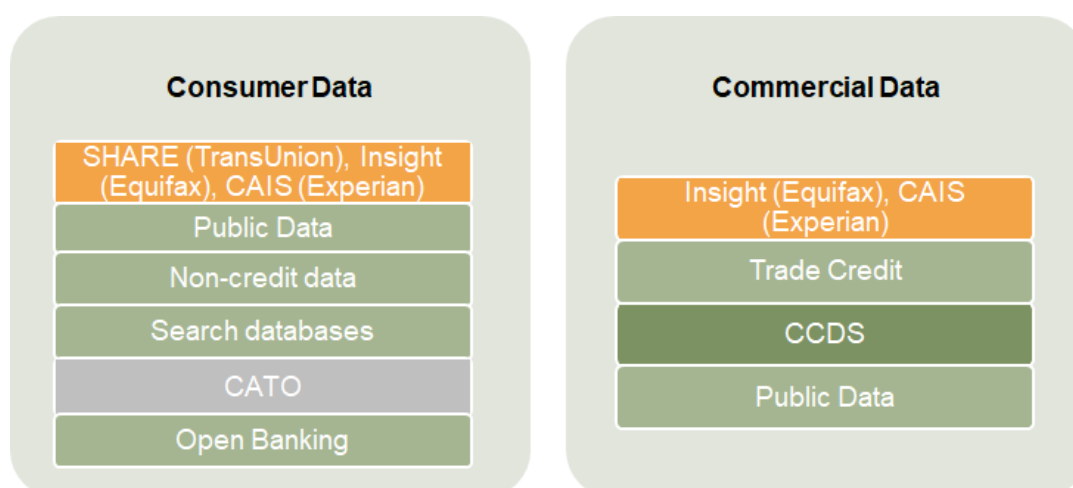
- **Advocacy:** While the CRGB will establish rules for credit information, taking on an advocacy role—representing the industry domestically or internationally—was deemed challenging given the diverse interests of stakeholders. Other industry bodies are better positioned to handle advocacy, avoiding duplication.
- **Fostering competition and innovation:** Rather than having a separate role dedicated to competition and innovation, these principles have been embedded into the CRGB's governance framework and objectives, aligning with the FCA's CIMS report. The CRGB will promote innovation and competition through its broader responsibilities.
- **Financial inclusion:** After extensive consideration and debate, it was determined that financial inclusion will not be a specific role or role principle of the CRGB. However, as set out in chapter 9.2, the CRGB will have a specific consumer objective, including supporting industry in addressing financial inclusion challenges.

## 10.2 Relevant datasets

SCOR's current remit is largely confined to the administration and development of the PoR and related documents. The CRGB is expected to take on a broader role, overseeing the way all credit information is shared and used across and beyond the retail lending sector. The FCA emphasised that the CRGB should also govern other relevant datasets exchanged between FSMA-regulated data contributors and CRAs, such as current account turnover data (CATO).

To define the scope of relevant datasets for the CRGB, a comprehensive review was conducted. This included assessing the FCA's recommendations in the CIMS final report, examining datasets currently governed by or connected to SCOR, and identifying other datasets that could potentially fall under the CRGB's remit.

**Diagram 8: Summary of the dataset landscape**



### *10.2.1 Datasets governed by SCOR - orange*

Currently, SCOR governs the shared databases under the PoR, which are:

- Consumer CRA data: Contains records of credit information reported by a wide range of data sharers (which can be both regulated and unregulated), including mortgages, current accounts, personal loans, credit cards, store cards, motor finance, utilities, telecoms and buy-now, pay later. This information is shared by data contributors with the CRAs in three file formats: SHARE5 (TransUnion), Insight (Equifax), CAIS (Experian). The rest of this chapter focuses on consumer CRA data.
- Commercial CRA data: Includes the length and start date of each agreement, the amount of credit outstanding on a facility and how the business has performed with regards to meeting payment commitments. Of the three CRA's only Insight (Equifax) and CAIS (Experian) manage commercial data. The commercial CRA data is covered in chapter 11.

### *10.2.2 Cross over agreement – dark green*

The PoR acknowledges the crossover agreements between the CAIS/Insight/Share databases of consumer data and one or more databases of commercial data, including CCDS, in respect of small traders and SMEs that are now held discreetly from the consumer database. Originally, both CAIS and Insight contained commercial transactions for sole traders, SMEs, and small partnerships until the ICO instructed the CRAs to separate the personal and “business” data for consumers.

CCDS is a government initiative mandated under the Small Business Enterprise & Employment Act 2015 (SBEEA), with the aim of actively stimulating competition and new entrants in SME lending markets. Information on loans, credit cards, and business current account data is shared with the designated commercial CRAs: Creditsafe, Dun and Bradstreet, Equifax, and Experian. The SBEEA specifically restricts the parties that can benefit from this data sharing to finance providers, making specific reference to the exclusion of trade credit (defined as business-to-business credit for normal trading purposes not part of a credit agreement from a commercial lender, e.g., goods supplied on monthly invoice payment terms).

### *10.2.3 Datasets shared by FSMA regulated firms, not subject to PoR governance – grey*

CATO data has its own governance forum and bespoke set of rules. It contains information on the consumer's turnover through a personal current account. The rules set out how CATO data shared with CRAs can be used by the CRAs to develop products and services that can

be accessed by all data users, not just those submitting CATO data. Currently the raw CATO data is only provided to CRAs, the CRA interpret that data to derive an income value, and no other data user can access the raw CATO data. Currently, the CATO governance forum has addressed one of the CIMS recommendations (4C - Improved Current Account Turnover data with updated access arrangements), and wider access to CATO derived products and services is now accessible to all FCA authorised lenders of regulated credit agreements and mortgage contracts.

#### *10.2.4 Datasets utilised by CRAs not covered by the PoR – light green*

The CRAs complement the shared databases mentioned above with public data and non-credit data from various sources, which is not covered by the PoR, for example:

- Electoral roll – provided by Local Authorities.
- County Court and High Court judgements – provided by Registry Trust Limited.
- Insolvencies / bankruptcies – provided by The Insolvency Service and Accountant in Bankruptcy
- Gazette notices – provided by The Stationary Office
- Credit search – lender credit search data, hard and soft search.
- Rental exchange – supplied by Rental Exchange Members
- CIFAS - Credit Industry Fraud Avoidance System

There are already non-reciprocal data sharing schemes in existence covering the provision of trade credit data operated independently by commercial CRAs, outside of the PoR. These schemes enable any subscriber to a CRA's credit reporting services to access summarised information about a subject's payment behaviour regarding its trade credit accounts. Unlike data accessed under the PoR, the information shared with CRAs by trade credit providers is aggregated across all known trade credit accounts and delivered to subscribers in aggregated and summarised form. Current members of SCOR are potentially able to benefit from these existing non-reciprocal trade credit data sharing schemes via their chosen CRA; however, there are no reciprocal benefits delivered to trade credit providers.

There are other sets of information that do not fall under the CRGB's remit but need to be monitored in its development, such as information sources via Open Banking (OB). While OB data is not directly shared by third parties with CRAs, there are several product developments aimed at harnessing the data to augment 'traditional' credit data, where data points may be derived and used to inform credit profiles.

#### *10.2.5 Other documents*

There are several other documents currently owned and maintained by SCOR that support the submission of accurate and consistent consumer credit data. These include the Principles for the Reporting of Arrears, Arrangements and Defaults (PRAAD) and the Data Quality Reference Guide (DQRG), both of which form an integral part of the broader consumer data governance framework. As part of the transition to the new governance structure, these SCOR-owned guides will be transferred to the governance of the CRGB. This will ensure continuity, preserve industry standards, and provide a single, coherent framework for the oversight of consumer data reporting.

#### *10.2.6 Recommendations on datasets*

The boundaries of the datasets that will fall under the CRGB's governance, without defining their full content, were set out. The CRGB will refine the specifics of these datasets as part of its ongoing scheme role, including assessing access and data collection methods. Industry



feedback was supportive of this approach, and as a result, no changes have been made. A set of guiding principles to inform the CRGB's future decisions on datasets were proposed.

These principles are as follows:

- Data sharing is already subject to data protection legislation and as such the CRGB will operate alongside the ICO, avoiding conflict or duplication.
- The CRGB will govern more shared datasets (including additional data fields) than those covered by the current PoR.
- Commercial data, beyond that covered by the PoR today, is not currently within the scope of the CRGB.
- The CRGB will encompass all relevant datasets shared between FSMA-regulated data contributors and CRAs, including current account turnover data.
- The CRGB will extend its governance beyond the FCA-mandated data, acknowledging that the scope of mandated data is not yet known.
- The CRGB will cover both credit and closely related non-credit information, as set out in chapter 10.2.4.
- The CRGB will incorporate both FSMA and non-FSMA data, along with non-FSMA entities sharing data such as Buy Now Pay Later entities.

These principles will establish the framework for the datasets governed by the CRGB and those essential for the effective operation of the credit information system. These guiding principles substantially increase the scope of the datasets under the remit of the CRGB. Some of these datasets would not historically fall under the directive of the FCA, for example data from non-FSMA entities. As such, the CRGB will need to undertake careful debate and consideration if the initial scope of the datasets under the remit of the CRGB is to be expanded.

To complement the dataset principles, the IWG make additional recommendations:

- A discussion should be progressed with the CATO governance forum to agree how the CRGB will encompass the governance of CATO data.
- The CRGB should oversee both reciprocal and non-reciprocal arrangements within the context of the scheme rules.
- The CRGB should develop data architecture which maps the data flows between scheme participants subject to the CRGB's scheme rules. This exercise will be key to validating whether the rules can be effectively executed.
- A wider regulatory strategic conversation relating to the governance of commercial data will be required at a future date. It was not part of the focus of the IWG and not included nor funded in the CRGB workplan.

## Chapter 11: Commercial data sharing rules

Once the CRGB takes over from SCOR, the new governance entity will govern the consumer data sharing rules (currently the PoR). However, a question still remains as to what happens to the commercial data sharing rules in the PoR. Commercial data governance has not been a core topic for debate at the IWG and not all parties engaged in commercial data arrangements were members of the IWG. As a result, the CRGB proposals contained in this report were not designed to specifically incorporate the commercial data stakeholders in its governance, subscription, and funding models.

The CRGB will oversee the consumer data sharing rules and the basis under which commercial lenders are able to access the consumer data under the cross over rules. These

cross over agreements are seen as part of the transition of the consumer data sharing rules and are separate from the commercial data sharing governance requirements.

The IWG ToR, agreed with the FCA, states within the IWG role and remit that: *IWG should focus on consumer credit data but also consider the interaction with the Commercial Credit Data Sharing Scheme*. There is no reference to commercial data and conversations with the FCA indicate that they did not take a position, leaving the direction to the IWG to conclude. The FCA, in principle, have no objection to whatever approach is recommended by the IWG.

## 11.1 Existing governance of commercial data:

Commercial data comprises information relating to the business activity of sole traders, partnerships, Limited Companies, Trusts, Clubs and Charities.

There are industry non-statutory commercial data sharing schemes such as Experian's Commercial Credit Account Information Sharing (CAIS) and Equifax's Business Insight. These data sharing schemes operate under the PoR rules which are governed by SCOR. These industry schemes operate on the key principle of reciprocity, and firms will share data on all of their non-personal lending accounts in accordance with the CRA defined reporting requirements (e.g. the length and start date of each agreement, the amount of credit outstanding, payment performance history, etc.) Of the three CRAs that are members of SCOR, only two, (Equifax and Experian) process commercial data. Experian's and Equifax's schemes have been in place for more than 20 years and so it is assumed (but not evidenced) that these are currently much larger than the mandatory HMT CCDS scheme in terms of number of members and debt covered. The other two commercial CRAs, Creditsafe and Dun & Bradstreet, are not SCOR members and only subjected to the PoR via the cross over rules, which is governed through SCOR.

There is a statutory commercial data sharing scheme, Commercial Credit Data Sharing (CCDS). This has been run by HM Treasury for the last 10 years, to increase access to credit data on SMEs to stimulate strong and diverse competition in the SME lending market. CCDS was set up under the Small and Medium Sized Business (Credit Information) Regulations 2015. This scheme mandates the sharing of data by nine designated banks, on their small and medium sized business clients which is defined in legislation as those business clients having an annual turnover of less than £25m. It is administered by the four HMT designated CRAs (Creditsafe, Dun & Bradstreet, Equifax and Experian), who in turn share this data, via their products and credit scores, with other designated banks and other qualifying finance providers if they voluntarily join the CCDS scheme. The SMEs provide their authorisation to the banks for this purpose. At the time of set up the nine designated banks accounted for circa 80% of SME lending. The share of total nominal gross lending to SMEs by challenger and specialist banks in 2024 was 60%<sup>10</sup>. As a result, current share of SME lending by the nine designated banks was around 40% in 2024. The lending shift is one of the reasons why CCDS is planning to consult on the nature and future of the scheme.

Whilst there are similarities between the industry voluntary data sharing and the CCDS statutory data sharing, the requirement to report and governance of the data is entirely separate. The commercial data sharing format is also entirely separate and different to the consumer data format. The CRA personal and business databases are also separate, at the instruction of the ICO.

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<sup>10</sup> Source - British Business Bank, [Small Business Finance Markets 2024/25](#)



## 11.2 Current position

Two of the four commercial CRAs are members of SCOR and require all data contributors and data users to comply with the PoR rules. The other two entities operate under their own voluntary schemes.

It is noted that very few commercial data decisions have come to SCOR in recent years. SCOR has the cross over agreements and most other references to commercial data in the PoR are either historic (defined at the point of need) or enable the separation of the consumer and commercial databases as instructed by the ICO. The PoR acknowledges that it does not overrule CCDS. However, the rules remain relevant for the governance of the industry commercial data as CCDS does not currently cover all SME market stakeholders. It is not clear whether CCDS and the PoR covers the same set of lending products, as at the outset they did not. There are differences in the datasets, specifically both communications and utilities datasets are included in SCOR but not CCDS. There are a number of similarities with the industry voluntary data sharing schemes and CCDS, but also duplication. We are aware of views that consistency around the data sharing and governance would improve efficiency for data users, however any such remedies are out of scope of CRGB at this point in time.

**Table 1: Commercial data elements**

CCDS Datasets	SCOR listed Datasets
HP, lease purchase, conditional sale	Hire Purchase
Unsecured loan	Credit cards
Mortgage	Mortgages
Secured loan or second mortgage	Loans
Credit Sale Fixed Term	Communications (mobile phones etc)
Fixed Term Deferred Payment	Utilities
Variable subscription	Leasing
Finance lease	Factoring and Discounting
Operating lease	Other revolving credit
Flexible mortgages	Business Current Accounts
Consolidated debt	
Primary lease	
Secondary lease	
Dealer buy-back	
Fixed term account	
Variable term account	
Contract hire	
Invoice Finance agreements	
Credit Cards	
Charge Cards	
Revolving Credit	
Business Current Accounts	

We understand that the statutory data reporting, CCDS, has recently been subject to a review and future remedies are anticipated in due course. HMT plans to issue a consultation paper in the coming months which may reflect on the future governance of the commercial data rules.

It has been suggested to the IWG Chair and the FCA, by representatives of CCDS Designated CRA's, Designated CCDS Suppliers and HMT, that consideration should be given to greater integration between CCDS and CRGB. At the time of approach, this discussion was postponed due to the complexity and the already broad remit of the IWG. It was recommended that CCDS/HMT should approach the CRGB Board at a future date to discuss the topic in more detail, including the associated resource and funding of commercial data governance which is not currently considered in the CRGB structure.

### 11.3 Consideration of way forward

When considering the future of the commercial data rules currently in the PoR, the IWG evaluated three core approaches:

1. No Change: The commercial data governance remains as it is, with SCOR continuing in some form.
2. CRAs only: Transfer full management responsibility to the CRAs; SCOR ceases to exist and the CRAs oversight the commercial data rules independently.
3. CRGB grandfathering scheme: The PoR commercial data sharing rules are transitioned to CRGB for passive management in their current form with conditions around further changes.

All three approaches have pros and cons, and any of which could fundamentally work. However, for the reasons outlined below the IWG recommend option 3: CRGB grandfathering the commercial data sharing rules under pre-defined conditions.

The biggest challenge with the 'no change' option is the work required to separate the commercial data sharing rules from the consumer rules as part of the transition from SCOR to CRGB and the cost/complexity of continuing SCOR post creation of CRGB. However, this approach would ensure that commercial lenders do not feel excluded from the debate.

The CRAs already police the PoR commercial data sharing rules today, resulting in no change with the 'CRAs only' option. However, there would be no entity in place to ensure continuity of approach, collective evolution of the rules and oversight of the CRA activities. Therefore, all the responsibilities sit with the CRAs, which is not acceptable to all parties and could create both consistency issues plus potential abuse in the future.

CRGB grandfathering requires definition of the basis on which this would be executed and a level of trust from all relevant parties that they would not be excluded from commercial data governance decisions which might affect them. The proposal would need to overcome the concerns with the other two options and still deliver the benefits of the alternative choices.

### 11.4 IWG recommendation

The IWG recommend option 3, and that the PoR, including elements that relate to commercial data, are transitioned to CRGB for passive management. The recommended approach does not directly impact the non-SCOR CRAs. The commercial data sharing rules would be grandfathered to the CRGB, addressing two potential impact scenarios:

#### 11.4.1 Short term requests

Short term request to amend the existing commercial data sharing rules.

1. The CRGB would passively manage the existing rules with the policing by the CRAs to continue as today, with a very basic level of oversight of CRAs by CRGB. The CRGB would not directly oversight commercial data contributors or users.
2. Future amendments to the consumer data rules would not automatically apply to the commercial data sharing rules.

3. There are no agreed remedies in the FCA CIMS report that apply to the commercial data to be progressed by the CRGB, (e.g. the common data format and review of the PoR remedies are only considered in relation to consumer data sharing)
4. No change would be permitted to the commercial data sharing rules without engagement with relevant stakeholders, i.e. CCDS & SCOR members. Depending on the requested rule change this may or may not be a full industry engagement.
5. However, every effort will be made to avoid unnecessary and costly divergence of the commercial data rules in the CRGB rulebook and the CCDS scheme.
6. If important commercial data changes are requested and prioritised by the CRGB Board, a temporary commercial advisory group will be set up, made up of commercial data stakeholders i.e. commercial CRAs, CCDS & commercial lenders, to advise the CRGB Board on the appropriate way forward.
7. Commercial data sharing stakeholders will not be subscribers to CRGB under the current proposals, would not gain a defined role in the governance of CRGB and would therefore be unable to vote on changes to the PoR.
8. As commercial data stakeholders are not subscribers, they do not contribute to the funding of the CRGB.
9. CRGB will retain the authority to devolve the governance of the industry commercial data sharing rules to a separate governance body if appropriate.

#### *11.4.2 Medium to long term request*

Medium to long term request for a more strategic solution to the wider industry position on commercial data sharing rules or recurring requests for rule changes that create excess work for the CRGB governance.

1. The future approach to governance of commercial data should be subject to detailed review and wider industry stakeholder consultation, including HMT.
2. Consultation would be no sooner than 2 years' time and would need to be prioritised as part of the CRGB annual workplan. Whilst actions may come from the HMT CCDS consultation, which is signaled to commence in April-June 2025, the 2-year review timeframe is not considered unreasonable in view of the normal regulatory change process.
3. A review must include consideration as to how the CCDS legislation fits with the wider industry commercial data sharing. This discussion would require participation from the CRGB Board, representatives of CCDS Designated CRA's, Designated CCDS Suppliers and HMT representatives along with the FCA, in view of their statutory monitoring responsibilities of CCDS.
4. If commercial data is to be proactively governed through the CRGB, the appropriate re-assessment of the implications on all parts of the CRGB governance including Board and Advisory Councils constitution, the subscriber model, funding models, resourcing, etc. will need to be addressed, prior to establishing CRGB's wider proactive remit over commercial data sharing rules.
5. It is recommended that the CRGB make every effort to maintain the integrity of the proposed governance structures and safeguards as set out in this report, allowing for the evolution of the industry and CRGB's role within it.
6. The funding and resourcing of this review would need to be agreed between all parties and not automatically be assumed to be paid for by the CRGB consumer credit data subscribers.

The proposal will allow some consideration to be given to any potential implications of the future CRGB led industry consumer remedies on sole traders and partnerships. This is needed to ensure there is no disconnect whereby a class of individual is potentially prejudiced, recognising the nuances around sole traders and partnerships, where their data is still considered personal data, for the purposes of data protection law.

This proposal has been shared with commercial data stakeholders, including commercial CRAs, commercial lenders, and HMT (CCDS team) and would need to be written into the CRGB constitution.

## Section D: Who will be involved with the CRGB?

To effectively govern the credit information industry, the CRGB will need to work closely with and for its stakeholders. This is particularly important given the FCA, within the CIMS final report, outlined that it would like to see a new governance entity with improved industry representation. This section outlines the benefits of stakeholders engaging with the CRGB and provides further detail on the recommended CRGB stakeholder structure. This section also explains the recommended approach to relationships with government and regulators.

### Chapter 12: Benefits of the CRGB

It is vital that the value proposition of the CRGB can be defined to support industry and wider stakeholder engagement and buy-in with the new entity. The greater the engagement with the CRGB, the greater the benefit created for each user and the industry at large. Therefore, a core goal of the CRGB will be to continue to enhance the benefits gained by improving the value proposition for its users. The table below summarises the main benefits of involvement in the CRGB. The benefits will need to be kept under review by the CRGB's Board and enhanced over time to reflect the CRGB's evolving workplan.

**Table 2: Benefits of the CRGB**

The CRGB stakeholders are invited to participate in the governance of the CRGB
Access to the scheme rules <sup>11</sup> - allowing organisations to ensure they are sharing data appropriately and in line with permitted purposes.
Influence on rules (including data usage) - allowing firms to have an opportunity to help shape the rules either through their participation in Advisory Councils or through consultation responses.
Influence on scope and implementation of industry-led & FCA CIMS remedies - allowing firms to be part of leading industry change and shaping the future of credit information data sharing.
Allow organisations to demonstrate accountability through CRGB participation and maintaining their reputation with consumers, clients, and regulators.
Access to future services or training the CRGB may provide, or access to those at discounted rates.
The CRGB stakeholders can access and/or influence data
Access to shared data - via service arrangements with the CRAs, members shall have the right to access shared data for use in relation to certain permitted purposes, including credit risk assessment
The CRGB will work with subscribers and CRAs to ensure that rigorous data quality standards are maintained, which will improve outcomes for all, and which are pragmatic and flexible and work for firms and consumers.
Standardisation of data sharing, which could reduce costs across the ecosystem, enable competition and ensure there is a robust framework in place to capture events/flags that ensure that a consumer's latest financial circumstances are recorded and shared.

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<sup>11</sup> The scheme rules are defined as the way the credit information data sharing system will operate and the behaviour and interaction of participants. At set up, this will include the PoR and any other rules formed following the implementation of the CIMS industry-led remedies. Scheme rules are defined to minimise risks, maintain integrity and provide customers with a seamless, common, convenient, secure and reliable experience.

### The CRGB stakeholders are better informed about industry issues and progress

Helps to limit FCA perimeter increase, allowing industry to take control of their own self-regulation agenda.

Better informed on industry activities - the CRGB's reach will be extensive and will be the only body to provide this stakeholder group with a genuinely independent and informed view grounded in evidence through its oversight and remedy work.

Contribute to an inclusive industry by supporting the CRGB's work to foster diversity, trust and confidence in the credit information industry.

Leveraging its regulatory engagement, the CRGB will have regular dialogue on many topics impacting the industry with the FCA, the ICO and others. With strong industry participation the CRGB will have an avenue to influence regulators.

## Chapter 13: Subscribers and participants

In seeking to establish further detail as to who exactly will benefit from the CRGB's operations and the details of the CRGB's governance models, there was debate on which stakeholders should be captured by and subject to these models. Two types of stakeholders were considered: subscribers and participants. This section outlines the definition of these stakeholders and to which industry players they apply.

### 13.1 Definition of subscriber

An early simplistic definition of a subscriber was: "an entity who accesses the shared data". Subscribers will be subject to the CRGB's contracting, funding and oversight models.

Feedback from industry highlighted that there are some entities operating within the credit information ecosystem which contribute data to the closed user groups but do not access the data and therefore would not be captured by the subscriber definition as proposed. IWG members felt it important that these entities be subject, wherever possible, to the scheme rules to ensure the data they share is of good quality and presented appropriately.

The term 'ability' was added to the definition to ensure it is clear entities must have the capacity and rights to access the shared data. Likewise, it is important that the CRGB can welcome new subscribers as the industry continues to evolve, and this led to the addition of 'and seeks to exercise this ability'.

The CRGB's recommended core purpose and objectives as well as the mandate given to it by the FCA within the CIMS final report were considered, which established that individual consumer data, and its use should be the core focus of CRGB's work and oversight of the industry. Therefore, 'access to the shared data' should mean individual consumer personal credit performance and related data, shared by lenders and other parties to CRAs for the purpose of credit information services. It is not any public information or open banking data relating to an individual consumer.

The CRAs then provide access to the shared data, within their products and services.

The IWG therefore recommend that a subscriber is defined as **"an entity who has the ability to access shared data of individual consumers and seeks to exercise this ability"**.

Considering the above, three categories of subscriber have emerged:

- Subscribers who both contribute to and access shared data ("contributing subscribers").
- Subscribers who only access shared data ("non-contributing subscribers").

- Subscribers who contribute data but choose not to access the shared data by not taking services from any CRA (“only contributing subscribers”).

The first two categories of subscribers will be subject to the CRGB’s contracting, oversight, and funding models. “Only contributing subscribers” will be expected to contract with the CRGB and be subject to oversight but will be exempt from the CRGB’s funding model. This is because their contribution of data enhances the value of the credit information system and should be encouraged, and requiring these firms to fund may discourage this contribution.

Mills & Reeve, IWG’s external legal counsel, consider that the proposed criteria for becoming a subscriber of the CRGB are unlikely to raise any material competition law risk. Their assessment was that, in principle, limiting access to the shared data to subscribers of the CRGB will be acceptable, on the basis that the criteria for becoming a subscriber are transparent and applied equally and consistently to all, and also that becoming a subscriber and retaining subscriber status will not place an onerous burden on organisations that choose to subscribe to the CRGB. They also noted that the FCA does not specifically require organisations to use the shared credit information data to fulfil their obligations as responsible lenders.<sup>12</sup>

To better understand which entities would fall under this updated subscriber definition, a detailed assessment of the entities that contribute and/or use credit information was undertaken, which included an assessment of the PoR and the policy decisions within it that permit entities to access shared data in a limited form.

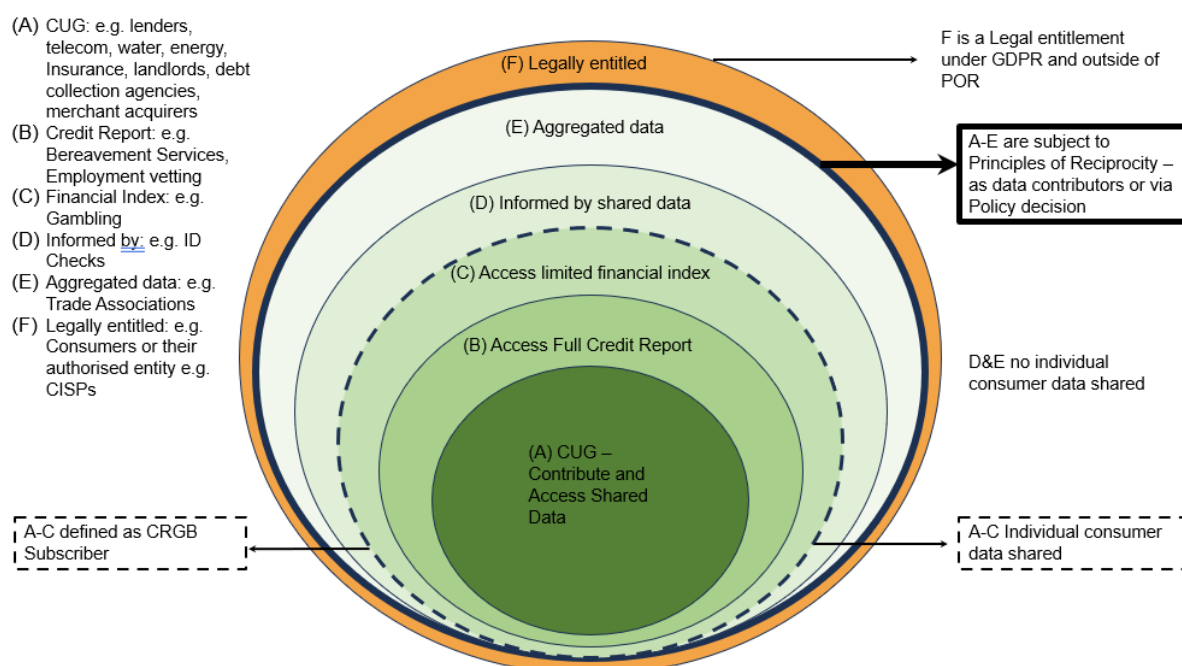
In doing so, it was kept in mind that as a new entity, the CRGB will, at least at set up, have access to economical resources and that the larger the number of subscribers, the higher the costs will be for CRGB in undertaking its workplan and oversighting its subscribers. Industry was conscious of the need to balance the consideration of costs and resource burdens with the need to ensure effective governance of industry and in delivering the scheme rules and CIMS industry-led remedies. The following diagram and corresponding description provide a summary of this assessment.

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<sup>12</sup> FCA Consumer Credit Sourcebook, Rule 5.2A.



**Diagram 9: Credit information closed and non-closed user group entities**



Group (A) are parties that satisfy the PoR as contributors and users of data and are the closed user group (CUG) members. They have the right to access data equal to that which they contribute. The more data they contribute the more they can access. These entities represent financial service providers and other sectors.

From there the level of data made available to the entities reduces and is available for a specific purpose. Moving from full credit report (B) to limited financial index information (C), these parties' benefit from access to shared data on individual consumers, albeit to a reducing degree. They are all currently subject to the PoR as part of their contract with the CRA. Therefore, the IWG recommend that all firms that fall under classifications A to C should subscribe to CRGB and be subject to CRGB's funding and oversight models.

Entities that utilise shared data to inform decision-making (D), predominantly for ID checking, only get access to a very limited form of the shared data. Given the scale of firms that would fall under this classification and the limited level of shared data utilised, the IWG recommend that at set up of the CRGB these firms should not be subscribers. However, the CRGB Board should reconsider these firms as potential subscribers at a later date.

Entities which only access aggregated data, where no individual consumer can be identified, (E), were not considered subscribers. These entities appear to be to members of the CUG, who would already be subscribers, or their trade associations. Aggregated data may also be made available to regulators or government agencies for specific purposes under pre-agreed exceptional circumstances.

Lastly, (F) demonstrates that some regulated entities have or utilise a legal entitlement under UK GDPR to access statutory credit reports (SCRs) on behalf of consumers (mainly CISPs). CISPs, and their relationship with the CRGB, are explained in more detail below.

### 13.1.1 CISPs

CISPs play an important role in the industry and feedback from CISPs was clear that they have a strong desire to be party to the CRGB's governance and to have influence over CRGB decisions, particularly in the context of implementing the CIMS industry-led remedies. Therefore, CISPs expressed a preference to be subscribers of CRGB.



However, CISPs are not currently included within the PoR<sup>13</sup> and because of the way they access shared data, as a legal right on behalf of the consumer<sup>14</sup>, there was much debate as to whether CISPs could be considered a subscriber of the CRGB.

A subscriber of the CRGB must contract with the CRGB, agreeing to abide by the CRGB's scheme rules and be subject to oversight to ensure compliance with these rules (with the ultimate recourse for non-compliance being the removal of access to shared data, as explained further in chapter 21). Therefore, there were two challenges in classifying CISPs as subscribers:

- CISPs are not currently subject to (nor mentioned in) the PoR which will be adopted by the CRGB and will form the basis of the CRGB's scheme rules. Therefore, CRGB's rules would not currently apply to CISPs.
- If a CISP was found to be non-compliant with CRGB's rules and remediation is not successful, CRGB cannot require a CISP's access to data to be removed given their route to access the data on behalf of consumers under UK GDPR and Data Protection Act 2018. Therefore, CRGB's ultimate recourse within its oversight model is not available when applying it to CISPs and as such the CRGB would struggle to ensure CISP compliance with its scheme rules.

It was clear that in order for CISPs to be a subscriber of the CRGB and to receive the corresponding benefits, CISPs must be subject to some level of CRGB oversight.

Extensive debate took place as to whether CISPs should be subject to rules regarding their use of the shared data. This included conversations around potential harms which could arise should rogue entities abuse their access rights.

For example, the provision of the credit report to a customer via a CISP results in a soft search on the customer's credit file. A lender could theoretically utilise the credit report and shared data made available to the CISP for its credit decisions. Therefore, there would be no hard search on the consumer's credit file. This increases the risk of thin files and does not allow a true picture of the consumer. If the lender were to do so, it could be acting in breach of its obligations under rule 5.2A of the FCA's [Consumer Credit Sourcebook](#).

CISPs also utilise the data sourced via a SAR to offer brokerage services, at the request of the consumer. Whilst a rogue entity would be complying with the FCA broker authorisation, they might choose to not comply with the limitations prescribed in the PoR on using this data or the steps to follow on use (recording a "pre-qualification" (soft) search, section 5.12 of the PoR). It is acknowledged that these harms are only potential and there is currently no documented evidence of such consumer harm.

The existing contracts between CRAs and CISPs provide some safeguards against CISP's potential abuse of the shared data. UK regulators and legislation provide consumers safeguards in case any CISP abuses their shared data. But to strengthen these safeguards, the IWG discussed that additional controls should be defined to re-enforce the current environment with a view to limit the above risks and to bring CISP's under the CRGB's rules. Aligned with other non-reciprocity data users, only the specific rules designed to govern the activities of CISP's would apply and not the reciprocity rules.

The CISP's are concerned that the framing of the future rules may result in a negative impact on the CISP business model by limiting their ability to access the shared data with enhanced services. This same concern exists for all subscribers and has been satisfactorily addressed for them via the processes and safeguards outlined in this report. Whilst the ultimate deterrent

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<sup>13</sup> Although some of their activities may be covered by aspects of the PoR relating to credit broking.

<sup>14</sup> Via a subject access request (SAR), under the UK GDPR and Data Protection Act 2018

proposed, being withdrawal of access to shared data via enhanced services, is proportionate to other subscribers, the CISPs have not previously faced this condition. Another IWG member expressed concern that the framing proposed impacts how the market operates today and therefore the recommendations may be a step too far at this point.

However, the CISPs are cautiously willing to take the risk of committing to the CRGB without a full understanding of the implications of the rules, framed below. The CISP cohort representatives confirmed that the CISP community were accepting of CRGB oversight on the use of shared data. Albeit, due to the late challenges arising on this topic, there has been limited CISP consultation beyond the two CISPs on the IWG.

The IWG recognises that the current PoR is not fit for purpose for the CISP business model and recommends to engage the CISPs in the CRGB governance model as follows:

1. CISPs should register and contract with the CRGB as a subscriber<sup>15</sup> in recognition of their role in the credit information industry. This would be proposed in terms of the following rights and obligations for CISPs:
  - a) CISPs would be provided benefits of Board level participation in the governance of the credit information industry in consideration for subscribing to the CRGB.
  - b) CISPs would be subjected to the (to be amended) rules on the use of shared data.
2. The CRGB rules (the PoR) should acknowledge the route utilised by CISPs under the UK GDPR and Data Protection Act 2018 to access shared data. This route is structured via a consumer authorising a third party to access their data on their behalf as per ICO guidance. This would allow the CRAs to manage their liabilities and exposure regarding data contributors as it would recognise the access they are providing CISPs to their shared data.
3. The CRGB rules are amended to specify that where shared data is made available to a CISP under a contract, rather than as a response to a SAR, the CRAs should stipulate that the CISP only use the shared data for regulated 'credit information services' and other use as instructed by the consumer. However, such use should be subject to certain restrictions to protect the data sharing framework and general industry operation, to be considered by the CRGB, including:
  - a) any use by the CISP for its own purposes which would ordinarily require a shared data user to receive data as a different cohort of subscriber, for example a broker undertaking credit quotations on behalf of a lender, a lender undertaking credit application decisioning or debt collection, or users undertaking fraud and anti-money laundering checks; and
  - b) onward sharing of data by a CISP with a third party, which would ordinarily require the recipient to be a subscriber entitled to receive the data from a CRA under the ordinary shared data framework, for example a broker undertaking credit quotations on behalf of a lender, a lender undertaking credit application decisioning or debt collection, or users undertaking fraud and AML checks.
4. Without prejudice to any laws or regulations that independently govern consumers and individual subscribers, the CRGB rules should not seek to override existing laws or

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<sup>15</sup> Limited purpose exceptions maybe agreed by the CRGB Board to allow access to the data without becoming a subscriber for unique use cases such enabling access to credit information outside the UK in support of expats.

place unnecessary limits or restrictions on a consumer's ability to authorise firms on how to use the consumer's data in the interests of the consumer.

Provided, until the recommendations above are defined into appropriate rules by the CRGB, the current rules in the PoR will not apply to the CISPs. Once the rules have been updated to reflect these recommendations, only the specific rules relating to CISPs will apply and not the rules regarding reciprocity. This approach aligns with other non-reciprocity data users. For avoidance of doubts, the “current rules in the PoR” includes any amended version of the PoR rules in so far as it does not consider CISP's operations.

External legal counsel confirmed that the proposed amendments described above should in principle be in compliance with the UK GDPR, the Data Protection Act 2018, the Consumer Credit Act, 1974, and the UK Competition Act, 1998, subject to the drafting of appropriate provisions within the relevant subscriber contracts. They emphasised that so long as the CRGB rules do not try to override statutory data subject access rights or regulatory powers and obligations, the UK GDPR should not specifically prohibit the CRGB rules from specifying requirements on either the CISP's or the CRAs with regard to their data sharing processes and usage of shared data.

Therefore, the CISP's would need to be subscribers of the CRGB and be subject to the standard contracting, funding, and oversight models, in order to benefit from CRA contracted enhanced SAR services. In the event of a breach, CRGB cannot remove access rights to the standard SAR to a CISP but as a last resort would instruct CRAs to remove contracted enhanced CRA services, such as the faster or more frequent delivery of a consumer's shared data to a CISP. This would ensure that CISP's who access shared data as a contracted service from a CRA would be subject to CRGB oversight and it would no longer be entirely for the CRAs to control use of the shared data.

The above recommended amendments of and additions to the CRGB rules would ultimately be a decision for the CRGB Board under the advice of the rules Advisory Council. This amendment, the wording for which would need further evaluation and potentially a CBA, could be advanced as part of remedy 4B (reviewing the principles of reciprocity and related issues) or in advance should the timing of remedy 4B be extended. The IWG recommend that CRGB rules are amended to incorporate CISP's within a 9-month period of CRGB being operational. The IWG also recommend that this proposed approach be included in the CRGB constitution.

The CRGB rules complement existing regulation and therefore the CRGB would never seek to contravene any law or regulation by its actions or rules. Additionally, the roles fulfilled by CRGB does not include advocacy (due to CRGB's diverse subscriber base) and as such the CRGB will not exercise any role advocating for or seeking changes to particular rules, regulations, or laws.

### 13.1.2 CRAs

It was also considered how CRGB's relationship with CRAs should be defined, particularly smaller organisations. It was determined that there are four broad categories of CRAs operating in the credit information market, as described in chapter 5. This section outlines CRGB's recommended relationship with each CRA category.

**Diagram 10: CRGB's relationship with different CRAs**

Differentiating Criteria	CRGB Subscriber		Not CRGB Subscriber		
	Direct CRA	Consolidating CRA	Open Banking CRA	CRA distributor	Reseller
FCA authorised as CRA under FSMA	Yes	Yes	Yes	Yes	
Source data from Contributors with contributors permission	Yes				
Source data from contributors with Open Banking permissions	Maybe		Yes		
Source non raw data from CRA		Yes		Yes	Yes
Add extra public data within service	Yes	Yes	Yes		
Manage private individual consumer database	Yes				
Issue own unique Credit Score	Yes		Yes		
	Create the shared data	Access shared data via exceptions	No access to shared data		Not a CRA

### Category 1 CRAs

Equifax, Experian, and TransUnion are currently members of SCOR and have 'signed up' to the PoR and form the three closed user groups referenced in the PoR. They source data directly from data contributors, from public data and other non-standard databases, to build bureau databases. The data these CRAs access is classified as 'shared' as CRGB will be adopting the PoR, with limited amendments, in the short term. As such, Equifax, Experian, and TransUnion can be categorised as category one CRAs and are CRGB subscribers.

There are other CRAs that could fall into category one, either currently or in the future. There is at least one other CRA who currently works with a range of lenders to source data directly to build their own bureau database, Infact Systems. This CRA is not signed up to SCOR nor the PoR because the PoR sets out that CRAs must have either 20 clients within a specific sector or 1 million customer records. CRAIN is also seen as a barrier.<sup>16</sup> The CRA already abides by the PoR in practice, in terms of client reciprocity and use of the data (although the use cases applied may be adapted slightly). This means there are at least four closed user groups currently, but only three that are 'officially' recognised by and signatures to the PoR.

CRGB's operational objective is to govern the data sharing rules to enable exchange of credit information. To be effective, these data sharing rules must go beyond the PoR to include all shared data between contributors, CRAs, and users. CRGB needs to be future-proofed, and its framework needs to allow for sufficient change and innovation in the market, including new entry. Non-SCOR CRAs, collecting shared data, must be encouraged to join, and be governed by CRGB rules.

The IWG recommend that if these CRAs contractually agree to abide by the rules of the PoR (where they currently apply) and any other CRGB rules, that these CRAs be classified as subscribers and be subject to CRGB's governance, funding, and policing models.

<sup>16</sup> The Credit Reference Agency Information Notice (CRAIN) explains how Experian, Equifax and TransUnion collect, process, and share personal data about consumers and businesses. This privacy notice does not mention any other CRAs and so is perceived as a barrier as other CRAs to growing their client base as they would need to form their own privacy notice with each individual customer.

The IWG also recommend that it be written into the CRGB's constitution that the PoR and CRAIN be evaluated to determine if it needs to be amended accordingly. This evaluation and potential phased amendments will occur within 9 months from set up, to recognise these CRAs in the same way as Experian, Equifax, and TransUnion are recognised today. The IWG recommend that this proposed approach be included in the CRGB constitution. The timing of this will need to reflect the FCA's designation scheme should this change result in many CRAs also needing to be recognised under CRAIN as well as any logistical issues such as repapering exercises needing to be undertaken.

The IWG also recommends that the CRGB Board reconsider the 20 clients/1 million records hurdle as this does not encourage participation in industry governance and could instead rely on the FCA authorisation process with potentially a testing period to demonstrate compliance with CRGB rules.

This would only be applicable for those category one CRAs that 1) have FCA authorisation as a CRA, 2) are sourcing data directly to build their own database and 3) are willing to abide by the CRGB's rules (including the PoR) until such time that the PoR and CRAIN can be evaluated and potentially amended accordingly.

### Category 2 CRAs

Category two CRAs are those that source data from Equifax, Experian and/or TransUnion for the purposes of providing a combined assessment and are accessing the shared data via PoR policy exceptions such as for ID checking and for anti-fraud purposes (these CRAs are mostly getting limited financial index data as set out in diagram nine above). These CRAs are subject to the PoR in terms of use cases. Therefore, category two CRAs are recommended to be classified as subscribers of CRGB and will be subject to CRGB's governance, funding, and oversight models. The PoR will be amended to accept category two CRAs as subscribers in line with this recommendation.

### Category 3 and 4 CRAs

Category three CRAs are those that are effectively acting as a distributor or reseller for category one CRAs. They generally act as intermediaries, permitted under separate contracts with the CRA and the end data user to access and share the data (or consolidated versions of it) with the end user. These firms may or may not have FCA authorisations as a CRA depending on their primary business activities. They do not have access to the data in their own right, but on behalf of another firm. Therefore, category three CRAs are not recommended to be classified as subscribers of CRGB. These CRAs may wish to be participants of CRGB.

Category four CRAs are those CRAs that only use Open Banking or non-traditional data. They are not accessing the shared data and are not subject to the PoR and would not be subject to the CRGB's governance. As such, category four CRAs are not recommended to be classified as subscribers of CRGB, they may still wish to be participants of CRGB. It is recommended that open communication is maintained with the Open Banking entity and FCA Open Banking regulatory team to ensure that direction is aligned in the future.

Entities who distribute CRA data on behalf of the category one CRAs but do not have FCA authorisation as a CRA should not be defined as a CRA. They are resellers of CRA data and are not CRGB subscribers

## 13.2 Governance position of subscribers

As described above, subscribers of the CRGB are subject to the CRGB's contracting, oversight and funding models (unless exempt from funding). In return, as well as reaping the general benefits of the CRGB described above, subscribers can specifically:

- Apply to sit on the CRGB's Advisory Councils and following Board approval of their membership of the Council, can vote on the recommendations put forward in these Councils.
- Apply to sit on the CRGB's Board as a Nominated Director and represent their cohort.

### 13.3 Participants

The definition of participants has remained unchanged and valid during the operationalisation of earlier recommendations, being: "A participant is an interested party who will engage with the CRGB but do not seek to access shared data." For example, a trade association.

Participants are **not** subject to CRGB's funding, contracting or oversight models. Participants will reap the general benefits of the CRGB described above. Specifically, participants will benefit in that they can:

- Apply to sit on the CRGB's Advisory Councils and have their say but cannot vote, unless they are nominated to vote on behalf of subscribers, e.g. trade associations. All participants from consumer organisations on the Consumer Council can vote within this Council, but not within other Advisory Councils. Participants who seek to sit on Advisory Councils must be approved by the Board and agree to certain terms and conditions setting out their rights and obligations within CRGB.
- Apply for a Board seat if 1) they represent one of the Board cohorts and 2) they are nominated by the subscribers within that cohort to do so.

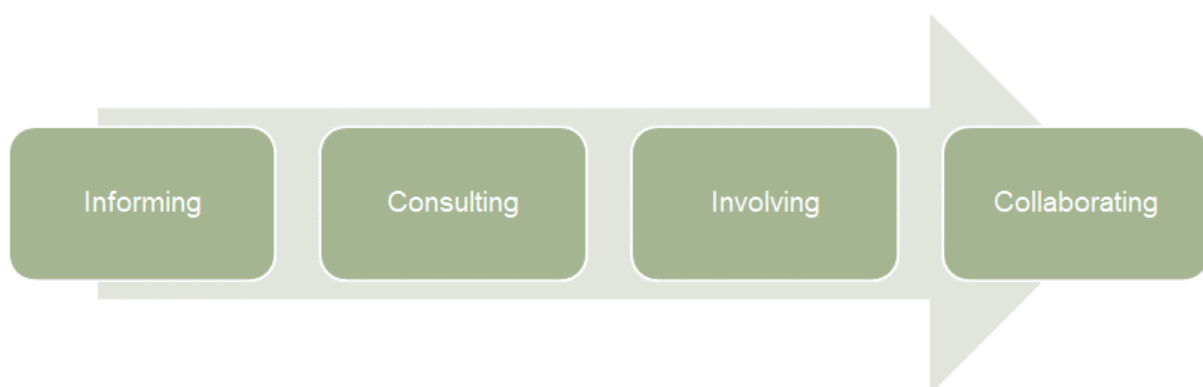
CRGB will maintain a private record of participants that engage with the workings of CRGB.

## Chapter 14: Relationship with regulators and government

Government and regulators are an important stakeholder with which the CRGB will need to form effective working relationships and engage with frequently, particularly in its leading of the CIMS industry-led remedies. These relationships will also be important to ensure CRGB is held to account for its performance against its purpose, role, and objectives.

In determining how the CRGB will need to approach its relationships with different government departments and regulators, an engagement scale was designed and utilised.

**Diagram 11: CRGB's levels of engagement**



- **Informing:** at this level, the CRGB would provide basic information and updates to stakeholders. The onus is on the stakeholder to read what is published by the CRGB. Stakeholder input is not actively sought, but transparency remains important. This level would be achieved by the CRGB updating its website, publishing reports, etc.
- **Consulting:** at this level, the CRGB would actively seek feedback and opinions from stakeholders. Stakeholders are asked for their input, and their perspectives are

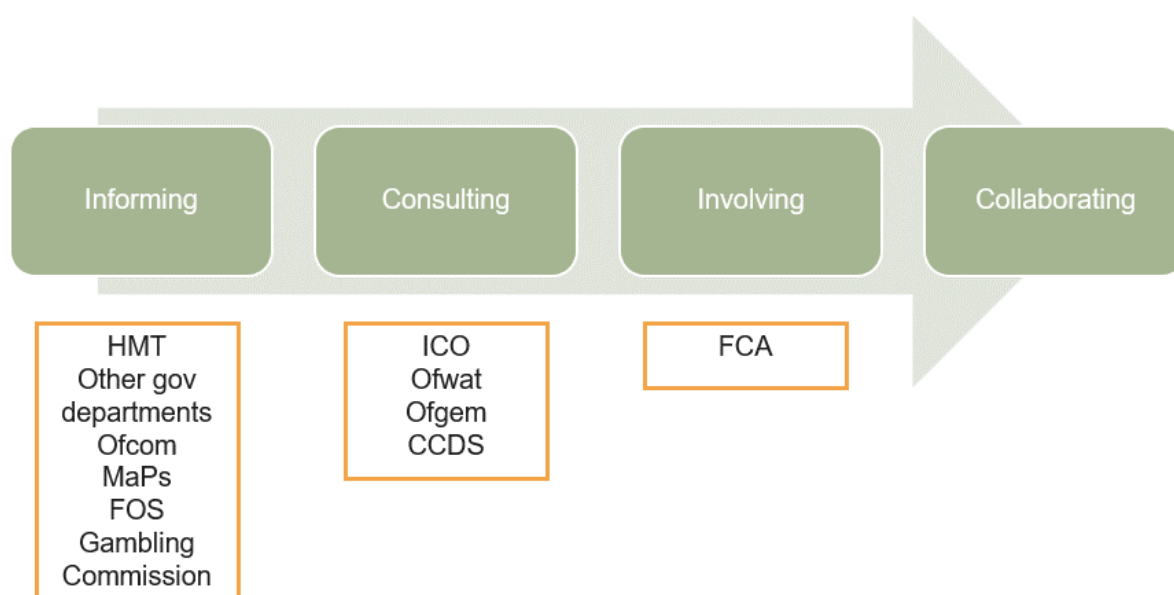


considered in the decision-making process. This level would involve the CRGB having personalised communications with the stakeholders such as meetings, invitations to participate in CRGB consultations and flagging any relevant reports to them once they have been published.

- **Involving:** at this level, the CRGB would actively involve stakeholders in the decision-making process and give them the opportunity to influence the outcome. This would involve the CRGB providing these stakeholders with timely and relevant information and stakeholders sharing their concerns and/or suggestions. The CRGB would need to provide updates on how their input has influenced the work.
- **Collaborating:** at this level, stakeholders would be active partners in the CRGB's decision-making, and their views are given equal weight alongside other factors. These stakeholders participate in shaping decisions and share a sense of ownership, for example, this could involve the CRGB and these stakeholders co-authoring relevant publications. Effectively these stakeholders would have a vote at the CRGB Board, or their decision would override CRGB Board decisions.

Given the CRGB will be an independent body with oversight powers under contract law, it is not believed it is appropriate for government or regulators to be active partners in the CRGB's decision-making and share a sense of ownership alongside the CRGB. Therefore, the IWG recommend that no relationships with any government departments or regulators be categorised as the 'collaborating' level described above.

**Diagram 12: Engagement levels applied to government and regulators**



In coming to its recommendations, the IWG were conscious of the need to engage effectively with and seek input from stakeholders whilst balancing the resources of the CRGB, particularly in terms of progressing its significant workload. Therefore, a sliding scale of engagement with different regulators and government departments, engaging most actively and frequently with those stakeholders whose remit is most relevant to and likely to be impacted by the CRGB's work, is recommended.

It is recommended that the CRGB and FCA have the closest relationship given the FCA provided the CRGB with its mandate to lead the CIMS industry-led remedies. Likewise, the FCA is the regulator for many subscribers and thus frequent engagement may be needed on credit information issues within the FCA's remit. This 'involving' level of engagement includes:



- CRGB seeking a Memorandum of Understanding (MoU) with the FCA setting out, at a high level, CRGB's approach to engagement with the FCA, including overlapping areas of interest and how CRGB and the FCA will work together on these topics.
- Some form of agreement as to the action CRGB will take to work with the FCA if a subscriber under their remit is in breach of CRGB rules. This will primarily be in cases where (a) these breaches are systematic and may have a detrimental effect on the CRGB's ability to achieve its objectives (including persistent or recurrent breaches) and/or (b) the breach is relevant to the FCA's functions in relation to the subscriber. This will always be subject to existing statutory confidentiality regimes.<sup>17</sup>
- The regulator demonstrating some form of public support for CRGB's scheme rules and remedy solutions to encourage industry engagement and compliance with CRGB's rules and remedies solutions. This could be via a formal route such as the FCA's recognised industry code framework.<sup>18</sup>
- CRGB providing early notification of and access to, for example, reports, consultations, and decision-making processes.
- CRGB actively seeking input and providing updates via frequent meetings, prioritising and taking any feedback onboard and demonstrating how it has been accounted for. CRGB will publish feedback received where confidentiality/sensitivity considerations permit, and with the agreement of the FCA. While the CRGB will make every effort to seek and account for the FCA's views within its decision-making processes, particularly in relation to the CIMS industry-led remedies, the CRGB is an independent body and as such it was not considered appropriate for the FCA to have particular controls over the CRGB, such as veto power. Although the FCA will clearly continue to have regulatory oversight at firm level of many of the CRGB's subscribers. Where the CRGB feels it is not appropriate to take forward a CIMS industry-led remedy in its entirety, this will need to be agreed with the FCA.

The CRGB will not replicate the remit of other regulators but may need to consult with these regulators on its work relevant to or within their remit and where these regulators input would be materially useful. This is particularly the case where the CRGB puts in place solutions to the CIMS industry-led remedies or makes rule changes which may have significant implications for subscribers subject to the regulation of other entities. Therefore, the CRGB will seek a 'consulting' relationship with the ICO, Water Services Regulation Authority (Ofwat), The Office of Gas and Electricity Markets (Ofgem) and the Commercial Credit Data Sharing Scheme (CCDS). The IWG recommends that this level of engagement includes:

- CRGB seeking an MoU or other such agreement covering much of the content as described above regarding the FCA.
- Some form of agreement, as described above and where relevant, as to the action that the CRGB will take to work with the regulator if a subscriber under their remit is in breach of CRGB rules.
- The regulator demonstrating some form of public support for CRGB's scheme rules and remedy solutions.
- The CRGB providing direct notification, once published, of for example, reports, consultations, and decisions once made.

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<sup>17</sup> Primarily, for the FCA, s.348 & 349 FSMA 2000 and the FSMA 2000 (Disclosure of Confidential Information) Regulations 2001

<sup>18</sup> The CRGB would need to apply for recognition under this scheme and meet the criteria set out by the FCA, this would also be subject to public consultation.

- CRGB seeking input as necessary or relevant to the stakeholder's remit. Taking feedback onboard as part of the wider evidence base for decision-making. CRGB will publish feedback received where confidentiality/sensitivity considerations permit, and with the agreement of the relevant stakeholder.

For those stakeholders whose remit is perhaps less directly related to, but who should be kept abreast of the CRGB's work, an 'informed' approach will be taken to engagement on a day-to-day basis. This is the case for the Gambling Commission, His Majesty's Treasury (HMT), other government departments, The Office of Communications (Ofcom), the Money and Pensions Service (MaPs)<sup>19</sup> and the Financial Ombudsman Service (FOS). While not expected to be needed very frequently, should changes to the scheme rules or implementation of the CIMS industry-led remedies particularly impact their cohorts or engage their remits, CRGB may wish to 'consult' with these stakeholders. This level of engagement includes:

- Documentation and updates are published on the CRGB website and CRGB will send emails to flag these and implications for the stakeholders' remit, but the onus is on the stakeholder to read and engage.
- Lines of communication are kept open for discussions and input as needed.
- CRGB will publish feedback received where confidentiality/sensitivity considerations permit, and with the agreement of the relevant regulator/government department.

The CRGB will need to remain alive to market developments and the evolution of its own work and therefore keep these engagement levels under review. As part of its work, a detailed assessment of the engagement activities the CRGB may need to undertake with each stakeholder identified above was carried out, this analysis can be found within the report three consultation pack on the IWG landing page.

There was extensive engagement with the stakeholders discussed above, these stakeholders were satisfied with the proposed approach to engagement with the CRGB but wanted to make clear that they only wish to be engaged by CRGB on topics specifically within their remit. This led to some stakeholders moving within the engagement scale, as per their request. The CRGB, once established, will need to work closely with these stakeholders to solidify these recommendations and put in place formalised agreements setting these out.

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<sup>19</sup> However, MaPs may need to be 'involved' in remedy 3B (access to statutory credit report) if it is determined that MoneyHelper could be utilised by industry in terms of better signposting to SCRs. Due to this, an MoU may be needed between the CRGB and MaPs but it unlikely this will need to be developed at CRGB's infancy and will likely take a 'lighter touch' approach than CRGB's MoUs with other regulators.

## Section E: How will the CRGB be governed and govern?

The CRGB must have the ability to perform its roles and be held accountable for them. Therefore, it is important that the CRGB has robust decision-making processes which:

- Account for all relevant inputs.
- Have scope for debate and discovery.
- Have appropriate safeguards that ensure fairness and efficiency.
- Can stand up to scrutiny from stakeholders.

Accordingly, in this section, the framework for these decision-making processes is discussed. It begins with describing the basic framework which can enable robust decision-making, then explains the decision-makers, the process through which they can take these decisions, the framework empowering them to make these decisions, and finally, the industry's compliance with these decisions.

To guide the process of developing the above governance features, broad principles that should serve as the guardrails for the CRGB were defined:

- **Principle 1:** The CRGB will be a not-for-profit entity.
- **Principle 2:** There should be no link between funding, including comparative funding contributions, to the CRGB and its governance.
- **Principle 3:** The CRGB will have representation of industry and independent individuals in its decision-making.
- **Principle 4:** Allowing for reasonable confidentiality wherever necessary, the CRGB's decision-making will be transparent in its operations.
- **Principle 5:** Recommendations by Advisory Councils will require mandatory consideration from the CRGB's Board.
- **Principle 6:** All decisions of the CRGB's Board will be taken with at least a majority vote of the CRGB's Board present and voting.
- **Principle 7:** The CRGB should have the power to pronounce and implement decisions against its subscribers for not complying with the CRGB's scheme rules and decisions.

### Chapter 15: Legal structure

An appropriate legal framework for the CRGB which would enable it to effectively perform its functions was defined. This included both selecting the relevant legal vehicle for the CRGB and considering how the CRGB would practically apply this vehicle to its governance structures. A summary of the assessment is below, detailed analysis can be found in report two.

#### 15.1 Consideration of legal vehicles

Various potential vehicles that could be used for the CRGB were assessed, supported by external legal counsel. Three vehicles were eliminated as not fit for purpose:

- **Partnerships**, with limited liability (LLPs) or unlimited liability, would not be a feasible option as they pose taxation-related challenges individually for those people who become partners of the organisation. Separation of governance and ownership must also be very carefully designed for these vehicles.

- **Charitable Incorporated Organisations** under the Charities Act 2011 require the entity to be formed for a 'charitable purpose'. Governance of the credit information industry would not qualify as a charitable purpose.
- **Unincorporated entities** would result in the CRGB having difficulty establishing capacity to enter into agreements. People running such vehicles could be exposed to unlimited liabilities encroaching on their personal assets for the actions of the organisation. Therefore, taking away the incentive to make decisions.

The vehicle of a company was shortlisted because it allows the CRGB to have:

- The capacity to enter legal obligations on its own and in its own name.
- The liability for its actions limited to itself and to not be traced to its members, except for their contributions to the entity.
- The maximum latitude in designing the governance of the entity in accordance with its requirements as the degree of independence and accountability can be tailored to the requirements of the industry.

The three forms of company were evaluated to determine the most effective mechanism to set up the CRGB. The advantages of each option considered were similar, although there were certain pitfalls of each:

- **Company Limited by Guarantee (CLG):** The members of the company only guarantee the debts to an amount; the actual funding needs to be secured through other mechanisms.
- **Company Limited by Shares (CLS):** The members of the company can provide the funding, but it provides more power to those who contribute more funds. This could be avoided but would require meticulous structuring which is both costly and lacks transparency. Compliances with respect to maintaining a shareholders' register and recording transfers, etc. would also need to be undertaken.
- **Community Interest Company (CIC):** a CIC must act in the interest of the community for which it has been set up. It is required to satisfy certain restrictions in dealing with its assets and is regulated by the Regulator of the CICs. As a CIC can be structured as either a CLG or CLS, it is effectively dual regulated. A regular CLG or CLS is only governed by Companies House.

The CIC option was eliminated due to the administrative costs and burdens associated with dual regulation. Likewise, the benefits of being regulated in the interests of a community were found to be easily adaptable to a regular company through careful drafting of its constitution.

A key determining principle among the CLG and CLS options was the principle that the CRGB should be a not-for-profit organisation. A CLS generally has its governance determined by the number of shares held by different members, which in turn is largely determined by the funding contribution of such members. This did not fit well with CRGB's not-for-profit purpose. It was concluded that a CLS would present unnecessary operational constraints as it would require administration of shareholding when any member would exit or join the company. Therefore, a CLS was also ruled out.

Therefore, a CLG was the most suitable incorporation vehicle for the CRGB. It provides the greatest flexibility in terms of membership and governance. It can be designed to have different 'ownership' and control models as per the preference of the industry and is easily adaptable to changing requirements.

It does have a pitfall of not being able to raise significant funding from its members, but it was determined that this can be countered with options such as subscriptions being raised from the industry.

Finally, this assessment was also validated by findings that most not-for-profit organisations and self-regulatory organisations in the financial services industry were also structured as a CLG, for example, The Lending Standards Board, Pay.UK Limited, and LINK Scheme Holdings Limited.

## 15.2 Setting up the CRGB as a CLG

For a company to be set up, it requires certain ‘members’ to sign up to its memorandum and articles of association. This is a core constitutional document indicating the purpose, objectives, and governance scheme of the company<sup>20</sup>. The names of people signing the document are recorded in the register of members of the company. Members of a company get certain rights to govern the company.

Under the Companies Act 2006, a company must have at least one individual as its member and one Director (can be the same individual) at the time of incorporation. This requirement must always be met during the life of the company.

Generally, members of a company guarantee the obligations of the company to a limited extent. For a CLG, its members are the ‘guarantors’ who guarantee the company’s obligations up to a particular sum. The sum to be guaranteed by a member for a CLG can be as low as £1.

Membership is both a legal requirement and a mechanism to govern the company. As a result, various aspects in respect of prescribing membership for the CRGB were considered.

### 15.2.1 Membership implications: governance, ownership, and liabilities

In return for members constituting the CLG and guaranteeing its debts (even if it’s to a sum as low as £1), the Companies Act 2006 bestows upon members certain governance rights. These rights are granted in recognition of the fact that a company is set up to achieve the goals of its members and its governance, therefore, should be accountable to them.

These rights include powers to call a general meeting of the company, pass ordinary resolutions to bind the company on general decisions, policy, and strategy, and to pass special resolutions for exercising control over virtually all aspects of the company. The Directors of the CLG are effectively accountable to the members of the CLG and cannot act against their will. Their decisions may be overruled through the ordinary and special resolutions of the members. At the time of winding up the company, the members are also allowed to claim any assets of the CLG after all its liabilities have been discharged.

The members are only subject to certain liabilities. At first glance, a member can be held liable up to the extent of their guarantee, but this would be inconsequential if the amount is as low as £1. However, there are other liabilities. As members are considered owners of the company, in cases where the company conducts any “impropriety”, there could be some risks. Specifically, if it is found that the guarantors actually set up the company to perpetrate this impropriety, the courts may pierce the corporate veil and hold the members liable for the company’s impropriety. Similarly, criminal liability of the members cannot be ruled out in the event of any corruption, fraud, or any financial impropriety conducted by the company.

### 15.2.2 Membership models

In light of the governance rights available to members and their liabilities, two potential membership structures were considered for the CRGB:

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<sup>20</sup> Companies Act 2006, s 112(1)

- **Single tier:** the membership of a company exists only for the purpose of completing the Company Law requirements to set up a company. The Chairperson of the Board or the entire Board are the members of the company. To avoid the risk of leaving important positions in the hands of only one person, often, this model involves all Directors of the company being designated members.
- **Double tier:** the membership of a company exists to provide rights in governance of the company to those stakeholders who are interested in the company. The members here could include those entities funding the organisation, who are interested in its operations, who seek to hold it accountable, or those who simply wish to benefit from its operations.

The key features are discussed below.

**Table 3: Membership structures**

Features	Single tier	Double tier
Members	Directors of the company are the members.	Members are different from Directors, viz., industry stakeholders.
Rights available to members	No real use of members' rights as all members mirror the Board, and a general meeting is same as a Board meeting.	All rights available under the Companies Act 2006
Accountability of Directors	None under the Companies Act 2006 towards the members.	Directors are accountable to the general meeting
Membership management	Simple, directors are members and the register would get updated at the time of appointment/removal of a Director.	Complex, members may leave or wish to transfer their rights at any time. No control over how members exercise their governance rights.
General Meeting of members	Ideally, would never be hosted.	May be hosted as per Companies Act 2006, if requisitioned by members.
Decision making	No decision-making role	May interfere with the Directors' decisions, have the power to overrule their decisions in a general meeting.

There are advantages of the double-tier membership structure such as engagement of the industry and ability to hold decision-makers accountable. However, the liability risks were a significant hurdle in ensuring effective double-tier membership for the CRGB. The CRGB would face substantial costs of all industry stakeholders being members of the company. Including any litigation risks under the Companies Act due to non-fulfilment of members' rights.

In a single-tier model, all decisions could be made efficiently and effectively without the legal requirement to include the wider industry. A single tier model allows decisions to be taken quickly, without a general meeting, which brings time and financial costs. As such, the IWG recommend a single-tier membership model for the CRGB. However, several caveats are also recommended to ensure accountability of decision-making:

- Transparent decision-making processes and accountability protocols should be set up for the Board.
- Most rights available to members under the Companies Act 2006 for holding the Board financially accountable should be secured for the industry through the subscription contracts. These rights should be guaranteed as contractual obligations owed by the CRGB to allow the industry to reasonably inspect its accounts, etc. This would ensure that the industry gets similar rights as members.
- The CRGB Board should hold an Annual Forum where the industry stakeholders participating in the CRGB can engage and hold it accountable.

- The CRGB constitution should provide mechanisms that require compulsory consultation with industry stakeholders on relevant topics.

At the time of winding up of the CRGB, its subscribers should have the right, in proportion to the value of their last year's subscription contributions, to receive any unclaimed monetary reserves after CRGB's payment of all its liabilities.

External legal counsel recommended that choosing this option would require training of the Directors and staff to recognise when decisions would be made by the Directors as a Board of Directors, and which decisions must be made by them as a group of members. This is key from a legal perspective to avoid any suggestion of decisions not being valid and binding if passed incorrectly or using the wrong process. It is also key from a liability perspective. Most member decisions will carry different risks than the decisions of the Board. For instance, for members, there is a risk of the amount guaranteed and the risk of being held accountable for impropriety. However, for Directors, there are liabilities stemming from prescribed Directors' duties under the Companies Act 2006 and other legislations. Accordingly, the CRGB should closely monitor this risk and ensure appropriate training is provided.

## Chapter 16: The CRGB's Board

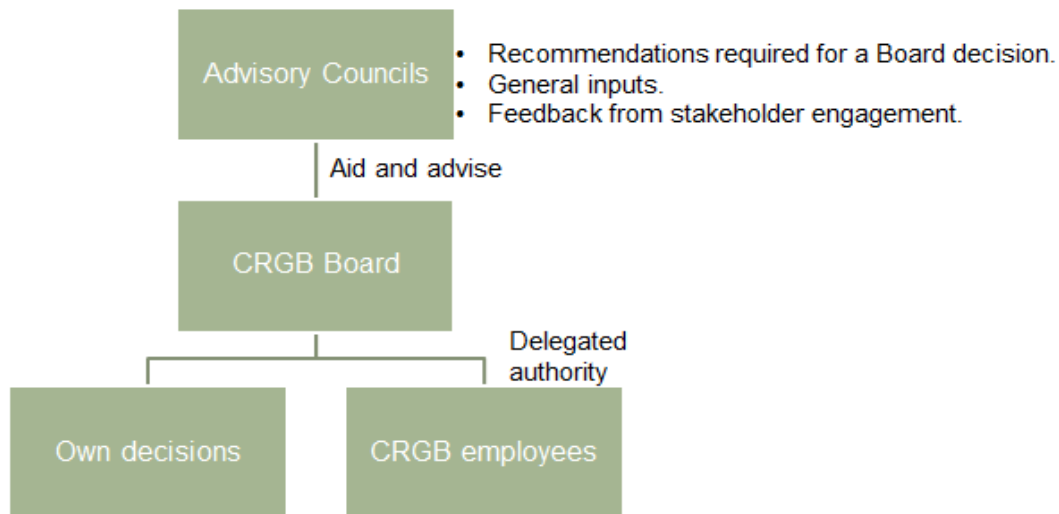
The recommendation of a single-tier structure highlights the need for an accountable decision-making process at the CRGB Board. It also re-enforces the need to put in place a governance model that allows for interested stakeholders to engage in the decision-making process.

The IWG recommend a governance model that includes a Board of Directors in whom CRGB's ultimate decision-making authority is vested, Board Committees who exercise the Board's authority on specific subjects, and Advisory Councils who provide the Board with advice. The combination of the three tiers of engagement seeks to ensure appropriate allocation of responsibilities and sufficient participation of stakeholders.

While the CRGB Board will be the ultimate decision-making authority of the CRGB, day-to-day decisions will be delegated to the CRGB's employees. The staff operating under the CRGB Board has been considered in detail in chapter 24. The staff will operate on the authority delegated by the CRGB Board and will report to the Board on its activities against prescribed performance metrics. The CRGB Board may choose to delegate decisions through a scheme (documented as a policy) which will be part of the CRGB's constitutional framework. This scheme should state the scope of authority and performance expectations of CRGB's employees. Accordingly, the governance institutions at the CRGB are as follows:



**Diagram 13: CRGB's governance institutions**



## 16.1 Purpose of the Directors and Board of a company

Under the Companies Act 2006, each company is required to designate Directors who have the power to take decisions on behalf of the company. The company is bound by such decisions. A company needs to have a minimum of one Director. However, from a good corporate governance standpoint, it is recommended that a company should have multiple Directors to avoid keyman risk.

There are various kinds of Directors that can be appointed by a company, these are:

- **Independent Directors:** these are individuals who are free from any affiliations with the company (i.e., not employed by the entity) for which they are being appointed as a Director. They have no role in the management or financial affairs of the company nor are they affiliated to any organisation that would have an interest in the decisions of the company. These Directors are compensated by the company.
- **Nominee Directors:** these are individuals appointed by another person or a group to represent their perspective at a company's Board. They may or may not be paid for by the company.
- **Executive Directors:** these are employees of the company (or its subsidiary) and are appointed to the Board of the company. Usually, an Executive Director will be part of the company's senior management such as the Chief Executive Officer.

Both Nominee and Independent Directors are legally required to act in the best interests of the organisation on whose Board they are sitting, irrespective of their nominating organisation or any other affiliated entity.

It is recommended that Directors of a company be specified in a range of minimum to maximum, to allow flexibility for the company to adjust these positions as per its requirements and annual plans. It also allows vacancies to arise without risking the Board becoming incapable of acting.

Where a company has multiple Directors, unless specified otherwise, all decisions must be taken by the Directors collectively. The collective of Directors is referred to as the 'Board' of a company. The Board collectively take decisions for the company and can bind the company. It is responsible for ensuring that the entity acts according to its purpose to achieve its objectives and measures its performance against its defined outcomes. The Board is also accountable to external stakeholders and members of the company.

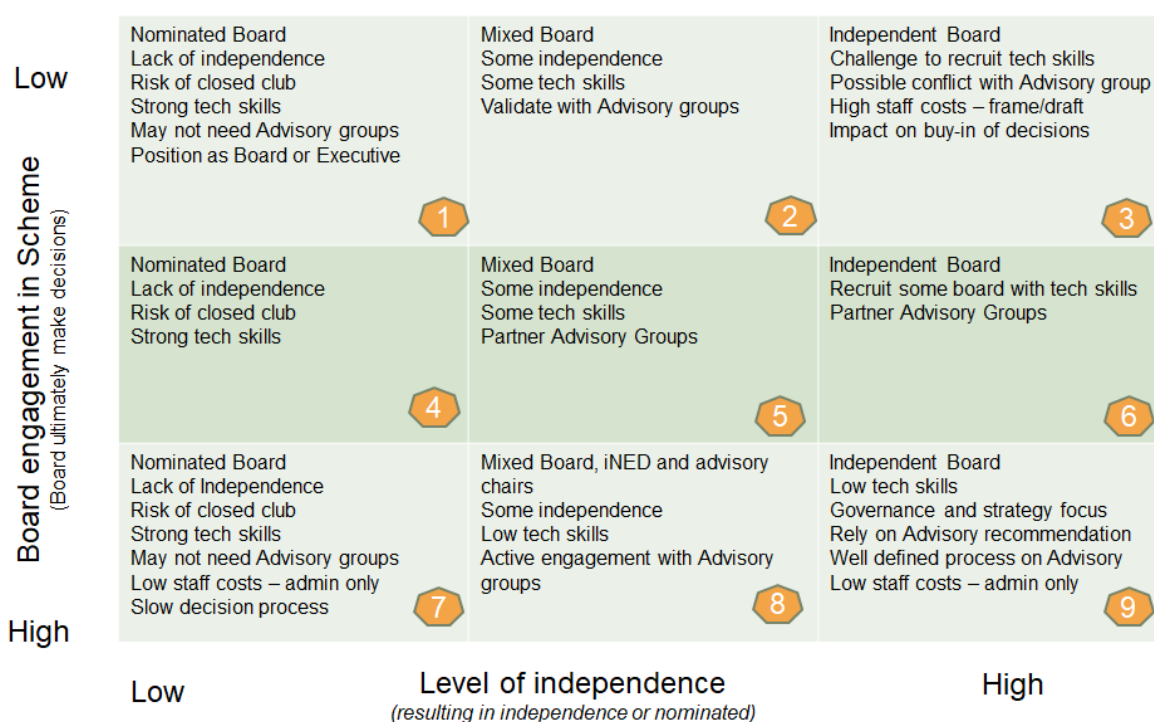
## 16.2 CRGB's Directors and Board

As this CLG will be single tier, the Board are the owners, members and guarantors of the CRGB. Therefore, the CRGB's Board will be the entity ultimately responsible for its decision-making and accountable to all external stakeholders. As such, the Directors constituting this Board are key. The debate on Directors revolved around two elements:

- The level of independence and industry representation on the CRGB's Board.
- The functions discharged by the CRGB's Board and those by bodies reporting to it.

Several options were considered from a totally Independent Board, having the minimum insights into the credit information industry, to a totally industry Nominated Board, having maximum insights and expertise, and everything in between. Expertise and independence were plotted on two axes and 9 potential models were presented as options.<sup>21</sup>

**Diagram 14: Matrix of options for CRGB's Board structure and composition**



At the outset most of the IWG preferred a mixed Board, with the majority of Directors being Nominated by industry, with a few members seeking a fully Independent Board. The composition evolved once discussions advanced to include the wider governance framework, responsibilities of the Board Directors, costs of the Board, feedback from stakeholders and best practice examples. Industry was also consulted on the implications of different levels of independence and the expertise of the Board to engage in scheme decisions.

The IWG's final recommendation is that the CRGB Board should be composed of a mix of skillsets. Independent Directors were considered relevant to provide objectivity, and Nominee Directors were considered relevant to provide industry insights.

Further, it was considered that the CRGB will have to secure buy-in from a diverse set of stakeholders in the industry, therefore it is recommended that Independent Directors of the CRGB should be in the majority. This would aid the CRGB's legitimacy and increase objectivity

<sup>21</sup> The details on these options and IWG's consideration of these models is presented in detail in section 7.3 of report two.

in its decisions. The IWG recommend that the Chairperson of the Board should also be independent.

To ensure that industry views are adequately represented, it was agreed that Nominee Directors from the industry should not be the only source of industry insights and perspectives. Therefore, the IWG recommend that industry views be presented to the Board via specialised Advisory Councils who will have a role in decision-making at the CRGB Board.

Finally, it was agreed that the CRGB should be run as a cost-efficient organisation. Therefore, the staffing of the Directors needed to be kept lean, and compensations of Directors be optimised. As a result, it was determined that Nominee Directors would not receive any salary-related compensation from the CRGB for their appointment on the Board. Instead, the organisations nominating them should cover their compensation. The CRGB would cover the Director's expenses necessary in discharging their duties and provide the Director's insurance for their actions at the CRGB. To ensure cost optimisation, Independent Directors' compensation – which will be paid for by the CRGB – should be more reflective of a public sector Board rather than private Boards.

#### *16.2.1 CRGB's Board principles*

To guide the development of an appropriate solution, the following principles regarding the CRGB Board were established:

- The CRGB Board should be headed by an Independent Chairperson (Director).
- The Independent Directors (including the Chairperson) should be in the majority.
- The Board should be within the range of 5 to 13 Directors, reflecting standard practice.
- The total strength of the CRGB Board should be optimised to allow for cost-efficiencies.
- Except for Directors' insurance and reasonable expenses, the Nominee Directors on CRGB Board should not be paid by the CRGB.
- The CRGB Board should be aided and advised by inputs, recommendations, and feedback from specialist Advisory Councils.

### **16.3 Board cohorts**

The CRGB is being set up to govern the credit information industry for consumers and all other stakeholders. Therefore, industry representation on the CRGB Board should essentially be a representation of all these stakeholders. The stakeholders relevant to the CRGB in accordance with the type of businesses undertaken, their size and resources, their interests at the CRGB, and the role played by them in the credit information industry, was determined. The following categories were identified:

1. Consumers
2. CRAs whose principal business is the "provision of credit references".
3. FSMA firms with the provision of consumer credit as their principal business.
4. FSMA firms providing credit information services.
5. Small and innovative players operating in the credit information industry.
6. FSMA firms, who are users of credit information, not covered in the above categories.
7. Non-FSMA firms, using credit information, operating in other sectors.

Through industry consultation, it was determined that all stakeholders should be represented in some way. Consumers groups and small and innovative players expressed that they would have difficulty appointing Nominee Directors, both due to issues in effective representation of

the cohort and lack of resources. As such their interests will be considered by the Independent Directors. The remaining categories' interests are addressed by Nominated Directors.

Coming to agreement on the ultimate Board composition was one of the final recommendations made, due to the implications for various stakeholders. To allow for industry debate, the IWG Chair initially recommended a composition, taking into consideration stakeholder representation and the appropriate size for an effective Board. As the operationalisation of the IWG recommendations were worked through and the necessary guardrails were developed to protect the CRGB Board, individual stakeholders and the wider industry, a final collective recommendation was reached.

The IWG recommend four Nominee Director positions and five Independent Director positions (including the Chair) to deliver a majority Independent Board, at set up.

## 16.4 Nominee Directors

The CRAs, credit providers, and CISPs indicated that they would be comfortable appointing a Nominee Director at the CRGB Board due to likely availability of skillsets and resources. For credit providers, it was considered that firms might prefer appointing a representative from their trade associations instead of an individual directly belonging to a credit provider. Other FSMA entities and users from other sectors showed a mixed response, due to their limited historical involvement, their participation did not seem as forthcoming. However, their participation was considered valuable to inform the future of the credit information industry, especially around non-credit data and use of shared data.

Whilst there was significant debate on the number of Directors per cohort, it was determined that the CRGB's Board should have the following Nominee Directors to remain manageable:

- 1 individual nominated by organisations which are designated by the FCA as designated CRAs<sup>22</sup>.
- 1 individual nominated by FSMA organisations having their principal business as the provision of consumer credit or by a Trade Association chosen by them.
- 1 individual nominated by organisations as CISP or a non-designated CRA.
- 1 individual nominated by FSMA organisations and non-FSMA organisations who use and/or contribute to shared credit data but are not represented by the other Nominee Directors.

Due to the role undertaken by the designated CRA they were deemed to justify a Board seat. The non-designated CRA utilisation of the shared data is more akin to the CISPs than to the designated CRAs, therefore the proposal is to share a seat.

It is acknowledged that across all cohorts, there was a strong view that one seat per cohort would not be equitable due to the different interests, types of businesses, preferences, and nature of operations within each cohort. Credit providers wished it to be noted that given CRGB's decisions could have critical consequences for their business, they are concerned one representative is not sufficient. This is particularly because CRGB's recommended structure represents a significant change compared to the current governance arrangements in place. However, it was also recognised that a Director on a company's Board is an officer of the company and not a representative of the organisation to which they belong. As a result, despite being nominated from different organisations, these Directors must ensure they represent the interests of the stakeholder cohort (and not their organisation) in the best

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<sup>22</sup> Until such designation is granted, firms with a revenue of GBP 100 million or more whose principal business is the "provision of credit references" and which are authorised by the FCA to provide credit references. This number may be revised upwards in line with inflation and ensuring adequate firms are captured by the CRGB for this cohort, until the FCA designates the CRAs.

interests of the CRGB. Similarly, the safeguards around Board decision-making discussed in chapter 18 provided comfort that stakeholder interests would not be ignored regardless of the representation at the Board. Consequently, the balance of one representative from each cohort was agreed to be recommended.

A CRA requested to have their specific position noted in the report that they believe they are among the industry participants most directly impacted by CRGB decisions. Consequently, their initial stance was that each CRA being designated merits its own Board seat, especially given their differing business models which inherently drives divergence in perspectives and operational impacts. While this remains the CRA's preferred position, in the spirit of achieving consensus and in light of the evolution of the proposed decision-making protections since the initial Board composition recommendation in report two, when safeguards were less developed and provided these protections and safeguards remain in place and, crucially, are operationalised by the CRGB, then the CRA is prepared to support the final collective Board composition recommendation from the IWG.

The CISP and non-designated CRA cohorts expressed reservations about being represented by one Nominee Director at the CRGB Board, preferring one Board seat each. However, in the interests of keeping the CRGB Board proportionate and noting the synergies between CISPs and non-designated CRAs in terms of their operations, the IWG as a group agreed that it was sufficient to have one Board seat represent these cohorts. While non-designated CRAs became satisfied with this position in light of the governance safeguards outlined in this report, CISPs would like it noted that they still believe a CISP-only Board seat is needed to ensure appropriate representation. CISPs believe there is a risk their views could be in direct conflict with those of non-designated CRAs. To address their concern and to ensure the proposed Board composition is amenable to all stakeholders, the IWG has recommended that Directors should have the responsibility to evidence the reasoning for their decisions to the cohorts that have nominated them or the skillsets they are expected to represent. This responsibility is now enshrined clearly in Appendix G containing Directors' role responsibilities and duties.

## 16.5 Independent Directors

The IWG and other industry stakeholders acknowledged the strong demand for consumer groups to be adequately represented. Consumer groups expressed concerns regarding their voice being subdued at a Board dominated by industry professionals and other experts. Likewise, consumer groups considered that their representation on the Board should make up a significant proportion of the composition when compared to the number of Directors nominated from industry in order to ensure their voice is not lost. As a result, it was determined that two of the CRGB's Independent Directors should be selected with the skillset and expertise of having worked in areas of consumer interest. However, the CRGB should strive for diversity of consumer-facing skillsets (competition, consumer protection, and consumer welfare work) in selecting these two Independent Directors. Additionally, as small and innovative players may struggle to provide representation, they will benefit from an Independent Director having experience of their sector. This is in addition to their firm cohorts being represented by Nominated Directors. This would ensure CRGB has broad visibility.

The Board of an organisation is expected to look after not only the decision-making of the company but also keep a check on its finances and ensure the money is managed appropriately. To secure this, most organisations recruit a Director who is skilled in accountancy, audits, and financial monitoring. Therefore, it was agreed that the CRGB should also have one Independent Director with expertise in this area.

The CRGB Board should be chaired by an Independent Director Chairperson who will be responsible for a number of functions to ensure the Board is effective. Accordingly, the five Independent Directors for the CRGB at set up are:

- 1 x Independent Chairperson of the CRGB Board.



- 2 x Independent Directors with skillset and expertise in consumer-rights related work.
- 1 x Independent Director with skillset and expertise related to small and innovative sectors of the industry.
- 1 x Expert in audit, accounts, and financial monitoring (e.g., a CPA).

While the above are the necessary criteria for the selection of Independent Directors, wherever possible, the IWG recommend that the CRGB should also give consideration to these candidates' experience in the financial services industry during their selection.

## 16.6 Proposed Board composition

To define the maximum number of Directors it was assessed that there might be a need at some point in the future to appoint the highest executive of the CRGB as an Executive Director. Further, there might also be a need to have a legal expert on the Board. This legal expert would be appointed as an Independent Director. Accordingly, the IWG recommend the CRGB's final Board composition as follows:

**Table 4: CRGB's recommended Board composition**

	Minimum	Recommended at set-up	Maximum
<b>Chairperson (Independent)</b>	1	1	1
<b>Independent Directors</b>	3	4	5
<b>Nominee Directors</b>	2	4	4
<b>Executive Directors</b>	0	0	1
<b>Total</b>	6	9	11

The IWG also recommend that the above proposed composition be reviewed 4 years after the establishment of the first full CRGB Board. This review will be based on the performance of the Board, its ability to represent the cohorts and maintain the representation principles as envisaged by the IWG in this report. This assessment should also evaluate that the Board remains effective and aligned with the CRGB's evolving needs.

The CRGB Board, at set-up is recommended to be composed of a total of nine Directors, four Nominees, four Independent and an Independent Chair.

The CISP cohort's subscription to the CRGB has been committed in line with the recommendations discussed in chapter 13. However, this commitment has been secured only through CISP's cohort representatives on the IWG. Due to the late-stage agreement with the CISP's on the recommendations governing their subscription, there has been limited CISP consultation beyond the two CISP's on the IWG. Accordingly, if only a limited number of CISP's agree to subscribe to the CRGB, the IWG recommends that the Board is constituted with a minimum excluding the Nominee Director seat for non-designated CRAs and CISP's.

There is also some concern as to whether the other FSMA and non-FSMA cohort will put forward a Nominee, therefore they are not included in the minimum. Recognising the need for proportionality between Nominated and Independent Directors, it was agreed that the minimum number of Directors would be six. The maximum, which will be included in the CRGB's constitution, will be 11 Directors, allowing for the potential future inclusion of an Executive Director and another Independent Director.

Under the Companies Act 2006, all Directors, irrespective of their type, are legally required to act in the best interests of the company. The IWG also recommend a robust conflict of interest policy for the CRGB to ensure all Directors of the CRGB act in the best interests of the CRGB, irrespective of their skillset or affiliations. To ensure the effectiveness of this policy, the IWG also recommend that each Nominee Director should have an alternate appointed who would step in if the relevant Nominee is conflicted out of a decision.

A more detailed version of the CRGB Directors roles, responsibilities, and liabilities can be found in Appendix G.

## Chapter 17: Board Committees

Not all activities of the Board require the full Board to convene. A sub-set of the Directors can advance work on certain subjects and have the authority of the Board to take actions on those subjects.

These sub-sets of Directors, formed to perform particular functions, are called Board Committees. There are generally two kinds of Board Committees:

- **Standing Committees:** These are permanent Committees functioning as subsidiaries of the Board drawing their power from delegation of authority of the company's Board.
- **Special Committees:** These are Committees set up for limited periods to perform special functions expected to be performed by the company's Board.

The powers of the Board Committees are devolved from the Board and the Committees remain accountable to the Board.

Board Committees can increase the effectiveness of the functions performed by the CRGB Board. Having evaluated the Committee structures of several other comparable organisations, it was agreed that there are three main CRGB functions, vital to its running, that could be outsourced from the Board. These are 1) management of risk and financial reporting, 2) seeking candidates for senior management and Board positions and 3) people and talent management. The IWG recommend three Standing Board Committees at set up of the CRGB:

1. **Audit and Risk Committee:** This committee will have the Board's authority to oversight the management of risks and look after financial reporting matters including the company's relationship with its auditors. Its key responsibilities include:
  - a) Ensure that management has maintained a sound system of internal controls and prepared complete and reliable financial statements and disclosures in accordance with the approved accounting standards.
  - b) Manage the relationship with audit firms to ensure that the company has a fair choice of suitable auditors at the next tender.
  - c) Oversight of an effective global risk management framework reasonably designed to identify, assess, and manage CRGB strategic, credit and reputation, market, and operational risks.
  - d) Review and approve the internal audit function's role and mandate; approve the annual audit plan; and monitor and review the effectiveness of its work.
  - e) Maintain oversight over the CRGB financial systems and employees responsible for managing finances, including setting appropriate policies in this regard.
  - f) When prescribed in the oversight policy of the CRGB, to consider at the first instance non-compliance by subscribers of the CRGB scheme rules.



2. **Nomination Committee:** This committee will have the Board's authority to seek out potential candidates to fill senior management positions and Board membership roles.
  - a) The committee shall also be entrusted to review candidates' qualifications and performance to ensure they match the organisation's requirements.
  - b) At the CRGB, all applications for Independent and Nominated Directors shall be invited by this Committee. Among those shortlisted, the selection shall also be made by this Committee.
  - c) This committee shall be responsible for both attracting and securing the best talent for the CRGB's Board.
3. **People & Remuneration Committee:** This Committee will have the Board's authority to set the people policies and oversight their implementation. It should be responsible for:
  - a) Leadership and management capabilities, working with the nomination committee as needed, to support appointments, development of leaders, succession planning, and monitoring of managers balance business scorecards.
  - b) Training Board members, employees, and Advisory Council members on the CRGB governance rules and protocols wherever required.
  - c) Evaluation and reward of board and employees, including the remuneration policy, application of rewards, establishing key performance indicators and performance management framework.
  - d) Talent management including attraction and retention strategy, skills and knowledge development strategy, wellbeing and diversity and inclusion plans.
  - e) Culture and value definition and monitoring ensuring compliance with the appropriate code of conduct and ethics programs. Oversight of actions taken to encourage speak up and tracking of key metrics such as disciplinary, grievance and whistleblowing.

These committees should be composed of Directors based on their existing skillsets. Therefore, it was agreed that composition criteria for these committees would not be prescribed. However, some guardrails for the CRGB Board to consider in constituting these committees is recommended:

- Each Director should recuse itself from decisions at a committee that could have a bearing on their own role at the CRGB. For instance, if the Nominations Committee is considering renewal of an existing Director's term, that Director should not be a part of the Committee.
- The Audit and Risk Committee should be chaired by the Independent Director skilled in accountancy, audits, and financial risk assessments.
- The Nominations Committee should have rotations to ensure Nominee Directors' terms, selection criteria, and selection process is led by Independent Directors, and vice versa.
- In line with general good corporate governance standards, the Board should regularly review the performance of the Board Committees.
- No topics which would require specialist Board Committees to be set up were identified. However, it should be set out in the constitution of the CRGB that the CRGB Board may come up with these as per its requirements.

These Committees will only be formed after the CRGB is operationally live. Therefore, whilst the Nominations Committee is responsible for the nomination and selection of Board Directors, it will not be in place for the selection of the first set of Board members. As such it is proposed that a special process is put in place for the first appointments.

After due consultation it was decided that the CRGB's first set of Directors will be selected by an 'Initial Nominations Committee'. This Initial Nominations Committee will have the power to contract an executive search firm, invite applications for the positions, interview candidates, and confirm their appointment for the CRGB. The Initial Nominations Committee will vary according to the candidate being selected, as follows:

**Table 5: Initial Nominations Committee**

CRGB role to be filled	Composition of Initial Nominations Committee
Independent Chair	A representative from the FCA The Independent Chair of the IWG An independent person
Independent Directors	A representative from the FCA The Independent Chair of the CRGB (once appointed) An independent person
Nominee Directors	The Independent Chair of the CRGB 2 Independent Directors (once appointed)

The Initial Nominations Committee needs to be independent and free from any conflict. FCA representation is proposed as their findings drove the CRGB mandate. The IWG Independent Chair provides continuity and the business content to validate experience, while the independent person provides full neutrality.

## Chapter 18: Board decision-making

It is important that the CRGB Board can make decisions in the best interests of its stakeholders and that the CRGB Board can be held to account for these decisions. A thorough decision-making process has been designed, including various safeguards to ensure the CRGB's decisions do not have unexpected adverse effects on firms or the industry.

### 18.1 Decision-making procedure

The CRGB Board will be required to make decisions on and be held to account for decisions, both internal and external, to the organisation. Examples of external decisions would be the implementation methods of the CIMS industry-led remedies and changes to the scheme rules. Internal decisions within the CRGB would include changes to subscription fees. The CRGB needs decision-making processes which allow these decisions to be made as effectively and efficiently as possible and for which the Board can be held to account. As a general caveat, the CRGB Board will be required to take fair, proportionate, and reasonable decisions for the industry with a requirement to identify and minimise costs in the context of decision making. A set of decision principles are defined in detail in Appendix G.

Not all decisions will carry equal weight in terms of their impacts on industry or the operation of the organisation itself. As such, two decision processes have been determined:

- Ordinary procedure: Requires more than 50% (simple majority) of the CRGB's Board Directors to vote in favour of the decision.

- Special procedure: Requires 75% of the Board to vote in favour of the decision for it to pass. These decisions may also require an initial supporting recommendation from an Advisory Council. This is outlined in the table below.<sup>23</sup>

**Table 6: Decisions requiring the CRGB's special procedure process<sup>24</sup>**

No.	Subject matter	Requires Advisory Council recommendation?
a.	Implementing the CIMS industry-led remedies	Yes, from Remedies Council
b.	Major amendments to the scheme rules	Yes, from Rules and Standards Council
c.	Revising the consumer objective	Yes, from Consumer Council
d.	Revising the purpose and other objectives of the CRGB	No
e.	Decisions on changing CRGB's membership	No
f.	Revising material powers of the CRGB, such as oversight	No
g.	Decisions on changing the role, purpose and powers of Advisory Councils	No
h.	Decisions changing fundamental governance safeguards such as quorum	No
i.	Fundamentally revisiting the proportional contribution of an entity re CRGB's budget	No (But, as detailed in Chapter 22.4, it requires mandatory industry consultation in certain cases)
j.	Decisions on changing the min and max number of Directors	No
k.	Any decisions not described above that could require material investments by a subscriber cohort.	No

The approval percentage needed for a special procedure decision to be passed was debated extensively. It was agreed upfront that decisions impacting the constitutional aspects of the CRGB's operations should require 75% approval at the Board.<sup>25</sup> Initially it was put forward that all other decisions should pass at a lower percentage approval, 66%. However, extensive views were shared, particularly in relation to the approval of decisions relating to the CIMS industry-led remedies and major amendments to the scheme rules, that because of the potential impact these decisions could have across the industry that these decisions should also require 75% approval. Particularly, the industry suggested the need to secure strong consensus for these decisions and a distinction of 66% and 75% might signal that some decisions are less important than others. On the other hand, some concerns were raised that this could result in slow and ineffective decision-making, particularly from the consumer group cohorts within the IWG. Yet, with the recommended safeguards it was considered that consensus could still be achieved at pace. However, in light of these concerns it is recommended that the CRGB Board should monitor its ability to make appropriate decisions at pace within its effectiveness review, as set out in chapter 22.

To ensure that the CRGB relies on robust evidence, some decisions will also require cost-benefit analysis (CBA) to be undertaken. A CBA provides a structured way to assess what costs and benefits a policy is expected to generate. In the case of the CRGB, a CBA would

<sup>23</sup> All decisions not specified in Table 5 will be undertaken following ordinary procedure.

<sup>24</sup> The CRGB chair will determine whether the decision needs to follow the ordinary or special procedure. A simple majority of the CRGB Board can challenge this assessment and seek reclassification of a resolution. The subject-matters requiring special procedure decisions is not exhaustive and can be added to by the CRGB Board.

<sup>25</sup> This is in line with the Companies Act 2006.

attempt to describe and quantify, where possible, the likely impacts of a decision. This should include assessing impact on firms (of different sizes and types, both across and within CRGB cohorts) in the industry, consumers, market competition, the CRGB, and the relative benefits delivered from them from a CRGB decision. All decisions regarding CIMS industry-led remedies will require a CBA. Likewise, any decisions expected to generate a material impact, for example financially, could require a CBA to determine this impact.

Once a decision is approved by the CRGB's Board, either following the ordinary or special procedure process, the CRGB is then bound by this decision. The CRGB Advisory Councils will be integral to the Board receiving feedback on its decisions. The Advisory Councils will engage with industry regularly, gather insights and assess if desired outcomes are being achieved or not. This exercise will allow the Board to continuously improve its policies and adapt its decisions based on feedback.

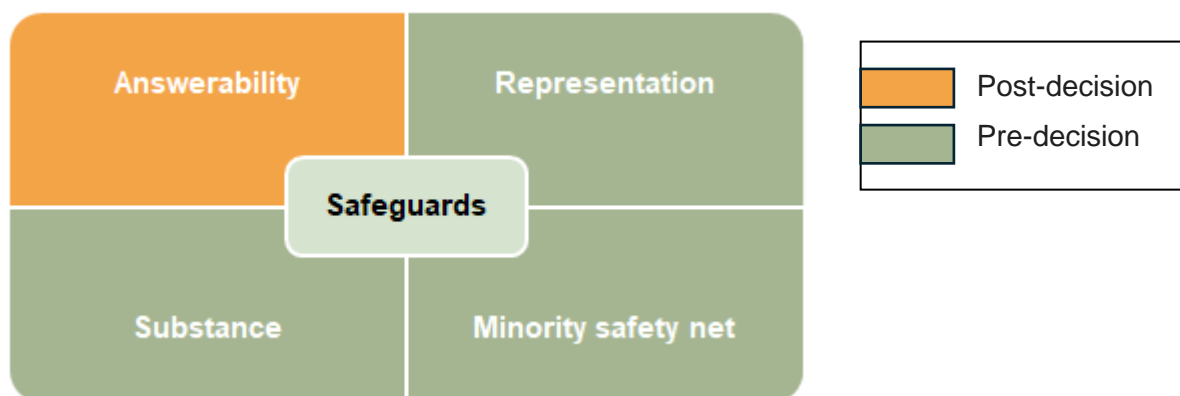
The detailed process by which the CRGB Board will make decisions, including its interactions with Advisory Councils, is outlined in Appendix H.

## 18.2 Decision-making safeguards

Alongside the thresholds set out by the ordinary and special procedure processes, it was considered important that further safeguards be put in place to ensure the CRGB's decisions do not have unexpected adverse impacts on the operation of the credit information industry or its stakeholders.

These safeguards can be classified into 1) representation safeguards; 2) substance safeguards, 3) safeguards to avoid prejudice to a minority and 4) answerability safeguards. While the first three safeguards occur before decisions have been made by the CRGB Board, the fourth (answerability) safeguard takes place once a decision has been made.

**Diagram 15: CRGB's decision-making safeguards**



Further detail on these safeguards can be found within the report three consultation pack on the IWG's landing page.

### 18.2.1 Representation safeguards

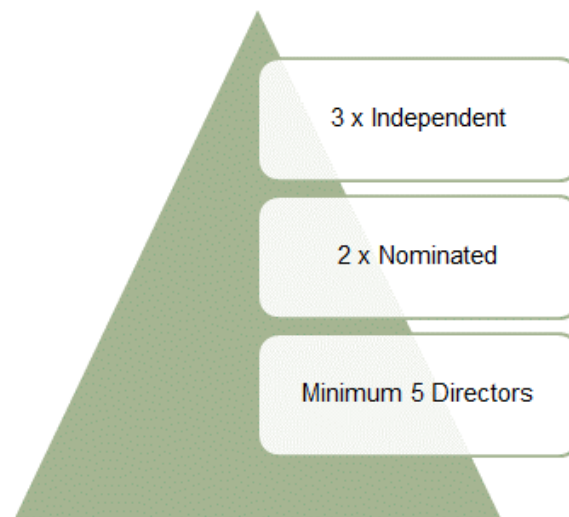
It is important to ensure that the representation by the Directors involved in decision-making is protected and is not prejudiced. As a result, the IWG recommend that the CRGB Board decision-making process require: 1) adherence to a thorough conflict-of-interest policy and 2) a quorum of the Board.

**Conflicts-of-interest (Col)** can cause legal issues and reputational damage, therefore a Col policy, which is adhered to by all of its Directors, is required. This policy requires the maintenance of a register of interests. It guides the CRGB's Chair on a decision on the Director's participation at a Board meeting relating to any of the Director's conflicted interests. If the Chair determines the Director cannot participate in meetings relating to their conflicted

interest, an alternate Director from the same cohort can instead attend, to ensure the cohort is still adequately represented at Board level.

A **‘quorum’** is the minimum number of Directors that need to be present at a Board meeting to allow the Board to make decisions that can bind the company. Recommending a quorum for the CRGB was needed to avoid a minority making decisions that will bind the CRGB yet allows the CRGB to make decisions without the potential delays of requiring the full Board to be present. To keep a majority Independent Board, CRGB’s quorum should consist of:

**Diagram 16: CRGB’s recommended quorum**



Decisions can only be taken by the CRGB Board if this quorum is met.<sup>26</sup> Whether the quorum has been met will be assessed both by the CRGB secretariat prior to the meeting and by the CRGB’s Chair within the meeting. If the quorum is not met, the CRGB’s Chair will postpone any voting on the particular issue but may still hold the meeting to discuss it. This quorum should be used for both ordinary and special procedure decisions.<sup>27</sup> The IWG also recommend that should the CRGB Board be constituted with more than 9 Directors or the number of Directors increase above the IWG’s recommended composition, the quorum should be revised proportionately. This revision should follow the principle of having Independent Directors in majority while preserving a proportionate number of Nominee Directors as suggested in the above recommendation.

Much discussion occurred around the potential for the quorum to be utilised as a delaying tactic by any Director or the quorum being used to exclude the views of stakeholders. To address this, the IWG agreed to recommend that the quorum is a specification of a minimum. All Directors are expected to attend all CRGB Board meetings per standard practice, and their attendance record will be published in the annual report. Frequent or deliberate absences will be considered by the CRGB as a breach of the Director’s responsibilities. Further, the Nominee Directors have the option of seeking an alternate to be present at a Board meeting in exceptional scenarios or in conflict-of-interest circumstances. Therefore, the quorum will not exclude stakeholders from decision-making.

Similarly, some stakeholders suggested that the quorum requirement should be made higher for certain decisions or that specific Directors should be included as part of the quorum.

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<sup>26</sup> Independent Directors, along with the Chair of the Board, must constitute a majority of the CRGB Board to meet quorum. If more than five Directors are attending the CRGB Board, three Independent Directors (including the Chair) shall be considered sufficient to have met this condition and the Board shall be considered quorate.

<sup>27</sup> The quorum will need to be amended if there is change to the composition of the CRGB Board.



However, this may create the perception that certain decisions or Directors are more important than others in terms of participation, so this was not considered a reflection of good corporate governance. Consequently, the IWG agreed to recommend the above quorum requirement.

### *18.2.2 Substance safeguards*

These are the safeguards that will ensure that the decisions presented to the CRGB Board have accounted for relevant perspectives and evidence. The CRGB's decision-making should be safeguarded with protections that allow for: 1) obtaining legal advice and/or CBA; and 2) referral to a relevant Advisory Council.

**Legal advice / CBA:** To ensure the decisions to be made by the CRGB Board have been subject to appropriate analysis and evidence gathering, the CRGB Directors can request the Chair to obtain a CBA and/or seek legal advice on any agenda item. This is in addition to other analysis already undertaken by CRGB staff or Advisory Councils (for example, all decisions regarding the CIMS industry-led remedies will require a CBA to be undertaken before the decision is made). If the Chair rejects the request, it must communicate its ruling with reasons to the Board at the start of each relevant Board Meeting. This safeguard will also ensure that the CRGB keeps under review the potential risks, albeit low, flagged by the IWG's legal advisors on various subjects including data protection, competition, and other regulations.

**Refer to Advisory Council:** The CRGB's Advisory Councils have been put in place as an integral source of industry insights, expertise, and stakeholder views for the CRGB Board. Therefore, it was considered that the CRGB Directors should have the power to engage the relevant Advisory Councils and leverage their expertise on any decision to be taken by them.

It was noted that constantly seeking such inputs may be counter-productive to efficiency and could be utilised to delay decision-making. Therefore, at a Board meeting, any two Directors can request that a decision be delayed until the relevant Advisory Council has provided inputs on the subject. However, this can only be utilised if the subject has not already been discussed by the relevant Advisory Council.<sup>28</sup>

The IWG has recommended proportionate criteria based on which the Chair will exercise its discretion in relation to seeking legal advice/CBA and Advisory Council referral. This includes lack of merit, avoiding duplicity, and efficient use of CRGB resources. As a failsafe, a simple majority of the CRGB Board can overrule the Chair's rejection of a request to exercise any of the above safeguards.

Concerns were raised that a Director could hinder the CRGB's decision-making by using these safeguards unnecessarily and straining the CRGB's limited resources. However, CBAs and legal advice will be primarily handled by the CRGB's staff, discussed in detail in Appendix J. Likewise, each Director is an officer of the company and has a duty to act in its best interests. The Board will have sight of the staff's work responsibilities and stretch. Therefore, each Director exercising these safeguards should have sight of the burden of these safeguards on CRGB's resources and effective decision-making, and accordingly, act in the best interests of the CRGB. The CRGB Board should also keep under review the staff resources available for these purposes and make appropriate additions wherever required.

### *18.2.3 The minority safety net*

Throughout the IWG recommendation-making process, members were conscious of the potential impact that the CRGB's Board's decision could have on the governing infrastructure and processes of businesses operating in the credit information industry. Therefore, a final

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<sup>28</sup> The chair can only reject the request if this is the case. A simple majority of the CRGB Board may overrule the Chair's rejection of a request to refer subjects to the Advisory Council.

resort safeguard which would allow protection in a situation where a CRGB decision impacts an entity disproportionately negatively, is recommended.

Under the Companies Act 2006, minority shareholders of a company can make an unfair prejudice claim against decisions of a company. Although, this right can only be exercised through court litigation, it was considered that there was value in having a similar process. However, court litigation should be avoided in the interests of efficiency and costs. External legal counsel confirmed that protecting interests of its stakeholders through various mechanisms including a members or shareholders agreement is not unusual.

**Minority safety net:** an internal procedure was put forward, to be embedded in the CRGB's constitution, to allow subscribers a final resort to pause decision-making should a CRGB decision be expected to result in a material adverse financial impact to them. It was also important to ensure this process could not be abused and therefore that it is strictly defined.

The minority safety net can only be exercised prior to the CRGB Board taking a vote on a decision. An appeals process has been defined for once a vote has taken place. The minority safety net can only be used to delay a decision in order for an alternative proposal to be considered, it is not a veto.

For decisions on the CIMS industry-led remedies, the minority safety net can only be used on the implementation approach agreed by the CRGB and not the fact of the remedy itself or the fact of its enactment.<sup>29</sup>

The minority safety net cannot be invoked when the CRGB is taking the following decisions:

- Appointment or removal of any CRGB personnel, Board Director, company secretary, auditor or banker.
- Any corporate governance matters.
- Rule or contract disputes between subscribers themselves, and subscribers and the CRGB.
- The approval of any training or accreditation scheme.
- Any contract or arrangement between the CRGB and a third party, which does not have a detrimental impact on financial contributions to the CRGB by its subscribers and members.

The following evidence will be needed to trigger the use of the safety net:

**Diagram 17: Safety net criteria**

Material adverse impact	Cohort A	Cohort B	Cohort C	Cohort D
More than £1m	Any firm in these cohorts at any tier can trigger			
More than £0.5m	Only tier 2 subscribers can trigger	Only tier 3, 4 and 5 subscribers can trigger	Any firm in this cohort can trigger	Only tier 2 subscribers can trigger
More than £0.25m but less than £0.5m	Cannot trigger	Only tier 5 subscribers can trigger	Only tier 2 subscribers can trigger	Cannot trigger

<sup>29</sup> Note: Independent of the minority safety net, in the event that a remedy is deemed inappropriate, after due consideration, the CRGB would approach the FCA with a recommendation not to advance the remedy.



The thresholds for material adverse financial impacts were the subject of considerable debate at the IWG and during the consultation phase of this report. Previously, the IWG had proposed two thresholds: one at more than £1 million and another at more than £0.5 million. However, various sections of the industry, including smaller financial institutions and CISPs, did not feel this was proportionate. These players highlighted that the two thresholds may mean that they face the same threshold to trigger the safety net as firms who are significantly larger than them, even if they fall within the lower threshold of £0.5 million. Accordingly, the IWG agreed to introduce another threshold at £0.25 million for smaller firms adversely impacted by CRGB decisions.

There were still some concerns that effective use of the safety net might prove to be a struggle due to the need to prove impact on 10% of the relevant cohort or if the £0.25 million threshold is still high for some firms. Therefore, it was suggested that if these thresholds cannot be met, but the use of the safety net is still sought by a subscriber(s), their case will be presented to the CRGB Board for further consideration. In such cases, the Board may also consider qualitative evidence.

Likewise, some members were not completely comfortable that the 10% threshold may mean, that for some cohorts, one firm could trigger the safety net. However, it is clear that the safety net will be reserved for limited categories of decisions and is only designed to be used in exceptional situations to delay decisions (i.e. it is not a veto), likewise the potential impact of a decision is designed to be proportional to the ability to trigger the net. In that, the entities triggering it would have the proportional obligation to present an alternative proposal within a reasonable timeframe.

For consumer groups, the Independent Director with experience of consumer rights/issues can trigger the use of the safety net if they can confirm the proposed decision will lead to significant consumer detriment in terms of price, quality, range, services, or consumer rights. It is recommended the CRGB Board, in collaboration with the Consumer Council, prescribe the evidence thresholds and metrics needing to be met in further detail.

Following a valid triggering of the safety net, the proposed decision before the CRGB Board will be paused. The subscribers who triggered the safety net will then be required to offer an alternative proposal for consideration within a reasonable timeframe, as determined by the Board. An alternate solution will be subject to the CRGB decision-making process.

The IWG also recommended that the precise fair consultation mechanism between the relevant cohorts and their Directors to trigger this safeguard will be set during the transition period as part of Director's responsibilities.

#### *18.2.4 Answerability safeguards*

A final set of safeguards were defined to ensure that the Board is both transparent and can also be held accountable for its decisions. To enhance confidence in CRGB's decision-making, clarity on decision processes and an appeals process are set out below.

The majority of CRGB's decisions will be taken after extensive consultation with the industry, and therefore, will be widely accepted by its subscribers. However, some stakeholders may still have concerns that a decision could negatively impact an individual business or cohort.

**An appeals process** was compared and evaluated against procedures within similar organisations.

The proposed appeal process for the CRGB is as follows:

- An appeals form (available on the CRGB website) will be filled in by the subscriber/consumer group detailing the decision they are concerned with and why, including any initial evidence the stakeholder wishes to put forward at this early stage.

The appeal can be raised by an individual firm or a cohort(s). An appeal must be raised within 30 working days of a decision being published by the CRGB.

- The secretariat reviews the appeal and must evaluate its merits within 30 working days from receipt, if no grounds for appeal are found the secretariat must respond in writing to the appellant setting out their reasoning.
- These grounds will vary on a case-by-case basis and the secretariat will engage with CRGB's legal advisors as well as other parties as appropriate (such as regulators) to determine and evaluate these, but grounds may include, for example:
  - a) A stakeholder has identified a mistake in CRGB's analysis which underpins the decision or otherwise questions the strength of CRGB's analytical techniques.
  - b) A stakeholder believes CRGB has failed to appropriately account for/incorporate relevant evidence in its analysis or has unduly disregarded evidence.
  - c) A stakeholder has identified an implementation option in relation to a decision for which CRGB has not considered.
- While the appeal is being evaluated, all progress on the CRGB decision will be halted and this will be communicated to all CRGB subscribers and participants. For example, work will pause on implementing a CIMS remedy if an appeal is received. In cases where the CRGB receives an appeal related to a CIMS industry-led remedy, the FCA will be notified, allowing for confidentiality considerations.
- If grounds for appeal are found, the Board must review their decision. This will include revisiting analysis/evidence utilised in coming to the decision, discussing with Advisory Councils to assess if evidence can be supplemented and may involve further stakeholder consultation. Alternative implementation approaches to the decision may also be re-evaluated. The appellant will have the right of representation to raise their own evidence to the Board.
- Upon further evaluation, the Board will re-vote on the decision. The results of this process would be shared with the appellant within 90 working days (information relating to these appeals and decisions may be published by the CRGB, having regard for confidentiality and sensitivity).
- Depending on the result of this vote and the topic at hand, the decision or policy process may be restarted, potentially involving rescoping solutions and involving Advisory Councils.
- If the appellant is not satisfied with the outcome, they may contact their relevant regulator as they see fit to seek to influence CRGB and/or seek recourse through the jurisdictional courts.

The appeals process cannot be used to prevent a CIMS remedy from being adopted, it can only be used in regard to the implementation approach to remedies. Where an appeal is received with regards to the implementation of a CIMS industry-led remedy, it is recommended that this is shared with the FCA, allowing for confidentiality considerations. The FCA must be consulted should the CRGB feels it is not appropriate to adopt a CIMS remedy in its entirety.

The CRGB can also ensure that it follows a transparent protocol around putting the decision-making process into practice. The IWG recommend that a protocol for its decision processes requires:

- Yearly schedules of all Board meetings published in advance, subject to quarterly review, accounting for Directors' availability.

- Enabling the scheduling of emergency Board meetings in exceptional circumstances and with the approval of the Chair.
- The upkeep of CRGB's action log by the secretariat, distilled into Board agendas and circulated in advance. Actions can be standing, reflect the CRGB's annual project plan and/or be added to by Directors or Advisory Councils as needed. Actions will be supported by appropriate documentation where needed, for example including CBAs, legal advice, evaluations produced by CRGB staff and/or inputs from Advisory Councils. Actions will be classified into ordinary vs special procedure decisions.
- Clear instructions for the tabling of decisions for voting, both at Board meetings and via email/in writing.
- Publication of relevant documents, as set out in chapter 22.

## Chapter 19: Advisory Councils

To increase stakeholder participation and gain industry wide perspectives, specialist Advisory Councils are proposed. They will play an important role in decision-making within the CRGB, providing advice and expertise to the Board. Various Advisory Council structures were evaluated to determine the most appropriate approach for the CRGB.

### 19.1 Types of Advisory Councils

An Advisory Council is a group of experts who lend their skills, guidance, and knowledge to a company. Advisory Councils can be set up in two ways:

- **Advisory Board:** This is a permanent body of advisors that can advise on all aspects of the company. The primary function of an Advisory Board is to fill a knowledge gap in the organisation. It can be compared to the Board of Directors of the company. However, the Advisory Board generally has no legal or governance responsibilities. Essentially, its members cannot make any decisions on the organisation's behalf. Such Advisory Boards are common in government organisations.
- **Subject or project-oriented councils:** Instead of one Advisory Board, some companies have several project-oriented or stakeholder-oriented councils with a set term of reference to achieve its defined objectives. Many companies use these structures, for example, LINK Scheme Holdings Ltd. has a consumer council to advise on issues faced by consumers in their industry.

### 19.2 CRGB's Advisory Councils

At set up, it is recommended that the CRGB opts for three Subject-oriented Councils instead of a permanent Advisory Board with pervasive powers over all subjects relevant to the CRGB. This recommendation stems from two key points: the CRGB will already have industry representation on its Board, which typically serves the purpose of an Advisory Board, and the credit information industry is diverse, requiring different experts for various projects. Therefore, Subject-oriented Councils provide more flexibility rather than a fixed panel of advisors.

These three Councils are 1) Consumer, 2) Remedies and 3) Rules and Standards.

The purpose and functions of these Councils are described in the table below.

**Table 7: Purpose and function of CRGB's Consumer Council**

Council	Purpose	Functions
Consumer Council	<p>It brings together members representing different consumer cohorts to ensure that the CRGB understands different consumer issues.</p> <p>It will also hold the CRGB accountable by reviewing the impact of CRGB actions in terms of consumer interest.</p>	<p>Aid the CRGB in meeting its consumer objective by:</p> <ul style="list-style-type: none"> <li>• Preserving the consumer objective and having an equal say as the CRGB Board in decisions that seek to amend the consumer objective</li> <li>• Aiding the CRGB's Cost-Benefit Analysis (wherever sought) by presenting consumer impact analysis.</li> <li>• Supporting the Nom-Com in selecting the Independent Directors required to have consumer experience.</li> <li>• Informing the views of the consumer cohort on various recommendations being debated in the Remedies Council and Rules and Standards Council and directing the votes of the Consumer cohort on these councils.</li> <li>• Informing the views of the Independent Directors co-chairing the Consumer Council on exercising their powers at the CRGB Board.</li> <li>• Presenting to the CRGB Board issues faced by consumers, engage consumers on CRGB work, and provide feedback to the CRGB Board.</li> </ul>

The Consumer Council is exclusively for consumer representatives<sup>30</sup>. Industry participation will only be at the explicit request of the Consumer Council members where technical expertise is sought. This was a highly debated decision which was made to ensure that consumer groups could converse openly without industry influence. Equally, it was important to ensure the Consumer Council maintains ultimate responsibility for holding the CRGB to account for delivering against its consumer objective, as such voting on changes to the consumer objective will be the exclusive right of the Consumer Council.

Likewise, the difficulty faced by consumer groups in dedicating time and resources to existing industry working groups was accounted for by guaranteeing that the Consumer Council Chairs, who are the Independent Directors, are not only paid for by the CRGB but that these Chairs must attend and vote at the other two CRGB's Councils as part of their roles. Other members of the Consumer Council are also welcome to attend at other Councils should they be positioned to do so. This ensures the consumer voice forms part of the foundations of all CRGB Advisory Councils. Similarly, the Consumer Council will receive information on all CRGB Board agenda items and can express their views on all subjects.

As well as preserving the consumer voice, it was also considered important that the Remedies and Rules Councils have access to in-depth industry knowledge, as a such it was agreed that each designated CRA should have default membership of these Councils.

<sup>30</sup> No organisations undertaking a 'for-profit' business or representing the interests of 'for-profit' businesses can be appointed as members of the Consumer Council.

**Table 8: Purpose and function of the CRGB's Remedies and Rules Councils**

Council	Purpose	Functions
Remedies Council	<p>It will proactively advise the CRGB Board on the design of CIMS industry-led remedies.</p> <p>It will also aid the CRGB Board in undertaking stakeholder engagement for FCA remedies.</p> <p>It will advise the CRGB on its actions towards implementing the CIMS industry-led remedies.</p> <p>Obtain feedback from the industry for the above work.</p>	<ul style="list-style-type: none"> <li>• Provide its recommendations to the CRGB Board on enactment, adoption, and implementation of all industry-led remedies recommended in the CIMS report.</li> <li>• Undertake stakeholder engagement for the CRGB Board on the industry-led remedies and FCA-remedies (wherever required).</li> </ul>
Rules and Standards Council	<p>It will be primarily responsible for advising on the drafting and implementation of CRGB rules (initially the PoR and later any other rules developed through industry-led remedies). This includes recommending standards, market practice, text of the rules to be adopted, any required amendments, or any other adaptations required.</p> <p>It will keep the CRGB scheme rules under review and support the CRGB by obtaining feedback on its rules from the industry.</p>	<ul style="list-style-type: none"> <li>• Provide its recommendations to the CRGB Board on enactment, adoption, and implementation of all scheme rules governed by the CRGB.</li> <li>• Monitor industry and regulatory developments and recommend any rule changes or market standards and practice developments.</li> <li>• Undertake stakeholder engagement for the CRGB Board to understand the adoption of the scheme rules.</li> <li>• Feed back its findings to the CRGB Board to recommend rule changes.</li> </ul>

Each of the Councils should be subject to a Terms of Reference (ToR) agreed between the Council members and approved by the CRGB Board. The ToRs should periodically define the purpose, goals, and strategy of the Councils. This would allow the Councils to operate efficiently and aid and assist the Board in its decision-making. The ToR should be reviewed every two years to ensure the Council's purpose remains relevant to the needs of the CRGB<sup>31</sup>.

The purpose, scope, membership and operation of the Councils was a subject of significant interest to the industry as for most stakeholders it will be the route to influence decision-making. The recommendations that follow, which benefitted from valuable industry feedback, should guide the ToRs, and be incorporated in the CRGB constitution, as appropriate.

### 19.3 Membership of the Advisory Councils

It was agreed that basic rules to define membership criteria should be outlined, without being overly prescriptive, to allow the CRGB to benefit from diverse industry participation yet afford the Board and Council Chair's flexibility to tailor membership to meet the needs of the organisation as its workload progresses.

Likewise, it was considered important for the CRGB Board to have appropriate check and balance with regards to the Advisory Councils to ensure their continued effectiveness. This principle has been incorporated within the recommendations outlined below.

<sup>31</sup> Special procedure will be required to implement changes to the terms of reference of these Councils.

### *19.3.1 Advisory Council members*

All subscriber and participant organisations can apply to join a CRGB Advisory Council, in most cases and except for within the Consumer Council, only subscribers have the right to vote. Participants are generally encouraged to engage to express their views. This is because subscriber organisations are those likely to be most directly impacted by the CRGB's decisions and as such should be able to sufficiently influence these decisions. It was also acknowledged that the membership of the Consumer Council would be largely from participant organisations due to the membership criteria discussed above. Therefore, within the Consumer Council all members belonging to participant organisations can vote. If members of the Consumer Council choose to sit on other Advisory Councils, voting will be exercised via the Chairs of the Consumer Council and not the members themselves.

To prevent large organisations dominating Council discussions and voting, it was agreed that organisations can only have one Council member represented on each Council, plus a designated alternative who acts in the absence of the member. Likewise, it was important to smaller organisations that may not have the time or resources to dedicate to the CRGB's Advisory Councils that trade associations registered with CRGB as a participant can vote on their behalf, as long as the trade association is nominated for this purpose. The vote of a council member belonging to a participant organisation will carry as many votes as the CRGB subscribers who have nominated them for this purpose. If a participant organisation has not been nominated to do so by subscribers, they cannot vote. The nomination by a CRGB subscriber of a participant organisation does not require any affiliations of the subscriber with the participant organisation. The decision to vote on behalf of non-affiliated subscribers sits with the participant organisation. However, a trade association can only be nominated to vote on behalf of one subscriber cohort at any given time.

These positions are unpaid roles and membership will be approved by the CRGB Board<sup>32</sup>. Membership applications will open on a revolving basis to allow new stakeholder engagement to take place over time. To ensure the Advisory Council remain effective and efficient, the Board will keep under review the membership and may place limits on membership numbers and/or membership terms including to ensure it is representative. The Board will also have the right to remove members from Councils should they be found to not be performing appropriately.

On acceptance, a member will be included in the Council based on the schedule of the Council and its ToR and the Council Chair's will maintain a register of their members.

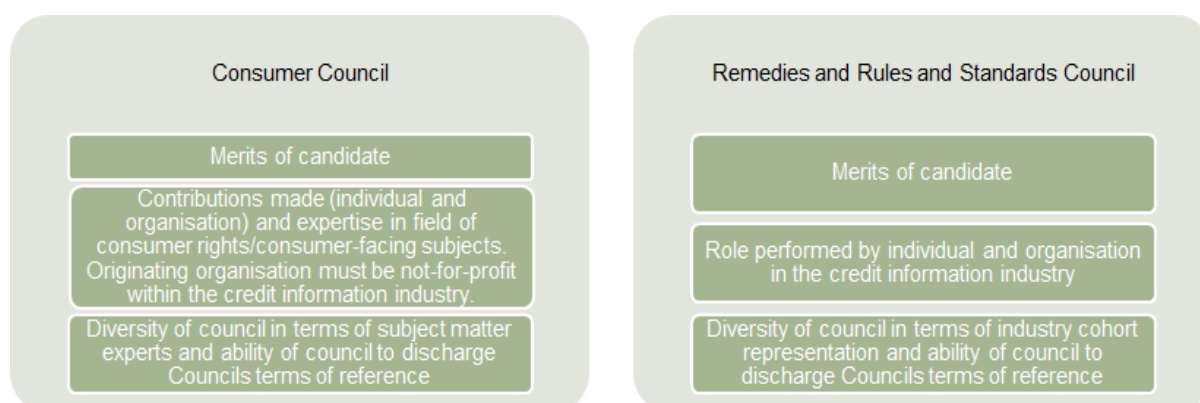
Discussions were also had around the appropriate membership criteria for each Council. Ultimately, the membership of each Council needs to allow the Council to meet its ToR. Likewise, diverse representation from a range of stakeholders was considered vital to provide broad views and expertise. Some debate took place as to whether the merits of the individual or the organisation they originate from should be of most interest to the CRGB. Based on the experience of the IWG, it was agreed that the personal expertise of the individual was important as well as the wider knowledge and resources provided to them by their organisation. Therefore, the IWG recommend the following membership criteria for its Advisory Councils:

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<sup>32</sup> The CRGB Board can also delegate the power to approve membership applications to other person(s), such as the Chair's of the Advisory Councils.



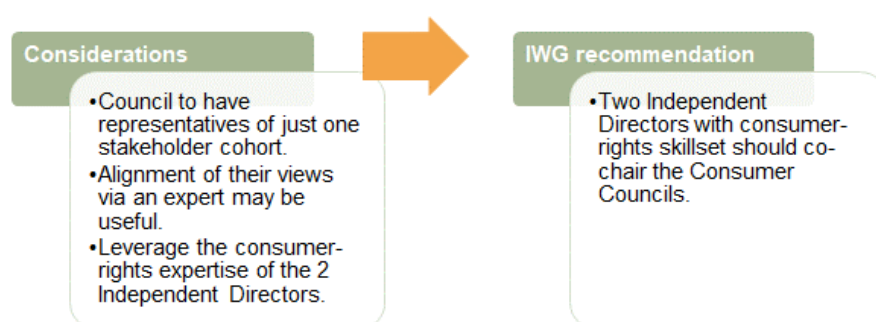
**Diagram 18: Advisory Council membership criteria**



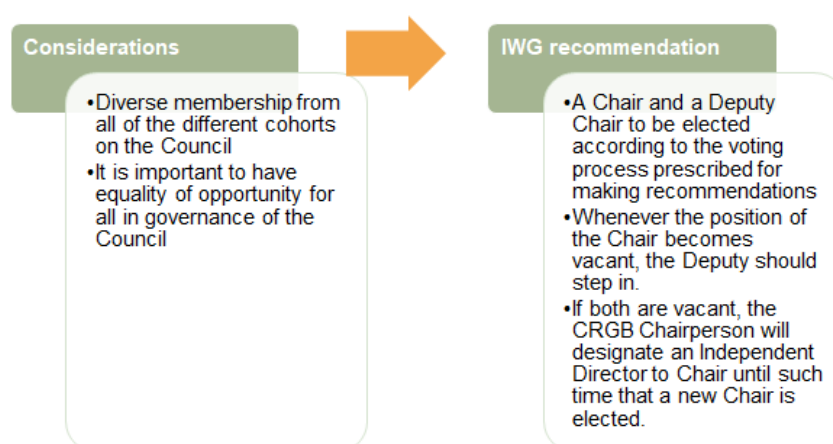
### 19.3.2 Advisory Council Chairs

Various options for chairing of the Advisory Councils were evaluated. For each of the Councils, the relevant considerations discussed below were debated and accordingly the IWG made the following recommendation for their chairing:

**Diagram 19: Recommendation on Consumer Council Chairs**



**Diagram 20: Recommendation on Rules and Remedies Council Chairs**



The roles of these Chairs were considered of high importance, particularly in terms of ensuring the Councils are aligned with the overall workplan of the CRGB and are providing valuable input to the Board. Likewise, the transparency of operations of these Councils was prioritised to ensure input can be gathered from a wide range of sources. Therefore, the IWG recommend that the Chairs of these Councils have various responsibilities including:

- Drafting annual plans of action for the Councils, including timelines, in collaboration with the members of the Councils.

- Ensuring the CRGB Board is aware of these annual plans. The Board may identify overlaps in the plans of different Councils and may allocate specific topics to be led by one Council in accordance with its relevance to the Councils terms of reference.
- Ensuring these annual plans are accounted for within Council meeting agendas and these agendas are available to members in advance.
- Allowing members to add to meeting agendas, ensuring these topics align with the terms of reference of the Council and prioritising these topics as needed.<sup>33</sup>
- Coordinating with CRGB staff as needed to add to meeting agendas, for example in the case where the Board seeks the views or recommendations of the Council.
- Providing periodic reports to the CRGB Board on the activities of the Council to ensure information symmetry and effective coordination between the bodies.
- Where the Council plans to vote on a recommendation to be provided to the Board, the Chairs must engage with CRGB staff to ensure quality standards have been met and the Consumer Council has been engaged on the potential recommendation. The Council Chairs should also make themselves available to answer any questions on the potential recommendation and / or to clarify any particular points.
- As the authority exercised by the Council Chairs for governing their Councils could have significant impact, it was considered that they must be able to be held accountable. Accordingly, the IWG recommend that five members of a Council could also raise a complaint against any exercise of discretion by their Council Chair.

## 19.4 Council recommendation-making

Given the diverse membership of the CRGB's Advisory Councils, much discussion took place as to how to ensure the voices of different cohorts of subscribers are accounted for whilst also enabling the Councils to make recommendations in a time and resource efficient way.

Given the CRGB's subscribers are those that are most impacted by and subjected to the CRGB's Board decision-making and general governance, it was agreed that, except for the Consumer Council, CRGB subscribers should solely hold the voting powers within Advisory Councils. While the views of participants and any other attendees will be accounted for, these stakeholders will not generally vote on recommendations to be made to the CRGB's Board. However, subscribers can nominate a participant, such as a trade association, to vote on their behalf within Advisory Councils. Members of the Consumer Council will vote within their Council, namely on changes to the consumer objective, but will not hold voting powers within other Councils. The Chairs of the Consumer Council will attend and vote within other Councils, utilising the views and expertise of its Council members on the subjects being debated in the other councils.

To ensure the quality of inputs and robust recommendation-making at the Advisory Councils, it was also agreed that members can request to invite subject-matter experts to attend Council meetings on an ad-hoc basis. This would allow specialists from subscriber and participant organisations who are not members of the relevant CRGB Council to provide insights which may inform the work of the Council.

The use of a 'quorum'<sup>34</sup> at the Advisory Councils was also debated. This was considered important to ensure a representative portion of Council members were present and able to

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<sup>33</sup> A Council Chair's rejection of a topic on grounds of it falling outside the ToR can be appealed to the CRGB Board through a formal application in writing signed by at least five council members, within 7 working days of such a rejection.

<sup>34</sup> A quorum is the minimum number of people required to officially hold a meeting and do business.

share their views for a recommendation to be made to the Board. Efficiency of recommendation-making was also accounted for, in that delays would likely occur should all Council members need to be present for a vote on a recommendation to go ahead. This is particularly important for those Board decisions that require an Advisory Council recommendation to be received first, as described in chapter 18. Therefore, the IWG recommend that, while Councils should strive for as many Council members to be present as possible, the quorum necessary for a vote to be made on a recommendation is:

- **For the Consumer Council:** half of its membership from a representative spread of consumer cohorts, including the Chairs, at the time of the meeting.
- **For other Councils:** presence of one member from each Advisory Council cohort (the relevant cohorts are: (i) designated CRA subscribers; (ii) subscribers involved in the provision of consumer credit as their principal business; (iii) CISP subscribers; (iv) non-designated CRA subscribers; (v) FSMA-authorised subscribers not covered in other cohorts and non-FSMA subscribers; (vi) one of the co-Chairs of the Consumer Council).

However, if in a Council Chair's reasonable determination, Council members are purposely abstaining from meetings to avoid decision-making, the Council Chair may overrule the quorum requirement. The Council Chair will record this determination in writing and provide it to the Board along with the recommendation.

The CRGB Board will periodically review the functioning of the Advisory Councils, including, their voting mechanism, quorum requirements, and eligibility criteria and enact relevant changes to ensure they continue to be governed effectively.

#### *19.4.1 Voting mechanism*

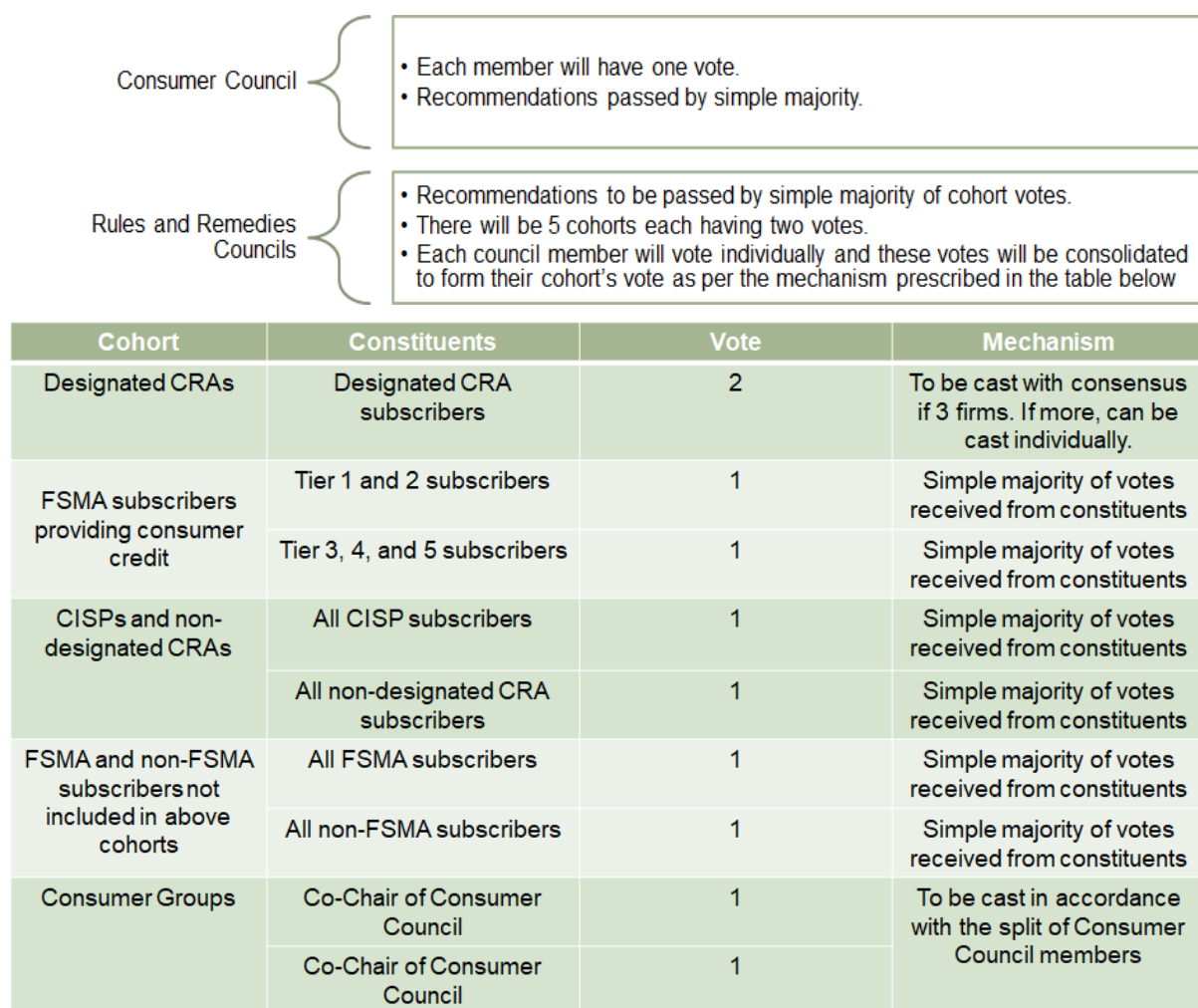
The voting mechanism for the CRGB's Advisory Councils was a thoroughly deliberated topic. The voting mechanism needs to ensure that sufficient representation is present, without slowing down the CRGB's overall decision-making. There was a concern that diverse members within the same cohort might not always share the same views. Therefore, it is important that the vote of the individual as well as the cohort they represent are considered.

In the report three consultation pack, the recommendation was that voting would take place via the five Advisory Council cohorts casting one vote each. A simple majority of such votes would have determined the adoption of the recommendation.

The industry consultation highlighted concerns that the diversity within cohorts was not recognised. Specifically, concerns were raised that some cohorts (particularly those representing industry players) may align with each other more than others. Accordingly, the IWG has recommended increasing the number of votes at these Advisory Councils.

Consequently, the IWG recommend the following voting mechanisms:

**Diagram 21: Voting at Advisory Councils**



To aid understanding, the following example can be used to demonstrate the practicalities of a recommendation put to vote in the Rules and Standards Council.

**Table 9: Recommendation-making within the Rules and Standards Council**

	Designated CRAs		Credit providers			CISPs and non-designated CRAs			Other FSMA firms and non-FSMA firms			Consumer groups	
Members of cohorts	3		10 – Tier 1 and 2 20 – Tier 3, 4, and 5			6 – CISPs 12 – non-designated CRAs			20 – FSMA firms 30 – non-FSMA firms			4 members voting via Consumer Council Chair	
Votes of individuals in cohort	Yes	No		Yes	No		Yes	No		Yes	No	Yes	No
	2	1	Tier 1 and 2	6	4	CISP	4	1	FSMA firms	15	5	2	2
	Reach consensus		Tier 3, 4, and 5	8	12	Non-designated CRAs	3	9	Non-FSMA firms	20	10	Division voting by Co-Chairs of C’ Council	
Resulting cohort vote	2 – Yes		1 – Yes 1 – No			1 – Yes 1 – No			2 – Yes			1 – Yes 1 – No	
Overall result	7 – Yes; 3 – No Recommendation passed												

It is recommended to split the fourth cohort between FSMA and non-FSMA subscribers. However, this split can be revisited based on the number of and type of entities subscribing.

The IWG also recommends that, alongside the recommendations of the Councils, supporting information such as dissents, voting details, cohort and intra-cohort views are sent to the CRGB Board to ensure the diversity of views is highlighted proportionately to the CRGB Board.

Likewise, the CRGB Board may review any recommendations that were rejected by an Advisory Council and request that the Council Chair reconsider adding the topic to that Council's Agenda. If the Board rejects any Advisory Council recommendations, it will provide its reasons in writing. If the recommendation concerns a special procedure decision requiring a particular Council's approval, the Board cannot decide in conflict with the recommendation. See Appendix I for further detail on CRGB's Advisory Council recommendation-making.

## Chapter 20: The CRGB's source of powers

For the CRGB to operate effectively as a governance body it needs to have the powers to compel the industry to behave according to pre-agreed rules. These powers must address the implications for the CRGB of legal, regulatory, and contractual conformity.

### 20.1 Evaluation of options

Research indicates that there are four key options available for consideration:

- Parliament could define primary legislation to grant the CRGB powers.
- Secondary legislation or rules adopted under such legislation.
- The CRGB could rely on good faith with a non-binding code of comply or explain.
- Firms could voluntarily sign up to the terms which would be subject to contract law.

Each of these options have been considered with support from external legal counsel, including in terms of industry compatibility, to propose an immediate way forward which should be revisited by the CRGB's Board as circumstances change over time.

#### 20.1.1 Parliamentary legislation

The question as to whether the UK credit information data sharing rules should become law was raised with HMT as part of the IWG recommendation-making process. These discussions highlighted that there was limited appetite for this approach, and in any case seeking statutory underpinning would be a resource and time heavy commitment that would likely prevent the CRGB implementing industry change in the short term.

#### 20.1.2 Secondary legislation

Entities, such as HMT, have powers to make secondary legislation, under the authority vested in it by parliament. For instance, the FCA has been granted powers by HMT to make rules for FSMA entities. The FCA, as part of their CIMS recommendations, could have introduced all the CIMS remedies via FCA rules or even created the CRGB entity under their own powers. However, the FCA requires change to take place across the entire credit information market, including non-FSMA entities, currently outside the FCA's perimeter. While an industry-led approach is favoured by the FCA, the CIMS final report states that they will continue to monitor whether using their powers is necessary to deliver the change needed in the industry.

#### 20.1.3 Good faith, comply or explain

The 'comply or explain' approach requires companies to describe their practices in relation to every principle and guideline as well as the elements within each guideline. Comply or explain gives businesses a certain amount of flexibility in adhering to regulations or codes – although

the underlying need to play by the new rules remains the same. However, given the need for the CRGB to undertake a policing and oversight role, it was felt that this good faith approach did not bring the strength of power the CRGB will need to ensure compliance with its rules.

#### 20.1.4 Contract law

Contract law would give entities the choice to voluntarily sign up to the data sharing rules and the terms of participation in the CRGB. An enforcement mechanism can also be implemented within the contract so that non-compliance triggers a dispute resolution process that the organisation has committed to adhere to when signing the contract.

Given the roles the CRGB will need to undertake and the expected timelines for CRGB's operations, it is clear that contract law is the most pragmatic way forward in terms of the CRGB's source of powers. In this way, the CRGB can be defined as a self-regulatory organisation (SRO)<sup>35</sup> as these organisations do not need a grant of authority from government to enforce their regulations.

However, the IWG recommend that this subject be kept under review based on changes in the political environment and working experience of the CRGB. The IWG would favour a future review of the source of the CRGB's powers in three years to consider if further statutory underpinning would support the purpose and objectives of the CRGB. In undertaking this review, the CRGB should consider benefits and pitfalls from statutory underpinning of CRGB and/or its powers. This would include assessing enhancement of accountability, public confidence, and buy-in, but might subject decision-making to judicial review and governmental priorities.

### 20.2 Existing contracting frameworks in the industry

To aid the process of determining the contracting model to be recommended for the CRGB, it was important to ensure all industry stakeholders understood how current contracting arrangements work between CRAs, data users and data contributors.

There are three types of firms expected to become CRGB subscribers:

- Contributing subscribers – those firms that contribute and use shared data.
- Non-contributing subscribers – those firms that only use the shared data, they do not contribute data.
- Only contributing subscribers – those firms that only contribute data, they do not utilise the shared data within their operations.

#### 20.2.1 Contributing subscribers

Currently, firms who contribute and access shared credit information have two separate contracts with CRAs: 1) the data contribution contract<sup>36</sup> 2) the services contract<sup>37</sup>.

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<sup>35</sup> According to the Corporate Finance Institute, a Self-Regulatory Organisation (SRO) is an organisation that is formed to regulate certain professions or industries. They are usually non-governmental organisations, established with the aim of creating rules to promote order among businesses and organisations.

<sup>36</sup> These contracts also specify that the data contributors are permitted to share their data with the CRAs and also signpost and insert by reference the Credit Reference Agency Information Notice (CRAIN).

<sup>37</sup> This is a commercial contract designed by the CRAs for their customers.



**Table 10: Current contracting arrangements for contributing subscribers**

	Data contribution contract	Services contract
What does it govern?	Provision of data by lenders etc, collected from their customers, to the CRAs ie data coming into the CRA	CRA providing services, such as shared data and analytics, to data users ie data going out from the CRA
Subject to PoR?	Yes, sets out permitted use cases of this data by the CRA	Yes, information shared will depend on the nature of the data user and use case

### 20.2.2 Non-contributing subscribers

For those firms that only access shared data, i.e., those outside of the CUG, they are able to do so as a result of contracts with their customers empowering them to do so or because of policy exceptions in the PoR. These firms are only subject to the services contract described above. This contract sets out the commercial conditions governing the relationship between the firm and CRAs, such as the conditions by which they can access the data, usage limitations and fees. This contract requires these firms to comply with the PoR, but generally only the aspects that use restrictions on the shared data.

### 20.2.3 Only contributing subscribers

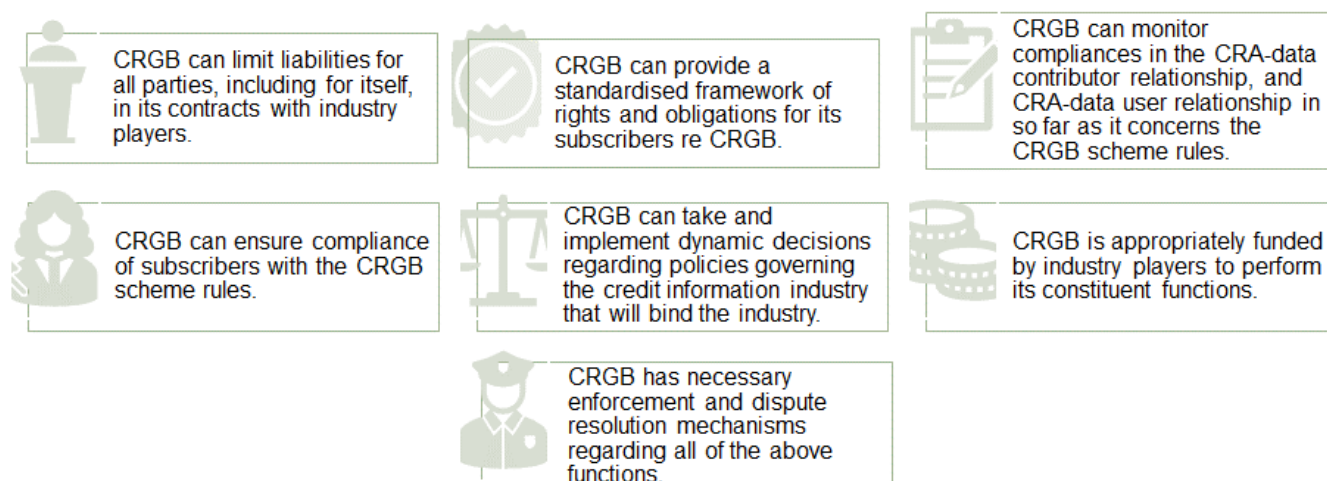
Firms who contribute data but choose not to access the shared data by not taking services from any CRA, only have the data contribution contract in place with CRAs today, as described above. They do not utilise CRA services so are not subject to any services contracts.

## 20.3 CRGB functions requiring a contractual framework

The CRGB is being designed to undertake several roles, both in the short and medium term. The IWG, within its deliberations, determined what functions the CRGB would need to deliver against to be able to undertake these roles.

For example, the CRGB requires a mode of sustaining itself and ensuring its subscribers contribute to funding. Likewise, the CRGB needs to be able to guarantee the rights and benefits subscribers will receive in return for supporting its operations. These discussions led to the recommendation that the CRGB has an enforceable contractual framework that ensures:

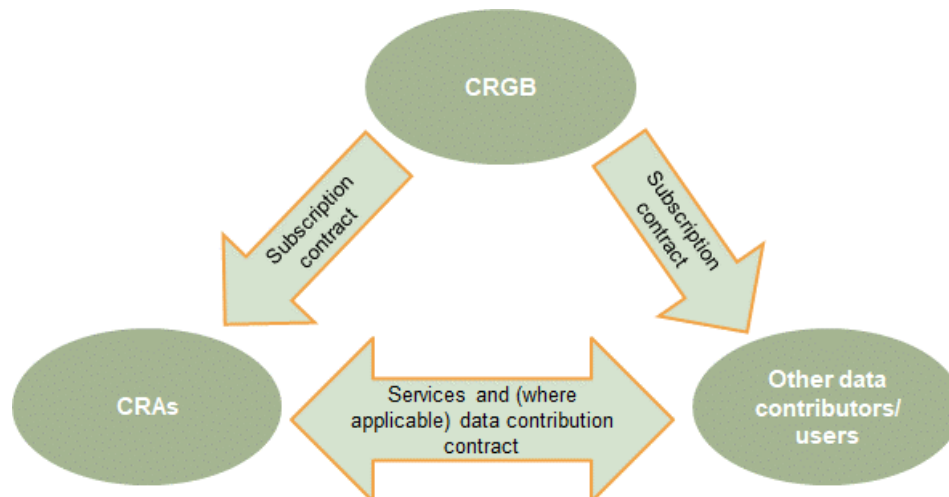
**Diagram 22: CRGB functions requiring a contractual framework**



## 20.4 Designing the contractual framework

To evaluate which contracting approach would enable the CRGB to fulfil the seven capabilities outlined above, various options were analysed such as multilateral contracts<sup>38</sup> and tripartite contracts<sup>39</sup>. It was found that a direct bipartite contractual relationship between the CRGB and its subscribers was preferable. This is illustrated in the diagram below.

**Diagram 23: CRGB's direct bipartite contracts**



This approach allows benefits and liabilities, irrespective of the subject, to be traced between only two parties. In comparison, a multilateral contract can result in a third party being involved in a dispute between the other parties in the agreement. Likewise, a direct contract establishes the roles of each party, meaning obligations are clear. This would be more complex to achieve via other forms of contract. Cost and time efficiency were considered the priority, alongside the effectiveness of the contracting structure in allowing the CRGB to perform its roles.

An in-depth evaluation with the support of external legal counsel was also undertaken to ensure a direct bipartite contract could deliver against the seven functions described above. For example:

- The CRGB subscriber contracts can impose funding obligations on all subscribers, accounting for the funding model outlined in section F.
- The subscriber contract can also stipulate subscribers' rights in terms of governance (for example participation in Advisory Councils, ability to raise complaints etc) via a reference to CRGB's constitutional rules.
- Obligations can also be imposed on subscribers for the need to comply with all CRGB policies and rules. The process to be followed in case of non-compliance can also be set out in these contracts.
- An obligation to abide by the CRGB's policing and oversight models can be included in the contracts, giving CRGB the ability to terminate a firm's subscription and to require CRA's to cut-off the firm's access to the shared data, as outlined in chapter 21.
- Appeals and complaints procedures which can be utilised by subscribers can be set out in the contracts and the obligation of subscribers to abide by these.

<sup>38</sup> A contract between three or more separate parties.

<sup>39</sup> A contract between three separate parties, in this case the CRGB, CRAs and other subscribers.

- The subscription contract can contain broad limitation of liability clauses, indemnities, and exclusions for both the subscribers and the CRGB, to ensure CRGB liabilities and subscriber liabilities are managed to their appropriate minimums.

This evaluation led to the need to define more than one bipartite relationship to fulfill the function around enabling CRGB to ensure compliance with its scheme rules. This is because, while a direct obligation could be imposed by the CRGB on each contributing subscriber (including 'only contributing' subscribers) under its respective bipartite subscription contract, this would still need to interact appropriately with the separate contractual arrangements between contributing subscribers and CRAs (i.e., the data contribution contract). For example, CRGB would not want to enter into contracts which prescribe obligations on commercial aspects of the relationship between CRAs and subscribers. The CRGB will want some oversight of these data sharing agreements to ensure the consistent application of rules.

It has been agreed that, to support the CRGB's oversight role, the existing contract between the CRA's and firms contributing data to them should be suitably modified. This will be undertaken by the CRGB prescribing a set of standardised terms governing the data contribution relationship between its contributing subscribers (including 'only contributing' subscribers) and CRAs. These terms will be a set of clauses to be inserted in or around (via an annex) the existing data contribution contracts that will effectively require the CRGB subscribers to comply with CRGB rules and allow the CRGB to have oversight of data contribution by its subscribers. These set of terms will be standardised and will be mandated to be adopted by the CRGB's subscribers under their subscription contract with the CRGB. Therefore, contributing subscribers who have two contracts with CRAs today will now have three contracts (with the introduction of the CRGB subscription contract) once CRGB comes into operation.

Only contributing subscribers who have one contract with CRA's today will now have a CRGB subscriber contract as well as the data contribution contract with standardised terms. As set out in section F, while only contributing subscribers will be expected to contract with the CRGB and be subject to oversight, these firms will not be subject to CRGB's funding model.

Non-contributing subscribers who have one contract with CRAs today will now have two contracts, another introduced to set out its CRGB subscription obligations and rights.

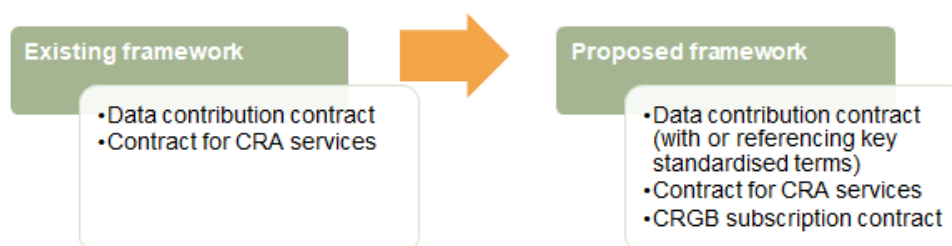
This approach fulfils the need to find an efficient and simplistic way of meeting CRGB's contracting requirements. The precise clauses that will constitute the standardised terms and the CRGB's subscription contract as well as the implementation approach taken will be the subject of negotiation and detailed legal consideration between the CRGB and its subscribers. The CRGB will advance this exercise through industry consultation. The IWG recommend that the CRGB be guided by the detailed consideration given to these contractual possibilities in the contracting consultation paper issued in the report three pack. As discussed in that paper, the favoured implementation approach will need to account for the cost and resource implications for different industry players, as well as their liabilities.

External legal counsel assessed the risks of the CRGB being designated as a joint controller of the shared data of individual consumers. Mills & Reeve reviewed the existing rules in the PoR that will be enforced by the CRGB in the future, the information provided to them regarding the current contractual framework of the industry, and the proposed contractual framework. Based on the information available to them and the intended activities of the CRGB, and applying the Attorney-General's Guidance on Legal Risk, Mills & Reeve concluded that the risk of a legal challenge alleging that the CRGB is a joint controller within this context is low (<30%) and the risk of the CRGB being designated a joint controller within this context upon conclusion of such a legal challenge is also low (<30%). They advised that there were several factors which could increase or decrease this risk depending on the steps taken by the CRGB, but that for the CRGB the risk to being designated a joint controller is broadly based on how much independence its subscribers have in determining how and for what

purpose the data is processed, as well as the degree of control and influence the CRGB.4 will have over this processing and the rules that govern it. They recommended that the CRGB should keep this risk under review generally as its functions and powers develop, and especially, with regard to its role and influence in setting the standardised terms for data sharing in the data contribution contract. Accordingly, this risk must be considered both in setting the standardised terms for the data contribution contract and the CRGB subscription contract. This risk should also be kept under review by the CRGB, i.e., in designing and overseeing the rules governing the sharing of data.

Further detail on the evaluation and design of the recommended CRGB contracts can be found within the report three consultation pack on the IWG landing page.

**Diagram 24: Evolution of contracts framework for contributing subscribers**



**Diagram 25: Evolution of contracts framework for non-contributing subscribers**



**Diagram 26: Evolution of contracts framework for only contributing subscribers**



#### *20.4.1 Impact of firms not subscribing*

In securing the CRGB's functions through contracts, it is important that the impact on the industry's governance is considered if an entity does not enter into a subscription contract or terminates its contract. By contracting directly with the CRA's and by requiring CRA's to be an integral part of the CRGB's operations, particularly in terms of ensuring industry compliance with the scheme rules, the CRGB could be seen as dependent on CRA's.

Therefore, CRGB must ensure that CRA's have adequate interest in contracting with the CRGB. This would be assured by the benefits offered by the CRGB as discussed in chapter 12. It is particularly the benefit of the data subscription obligations being uniformly imposed and enforced that would ensure CRA's remain in contract with the CRGB. A CRA outside of the CRGB scheme will have to operate its own compliance and dispute resolution mechanisms.

By utilising the CRA's ability to terminate access (or restrict access to enhanced services in case of CISPs) to the shared data, the CRGB can have some level of oversight of any data users that do not subscribe to the CRGB. This is because CRA's granting access to the shared data governed by the CRGB is contingent on a firm subscribing to the CRGB. This, alongside the other roles fulfilled by the CRGB, will create incentives for firms to wish to subscribe to the organisation.

## 20.5 Implementing the contractual framework

The contracting model described above will need to be subject to extensive industry consultation within the transition period from SCOR to CRGB. Stage two of the transition plan discussed in chapter 26 accounts for this consultation period. This period will involve assessing appropriate models for standardising certain terms in the data contribution contract and will involve negotiation on the standardised terms of the CRGB subscription contract. It is acknowledged that this will involve impact analysis across existing contractual relationships and will need detailed assessment to close any gaps. Likewise, it is acknowledged that the CRGB, in its managing of the transition and in the drafting of these contracts, will need to utilise the advice of its legal advisors including independent counsel.

The CRGB should be guided by the detailed consideration given to these contractual possibilities in the contracting consultation chapter issued in the report three pack.

The IWG also recommend that the following design principles be accounted for within the operationalisation of the contracts:

- Each CRA's contract for services with CRGB subscribers (contributing or non-contributing) should remain independent of the CRGB. The CRGB will not become a party to this contract as it governs the commercial relationship between the players in the credit information industry.
- Liabilities attributable to the CRGB and its subscribers under the CRGB's contracts should be apportioned and proportionate.
- The CRAs contractual relationship with data contributors, through which the data contributors provide shared data to CRAs (currently addressed under the data sharing contract), must remain independent of the CRGB. The CRGB will not become a party to this contract. This contract should contain provisions in respect of the following elements:
  - a) The ownership and licensing of IPR in the data received by the CRAs from data contributors.
  - b) The data protection, privacy, and confidentiality obligations regarding the data received by the CRAs from data contributors.
  - c) Limitation of liability and limitations of use regarding the shared data.
  - d) Reference to compliance with CRGB data sharing scheme rules on quality, frequency, etc.
  - e) The right for the CRAs to suspend loading a data user's file because of data quality concerns.
- The key terms between CRAs and data contributors in the data sharing contract should be standardised, uniform, and made consistent.
- To promote administrative convenience, each subscriber should sign a standardised contract with the CRGB on non-negotiable terms. However, these standardised terms should contain sufficient flexibility to update and accommodate changes.

- The standardisation and uniformity in the CRGB subscription contracts can be achieved by inserting references to published rules governing the relationship between the CRGB and its subscribers. This would also ensure the contracts remain light.

## Chapter 21: Oversight of subscribers

To ensure that the CRGB can effectively fulfil its purpose and meet its objectives, the CRGB needs to have tools at its disposal to ensure subscribers comply with its rules as well as a course of action in the case of non-compliance. To that end, the IWG recommend a policing role for the CRGB and considered that the CRGB's policing framework should:

- Enable initiation via multiple methods, including self and peer reporting.
- Allow resolution to range from privately handled to regulatory involvement, depending on the nature of the breach.
- Support appropriate consequences for breach.
- Reflect the CRGB's source of powers and account for potential breaches by FSMA as well as non-FSMA subscribers.
- Take a reactive approach in most cases, with some exceptions requiring more proactive policing by the CRGB, accounting for proportionality and resource-efficiency.

The policing model for the CRGB has been considered in detail. Policing in this context refers to the need for a level of oversight of and ensuring compliance with all of the CRGB's rules. These rules include the PoR (both as they currently stand and once they are updated following CRGB's leading of the CIMS industry-led remedies), any policies put in place in implementing the CIMS industry-led remedies or other industry changes and any policies established to govern the industry, including in terms of compliance and dispute resolution.

The power to allow CRGB to police the rules is being obtained via contract law. To that end, the IWG recommend an oversight model to monitor compliance with CRGB's rules as well as a non-compliance process in the event a subscriber breaches the rules.

### 21.1 Oversight model

The oversight models of several domestic and international comparable organisations were considered, and discussions held around what level of oversight was deemed appropriate given the risks and likely harm of non-compliance, whilst keeping in mind the need for CRGB to operate economically. The IWG recommend the following oversight model for the CRGB:

1. As part of the proposed contracting approach for the CRGB, subscribers will be required to agree to abide by the CRGB's rules. The subscriber will then be assigned a unique identification number which will prove that they have registered with the CRGB, the subscribers name and identification number will be published within the CRGB's public register of subscribers.<sup>40</sup> CRAs will use this information to determine if they are able to provide shared data services to the firm. The External Legal Counsel have confirmed that the competition law risk from publishing such a register is likely to be low. However, the CRGB would need to keep data protection obligations under review. Participants are not included in the CRGB public register nor subject to a CRGB contract. Participants may be tracked for information purposes only.

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<sup>40</sup> The register will only disclose the fact of registration of an entity as a subscriber, it will not disclose the relationship they have with a particular CRA for data contribution or data access purposes.



2. Annual attestation of subscribers.<sup>41</sup> The content of the attestation will be defined by the CRGB's Board at set up.
3. Subscribers will provide CRGB with a named employee to ensure accountability in case of failure to comply with CRGB's oversight requirements.
4. The subscriber will be required to undertake frequent compliance self-assessments, as deemed appropriate and proportional by the CRGB's Board.
5. A published self-reporting and peer reporting process will be determined by the CRGB's Board. Consequences of these processes are covered under the non-compliance section of this chapter.
6. A published complaint process where complaints can be made in confidence to the CRGB to address situations where the peer reporting process cannot be applied.
7. The CRGB should retain the right to undertake an audit of the subscriber or pursue the subscriber with other proportionate methods, such as a review meeting, if needed.
8. Through compliance self-assessments and attestations, the CRGB will also seek data from its subscribers regarding their contributions towards the design of industry-led remedies or the steps taken by them to implement industry-led remedies. From this data, the CRGB will produce a periodic report outlining the progress made on the design and implementation of the CIMS industry-led remedies.

The CRGB Board may need to consider at the time of implementing if the rules around industry-led remedies need to be incorporated into the scheme rules, and therefore, subject to this oversight model. Or, if alternative oversight models need to be considered. The CRGB would need to have appropriate confidentiality and data protection frameworks to ensure the risks from such a compliance process are kept to a minimum.

This model was subject to consultation in November 2024 and broad support was demonstrated by industry stakeholders, including the FCA. Some concern was expressed around the potential costs and burden associated with the attestation and self-reporting mechanisms, particularly if these are frequent requirements. It will therefore be important that in designing the detailed elements of these processes, the CRGB Board ensure consideration is given to proportionality, particularly in terms of subscribers of a smaller size.

Given the extent of CRGB's initial workload at set up, the IWG recommend that CRGB does not undertake any proactive oversight in the first year or two, instead the CRGB should take a reactive approach and only act regarding non-compliance if an issue is reported directly to the CRGB.

## 21.2 Non-compliance process

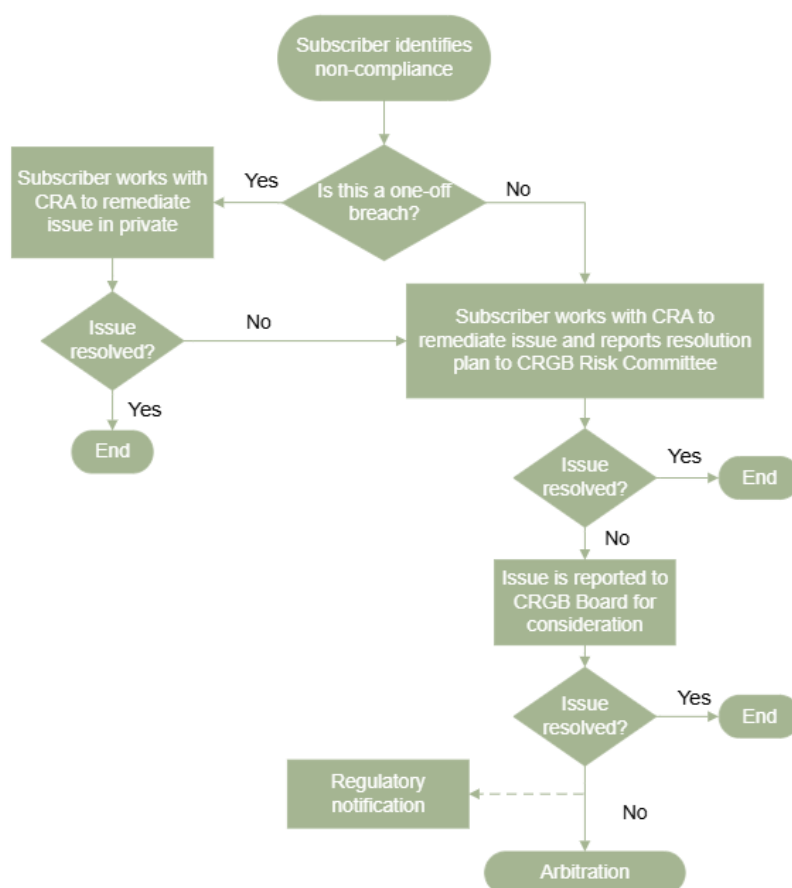
CRGB requires a published process for addressing non-compliance with the CRGB's rules. The approach of other organisations was considered when formulating the non-compliance process. It is important that the process is defined around the goal of constructive engagement to resolve any breach in private with as little business impact as possible.

As such, the IWG recommend a four-stage non-compliance process.

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<sup>41</sup> The data collected as part of the attestation could be used to create an industry benchmark, utilised to encourage greater self-compliance. It may be appropriate later to increase the frequency of the attestation or seek non attested reporting from subscribers. This remains a decision for the CRGB Board.

**Diagram 27: CRGB's recommended non-compliance process**



**CRA:** When identified, any breach or non-compliance by a subscriber would be resolved by working directly with the relevant CRA. This process will be undertaken in private and via an agreed remediation plan. The CRGB will only become aware of first-time breaches if the subscriber self-reports to the CRGB or if the issue is identified as part of the attestation process. If it is a recurrent breach, the resolution plan will be reported to CRGB's Risk Committee. The CRGB Board may reserve the right to determine that certain types of one-off breaches, for example concerning particular rules, should be referred directly to the next stage of the process.

**CRGB:** Failure to remediate any breach will result in referral to the CRGB. It is the responsibility of the subscriber to report the issue to the CRGB. In the case of a breach by a CRA, the non-compliance process will begin at this stage. The CRGB will evaluate the breach initially through its Risk Committee and then ultimately the Board. The CRGB Board will pass a decision on non-compliance, including, wherever applicable, a remediation plan with associated timings for implementation. The issue remains private.

**Regulatory notification:** If the CRGB Board's decision on non-compliance and the associated remediation is not implemented by the non-compliant entity or the entity does not challenge the Board decision via arbitration within the period specified by the Board, the CRGB will notify the relevant regulator, utilising established confidential information gateways. The regulator may choose to take their own action if the breach relates to rules within their remit. For CRAs, given their systematic importance to the industry, the CRGB will not take further action until the FCA has been engaged on the issue and agrees to the proposed next steps. If the breach is considered severe or is recurrent, the CRGB could suspend the non-compliant subscriber's subscription alongside notifying the relevant regulator. Conditions of suspension depend on the type of breach.

**Independent review:** If the non-compliant subscriber rejects the proposed remediation plan or regulatory notification does not otherwise resolve the breach, the subscriber or the CRGB itself can refer the case for review by an independent arbitrator. An independent arbitrator would consider the evidence base and engage with all relevant parties. The arbitrator could affirm the CRGB's decision, adapt (including proposing an alternative remediation plan) or overturn it. English Law and the Arbitration Act 1996, specify that arbitration is final and binding on all parties and cannot be disputed in court, unless for procedural grounds or jurisdiction. If a subscriber does not abide by the arbitrator's decision, the CRGB can further enforce this via the courts.<sup>42</sup> Generally, arbitral processes are confidential and private. However, the IWG recommend that wherever the CRGB engages in an arbitral process and the findings of the arbitrator may be useful to guide industry conduct and practices, the CRGB make appropriate disclosures regarding these findings.<sup>43</sup>

A number of alternative steps in the process were evaluated and discounted including:

- Litigation, but this was thought to cause delays to resolution and did not meet the IWG's preference of breaches remaining private.
- A peer panel made up of practitioners and non-practitioners, who are drawn from across a spectrum of backgrounds. This was considered by the IWG to create unnecessary additional costs for the CRGB and duplication of the proposed CRGB Board.
- A relevant regulators panel from, FCA, ICO, Ofcom, Ofgem, Ofwat, etc. Concerns were raised by these stakeholders about compromising the CRGB's independence and the potential of straying outside of these regulators' remits.

The FCA were engaged as part of this recommended process, particularly in terms of their potential involvement in the regulatory notification stage. The FCA welcomed the insight that may be provided to them via notification of non-compliance in certain circumstances. However, the FCA were clear that they would primarily like to be notified where a) these breaches are systematic and may have a detrimental effect on the CRGB's ability to achieve its objectives (including persistent or recurrent breaches) and/or b) the breach is relevant to the FCA's functions in relation to the subscriber and relates to certain circumstances. However, the IWG maintain that all CRA breaches that have not been resolved by the early stages of the non-compliance process must be flagged to the FCA and that CRGB will need to work closely with the FCA regarding these breaches due to the systematic importance of these entities to the functioning of the credit information industry. In establishing its working relationship with government and regulators, the CRGB Board will collaborate with the FCA to determine the details of and approach to the FCA's involvement on this issue.

Other regulators who engaged with IWG also welcomed the notification of non-compliance but again were clear they primarily would like to be informed where these breaches are relevant to their functions or remit. All regulators were clear that in most cases they would not expect the CRGB to delay progressing this non-compliance process pending their engagement nor can they enforce the CRGB's rules.

Industry feedback was broadly supportive of the recommended non-compliance process and acknowledged the need for the CRGB to have more 'teeth' in ensuring industry compliance

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<sup>42</sup> Arbitration will need to be accounted for within the CRGB subscriber contract. The scope of the arbitrator's jurisdiction and the terms under which they would operate will be subject to external legal advice as part of the contract definition. Likewise, the CRGB Board will need to determine whether an arbitrator is selected when needed or if a few select individuals can be kept by the CRGB on retainer. The cost of which will need to be considered in the funding reserves of the CRGB.

<sup>43</sup> The CRGB should obtain consent of the parties engaging in the arbitral process before such a public disclosure. Where such consent is not granted, CRGB will make disclosures regarding industry practices while maintain confidentiality of the parties engaging in this arbitral process.

than SCOR does today. Some concerns were raised around the costs of arbitration and that parties would be giving up their right to court appeal. The IWG debated this topic extensively but ultimately felt that the privacy arbitration affords should be the priority. The detailed analysis undertaken on this topic can be found within the report three consultation pack on the IWG landing page.

### 21.3 Consequences of breach

A breach can result in different actions depending on the point at which it is escalated during the non-compliance process:

- A private resolution plan (between the CRA and data user) that is implemented in an agreed timeframe.
- A resolution plan, with an agreed timeframe, that is monitored by the CRGB.
- Removal of the CRGB registration number from the subscriber with the resultant exclusion from access to the shared data. The period and conditions will be agreed based on the circumstances.
- Notification to the relevant regulator of the breach which may result in separate actions by the regulator.

The ultimate sanction in this process is the right of the CRGB to temporarily suspend the subscription of the non-compliant data user, if the breach cannot be rectified in any other way. Without a subscription, the non-compliant data user will be unable to access the shared data. The period of suspension will depend on the nature and severity of the breach. The IWG recommend that the CRGB should, in the confines of confidentiality of the arbitral process, share with the industry:

- the lessons learnt from its oversight and non-compliance processes.
- the qualitative and quantitative data regarding the type of firms pursued under its oversight model, the type of behaviours found to be frequently of issue, the remedies designed, and the costs incurred in this process by the CRGB and the firms.

This will lead to improved knowledge amongst the CRGB subscribers and enhance certainty for subscriber organisations in their operations.

The ultimate sanction for a CRA needs to take a different approach given CRAs control access to the shared data and are systematically important to the functioning of the credit information industry. If a CRA is found to be non-compliant with CRGB's rules<sup>44</sup> and the breach has not been resolved earlier in the process, the CRGB will engage with the FCA<sup>45</sup> on next steps. If the breach is still not resolved after regulatory engagement, arbitration proceedings will be taken against the CRA. The arbitral award might order specific performance on the part of the CRA which they would then need to comply with to ensure compliance with the CRGB's rules.

Much debate was had with the IWG and wider industry stakeholders about the potential for CRGB to essentially remove subscribers access to the shared data in the case of non-compliance. Some stakeholders were concerned that this could create challenges in data users complying with the FCA Consumer Credit Sourcebook<sup>46</sup> (CONC) rules in catering to new business. The CONC rules require lenders to undertake creditworthiness assessments before extending credit (CONC Rule 5.2A) or facilitating a P2P Agreement (CONC Rule 5.5A).

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<sup>44</sup> A breach for a CRA is considered both for the entity itself and also in fulfilling their oversight role of data contributors and data users to the extent necessary as per the oversight mechanism.

<sup>45</sup> The CRGB could also notify other regulators if relevant to the type of breach, for example the ICO.

<sup>46</sup> FCA Consumer Credit Sourcebook, Rule 5.2A.

However, these rules only specify that a creditworthiness assessment should be based on sufficient information obtained wherever appropriate from the borrower and wherever necessary from a CRA. If a data user breaches the CRGB's rules and this cannot otherwise be resolved, the data user's CRGB subscription will be suspended and, as a result, the data user will not be able to access sufficient information on a consumer from a CRA when necessary. However, they could still obtain this information from the borrower directly. Therefore, the CRGB's non-compliance process should not hamper compliance with the FCA's rules.

Despite the technical operation of this rule, it is acknowledged that the CRA data is relied upon by a number of firms for their core lending operations and is key to decision-making. In recognition of this, the removal of subscription and access is purely a last resort, and it is the expectation of the IWG that this should be used by the CRGB infrequently and only in truly exceptional circumstances.

The IWG evaluated the legal risks of enforcement actions and gave special attention to whether removing access to shared data by any organisations which either do not subscribe to the CRGB or have their subscriptions revoked would be likely to raise any competition law issues. However, external legal counsel concluded that the competition law risk is likely to be low, on the basis that the circumstances in which access to the shared data will be removed will be limited and based on objective criteria, and access to the shared data will be removed only as a last resort. In addition, the CRAs will independently determine whether they are permitted under the CRGB's rules to provide the shared data to any given organisation. Further, the subscribers who face these consequences will have access to alternative sources of data which they can use to continue to offer their products and services.

## Chapter 22: Transparency and accountability

Transparency is when an organisation enables all stakeholders to see and understand how it operates in an honest way. The organisation provides information about its activities and governance to stakeholders, for free, that is accurate, complete and made available in a timely way. Transparency is therefore important to the reputation of any organisation; it ensures actions of the organisation can be checked by stakeholders and as such enables the organisation to be held accountable<sup>47</sup>. Effective transparency and accountability policies can ultimately help to avoid corruption and mismanagement of the organisation. These policies will support the CRGB's legitimacy with stakeholders (this is particularly important given it will be a newly established body) and will help to improve the quality of its decision-making.

To define transparency and accountability principles for the CRGB, the IWG first considered two questions:

- What key stakeholders should the CRGB be held to account by and be transparent to?
- On what aspects of its operations should the CRGB be transparent and held to account?

The transparency and accountability principles of comparable organisations, both in the UK and abroad, were evaluated. Likewise, these questions were subject to industry consultation and formed the main topic of discussion at the IWG data user and contributor event held in September 2024.

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<sup>47</sup> There are two components of accountability:

- Answerability – the organisation provides information and justification for how its actions align with expectations of its stakeholders.
- Enforcement – the organisation is subject to consequences of failing to meet these expectations.

## 22.1 Stakeholders

In many cases, the members of an organisation jointly 'own' the organisation and it is this legal bond that requires organisations to be accountable and transparent to them for its actions. However, the IWG has agreed that the CRGB will have a single tier membership structure, whereby the Board Directors of the company are the members, controllers, guarantors, and owners. Therefore, the IWG has considered a wider set of stakeholders by which the CRGB should be held to account by and be transparent to.

As explained in chapter 13, the IWG recommend a stakeholder structure of the CRGB as follows:

- Legal members/owners/guarantors i.e. CRGB's Directors.
- Subscribers
- Participants

This structure is anticipated to encompass a wide range of stakeholders including data users and contributors, CRAs, consumer representatives, government and regulators and relevant industry trade associations.

Therefore, IWG recommend that the CRGB should be held to account by and be transparent to all those stakeholders that fall under the definition of a subscriber or participant.

## 22.2 Operations

As set out in chapter 10, the CRGB will need to fulfil and perform against several roles, objectives, and outcomes. CRGB will need to be transparent around and held to account for role delivery. It will be important that the operationalisation and execution of the CRGB's governance and funding models, as recommended in this report, can be scrutinised by CRGB's stakeholders.

IWG recommend that the following aspects of CRGB's operations should be transparent to allow CRGB's stakeholders to hold it to account:

- CRGB's roles
- CRGB's objectives
- CRGB's outcomes, with measures defined by the Board.
- CRGB's governance including decision-making processes, responsibilities of staff and Directors and high-level coverage of CRGB's subscriber contracts.
- CRGB's funding and accounts.

The levels of transparency around some of these operations will need to vary because of confidentiality and legal obligations, but in general it is recommended there is some transparency around all of these operations. The CRGB Board will need to review this list of operations periodically.

## 22.3 Principles

Given the above, the IWG recommend that the CRGB adopts transparency and accountability principles relating to three key themes:

- Publications
- Engagement
- Compliance and effectiveness



The publication theme refers to the CRGB making available (through several routes such as the CRGB's website, via newsletters and other forms of media) important documents relating to governance, workplans, decisions and outcomes achieved due to them, accounts, staff and Directors. This will involve the CRGB reviewing and updating this information at least annually and including reflections on previous years' performance.

Engagement outlines the CRGB's approach to notifying and keeping stakeholders up to date and seeking input on CRGB's work, assessing the impact of its decisions, including open consultations, annual forums and direct routes to contact the Board regarding questions and complaints.

Compliance and effectiveness principles will ensure the Board, CRGB employees, subscribers and participants are held to high ethical, compliance and effectiveness standards.

The CRGB's Memorandum and Articles of Association (M&AA) will set out the CRGB's intent to be open and operate transparently and will refer to these principles. Further detail on these principles can be found within the report three consultation pack on the IWG landing page.

As well as the CRGB's stakeholders being able to hold the CRGB to account via the mechanisms described above, the CRGB's Directors and Senior Management will be liable for failing to meet their duties and/or for any wrongdoing, as explained in Appendix G

The CRGB will maintain close relationships with the FCA and other regulators. This will also help to hold the CRGB to account in that the FCA and other regulators will expect, at least, regular progress updates. If the CRGB is unable to implement the CIMS industry-led remedies sufficiently, the FCA has retained the right to take a more interventionist approach.

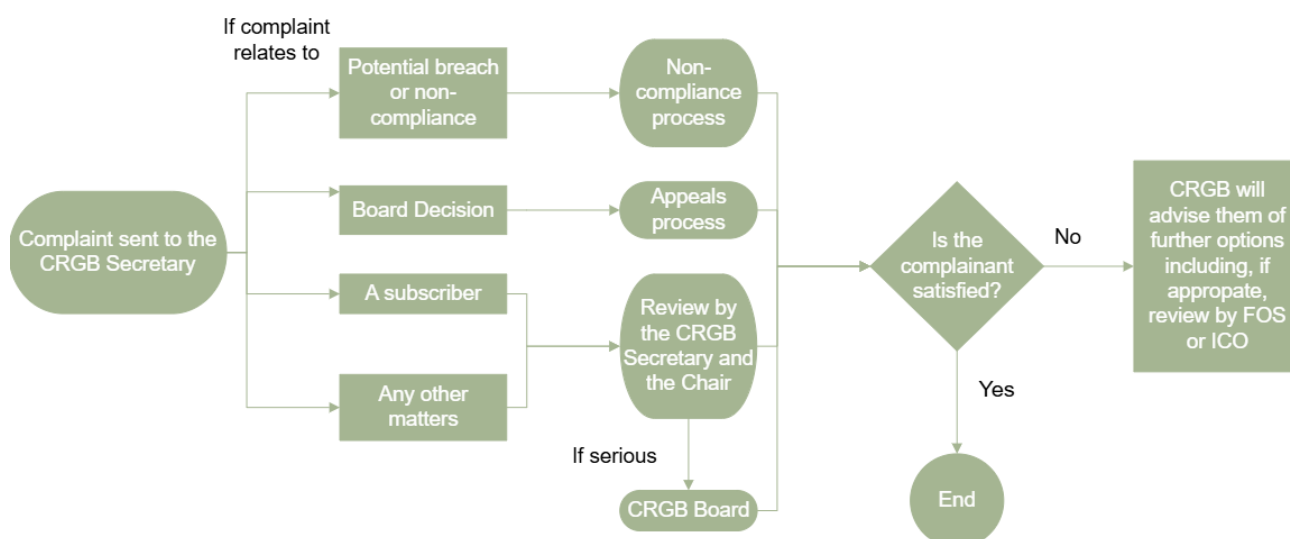
Feedback received from industry stakeholders, including the FCA, was supportive of these principles as they represent a robust and thorough approach to CRGB's accountability and transparency framework.

#### *22.3.1 Complaints process*

As part of the IWG's recommended approach to transparency and accountability, it was considered important to also create a published complaints procedure for the CRGB to give stakeholders the opportunity to express concerns and gain resolution of issues. This complaints process is separate from the appeals process regarding CRGB's decision-making set out in chapter 18.

Having evaluated the complaints procedure usually adopted by Board's within similar organisations to the CRGB, the IWG recommend the following procedure:

**Diagram 28: CRGB's recommended complaints process**



1. Complaint sent to the CRGB secretary for the attention of the CRGB Chair. CRGB may prescribe appropriate mechanisms to ensure confidentiality to the complainant.
2. The CRGB secretary will acknowledge the complaint, advising the course of action including whether an investigation will be conducted, the name and contact details of the investigating officer (a CRGB employee) and the estimated completion date for the investigation.
3. The full details of the complaint will be shared with the CRGB Chair, including the complaint classification.
4. If the complaint relates to a potential breach or non-compliance of the CRGB's rules, the issue will follow the non-compliance process described above in chapter 21.
5. If the complaint relates to a Board decision, the issue will follow the appeals process described in chapter 18.
6. If the complaint relates to a subscriber, the details (excluding complainant name) are shared with the subscriber and a written response sought. If the CRGB Chair deems the issue straightforward it will be addressed by the Chair, or if deemed serious it will be shared with the CRGB Board for consideration.
7. If the complaint relates to any other matters, it will be reviewed by the CRGB secretary. If the issue is considered straightforward, it will be addressed by the Chair or if deemed serious it will be shared with the CRGB Board for consideration.
8. After the enquiries are completed, a written response will be sent to the complainant with the conclusions about the complaint. If a further response is received, the CRGB will advise if the views of the Chair or Board have changed.
9. If the complainant is unhappy with the outcome, CRGB will advise them of further options including, if appropriate, regulatory engagement with litigation as the ultimate option.

Upon the CRGB closing a complaint, the CRGB will make appropriate publications of its findings if they are useful to guide industry conduct and practices. The CRGB will take appropriate precautions to ensure confidentiality of the parties involved.

## Section F: How will the CRGB be sustained?

The funding of any new oversight body is always a contentious subject, even more so when the entity concerned is perceived to be creating additional industry costs. To support the funding discussion, the IWG reviewed several case studies of oversight entities as set out in report two.

### Chapter 23: Funding model

Within its second report, the IWG established a funding model that reflects the diverse range of entities engaging with the CRGB. Several potential models were evaluated against key funding principles, including fairness, transparency, sustainability, and viability.

After careful consideration, the IWG determined that an annual subscription fee structure would be the most effective approach. This model ensures that contributions are proportionate to each entity's size and role while providing a stable and predictable funding mechanism. Designed to balance financial sustainability with equitable cost distribution, the funding model supports the CRGB's long-term success.

It is recognised that in addition to the financial contribution from industry, many subscribers will also be contributing time and expert resources that are difficult to account for within a funding model. Nonetheless, this often underestimated effort and the associated indirect costs borne by firms are essential to delivering outcomes that benefit the industry as a whole.

#### 23.1 Funding principles

The IWG proposed a set of funding principles to guide discussions on funding models, ensuring transparency, fairness, proportionality, sustainability, and adequacy to support the CRGB's purpose. These principles, developed through thorough debate within the IWG and its finance subgroup, emphasise contributions from all firms accessing and using shared data, except for exempted entities as mentioned in chapter 13. They also call for an adaptable funding model subject to periodic Board reviews to maintain its relevance and effectiveness.

As framed in report two, the five funding principles are as follows:

- The funding model must be transparent to all participants, proportionate, demonstrate fairness and be viable to administer.
- Firms who want to access shared data governed by the CRGB must contribute to the funding of the CRGB, unless subject to the defined exemptions<sup>48</sup>. Access to the data is the catchment criteria for funding.
- Funding needs to be sustainable and adequate for the CRGB to deliver on its objectives. Upfront payments with a commitment beyond one year will be required, with the retention of some reserves.
- Contributions may be uplifted and will be agreed against the annual work plan to safeguard sustainability. The cost base will be reviewed regularly to ensure it is as

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<sup>48</sup> As mentioned in report 2 section 9.7, "Legal confirmation has been received that the CRGB is not in breach under chapter I prohibition. The requirement to subscribe to the CRGB to access the data could have the effect of restricting competition from smaller organisations which may be deterred / prevented from subscribing to the CRGB due to the annual subscription fee. However, by making access to the data available to those who are willing and able to subscribe (and given the subscription fee will be proportional to different cohorts and tiers of firms), the arrangement can be seen not to have a negative effect on competition in the provision of credit information to lenders and other users." For more details, see <https://www.fca.org.uk/publication/corporate/credit-information-market-interim-working-group-report-2.pdf>. Additionally, the CRGB will ensure appropriate data protection protocols for all data it handles. While this should maintain confidentiality, it is worth noting that the data collected from firms to determine funding arrangements will consist of aggregated past data, which poses lower competition risks.

efficient as possible. Any significant contribution uplift will be subject to Board decision-making mechanisms and due consultation to ensure transparency and accountability.

- The funding model is expected to evolve over time and will be reviewed by the Board periodically, including the tiering system, the funding exemptions, as well as any revenue from the CRGB's services within the boundaries of roles defined that could contribute to funding.

## 23.2 Models considered

Based on research and early discussions, some funding approaches were discounted with minimal discussion. These options may not be off the table indefinitely as changing circumstances may make them viable for the CRGB at a future occasion.

- **Self-funded model:** Since the CRGB lacks reserves and revenue-generating capabilities in the short term, a self-funded model is not feasible for its initial setup. However, if the CRGB develops revenue-generating services over time, this model could be incorporated.
- **Government grant:** HMT indicated that government funding was not a viable option and that the CRGB should be industry-funded, given the existing precedent set by SCOR.
- **Donations:** Common in charitable organisations but unsuitable for the CRGB, as many of its stakeholders derive commercial benefits from its activities.

Therefore, the following five models were evaluated by the IWG against the agreed funding principles:

- **Flat Membership Fee:** A simple and easy-to-administer model where all subscribers pay the same amount. However, it lacks fairness, as it does not account for differences in subscriber size or benefits received.
- **Tiered Fee Model:** Aligns fees with the size and benefits received by different participants. While fairer and widely used in financial governance, it is administratively more complex.
- **Pay-as-You-Go:** Charges subscribers based on usage, ensuring proportional contributions. However, tracking usage accurately is challenging, leading to financial unpredictability.
- **Specific Charge Model:** Assigns costs to specific activities or services. While impractical for sustaining general operations, it may be useful for one-off activities.
- **Hybrid Model:** Combines elements of the other models, balancing fairness, transparency, and sustainability. It integrates tiered fees, specific charges, and a mix of upfront and annual payments, offering flexibility for future adjustments.

The IWG has reviewed the feedback received and incorporated key considerations into the funding proposal presented in report two. The feedback highlighted the need for transparency, fairness, and effective communication of the funding model, particularly for small firms and exempt entities. The IWG has refined the proposed hybrid model to ensure it meets these needs, while retaining the tiered fee structure for the initial year of operation. Key concerns around costs, exemptions, and the definition of social purpose have been addressed, and the IWG is committed to ongoing refinement based on further industry input.

### 23.3 Annual subscription fee

Subscribers will pay an annual subscription fee to the CRGB via an outsourced entity<sup>49</sup>, which will be periodically reviewed by the Board. The fee will vary based on the subscriber's cohort and the firm's (or economic group) size or intensity of data usage.

The IWG considered other options of collection such as the FCA levy fees model. However, the FCA has publicly stated: "We do not think it would be appropriate for the FCA to be responsible for collecting the CRGB's fees. We currently only do this for other regulatory bodies, such as the Financial Ombudsman Service and the Financial Services Compensation Scheme. As such, we would strongly encourage the IWG to explore alternative collection models."<sup>50</sup>

### 23.4 Funding exemptions

The IWG agreed that subscribers are responsible for funding the CRGB. However, to ensure that the CRGB's funding model recognises the wide variety of different firms, and sizes of those firms, operating within the UK that require access to credit information, the IWG recommend three categories of funding exemptions. These exemptions will help to prevent the cost of the CRGB having a disproportionate impact on smaller firms or those with a focus on social purpose. This will also help to safeguard against the costs of the CRGB being passed onto consumers, particularly those consumers who may already find it difficult to access mainstream credit products and services. The IWG recommend that the CRGB Board should review these exemptions at regular intervals and ensure that any use of the shared data is within the bounds agreed by the scheme. In addition, the Board will determine who is granted exemptions; firms will have to apply for them, and the Board will assess and approve these applications. For transparency, the Board will publish details of exemptions granted or refused in its annual report.

It is important to note that those firms that are exempt from funding will still be expected to contract with the CRGB. As such, firms that are exempt from funding will still be considered CRGB subscribers and will be afforded the accompanying benefits such as applying to sit on Advisory Councils (voting within these) and the Board.

#### 23.4.1 Social purpose exemption

Social purpose in this context can be defined as firms whose core purpose is to positively impact individual consumers or society more generally<sup>51</sup>. Such firms will be able to access a defined level of shared credit information governed by the CRGB, subject to the scheme rules as with any other subscriber, but will not be required to contribute to CRGB's funding. This includes not-for-profit firms, groups representing consumer interests and not-for-profit organisations providing exclusively free debt and financial advice to consumers. This also includes social purpose lenders such as the following categories of organisations, this is aligned with the [FCA's exemptions for consumer credit fees](#):

- **Community finance organisations (CFOs)**: registered charities, community benefit societies or community interest companies. Under Part 2 of the Companies (Audit, Investigations and Community Enterprise) Act 2004) a company satisfies the community interest test if a reasonable person might consider that its activities are being carried out for the benefit of society.

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<sup>49</sup> Outsourced entities yet to be contracted.

<sup>50</sup> See <https://www.fca.org.uk/firms/credit-reporting-interim-working-group>

<sup>51</sup> This exemption was referred to as "Social Good" in Report 2; however, industry feedback suggested changing the name to avoid potential complications arising from the positive connotation of the term 'good'.

- **Credit Unions (CUs):** financial co-operatives that are owned and controlled by its members. They provide services to their members such as deposit taking, savings and lending. (approx. 250 CUs operating in the UK – [BoE](#))

It is expected that government departments, regulators and related public bodies will also fall under this exemption, with the caveat that these entities will not have to apply for the exemption to avoid bureaucratic hurdle.

The social purpose exemption has been a topic of debate among IWG members, particularly regarding the breath of its definition. However, this definition is not exhaustive and will be reviewed regularly by the CRGB's Board as the scope of these organisations becomes clearer.

Any firms that do not feel they are captured by the above but wish to apply for a funding exemption because of social purpose reasons can submit a request for consideration to the CRGB's Board, as well as apply for an exemption through a CRA. A clear social purpose exemption process with set criteria will be defined and referred to by the CRGB's Board in these circumstances, which should be shared with the industry and the CRAs.

#### *23.4.2 Turnover exemption*

For smaller firms that are not exempt under social purpose justifications, they may be exempt in relation to a turnover threshold. The IWG recommend that the CRGB apply a minimum turnover threshold to all subscribers of the CRGB. If a subscriber has turnover below a certain threshold, they will not be required to contribute to the funding of the CRGB.

The IWG considered which measure of firm size was most appropriate to ensure that small firms could be captured by an exemption to prevent the cost of the CRGB having a disproportionate impact on them. It was suggested that the ideal measure would be search volumes, to ensure that firms who depend on shared credit information to a limited extent are not required to fund the CRGB. However, the practicalities of this measure were challenging. Lending value was also considered but given many firms will utilise credit information but would not be classified as lenders, this was also not seen as a feasible measure. Therefore, it was agreed that firm total UK turnover provided the most suitable proxy.

Subscribers would be categorised by self-declared annual UK turnover and checked via attestation, as this metric is straightforward for the CRGB to quantify and verify. Medium and large firms are required to submit full accounts to Companies House, making their turnover data readily accessible. To exempt smaller firms not covered under social purpose criteria, the IWG propose using the Companies House turnover threshold used for small firms, £15 million from April 2025<sup>52</sup>.

The value of this threshold will be reviewed at regular intervals by the CRGB's Board to assess its continued appropriateness. This will include a review of the exemption measure itself.

#### *23.4.3 Only contributing subscribers*

Based on the industry feedback received after report two, a third exemption is now recommended to cater for entities that contribute to but choose not to access the shared data. The contribution of data enhances the value of the credit information system and should be encouraged. Seeking these firms to fund CRGB may discourage the contribution of data. Therefore, these subscribers will be exempt from CRGB's funding model.

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<sup>52</sup> See <https://www.legislation.gov.uk/uksi/2024/1303/regulation/9/made>



## Chapter 24: Cost model

The projected costs of the CRGB are based on key assumptions and feedback from the IWG meetings. To develop a realistic cost estimate, the IWG focused on the CRGB's core responsibilities—managing governance and overseeing the design and implementation of industry-led remedies outlined in the CIMS final report<sup>53</sup>.

The cost estimation process was guided by three key considerations:

- **Define responsibilities:** Identify the specific tasks that CRGB staff will need to perform for each role and remedy.
- **Assess required expertise:** Determine the skills necessary for CRGB staff to effectively deliver their responsibilities.
- **Establish a remedy timeline:** Recognising that not all remedies can be designed and implemented simultaneously, the IWG developed an initial sequencing plan just for the purposes of costing. It was projected that in the CRGB's first year, approximately three remedies would be in the design phase, while by the third year, some of these would advance to the implementation and monitoring stages.

These factors informed cost projections for the first five years of operation, focusing on three primary areas: Board and staff, administrative expenses, and legal fees. The CRGB's budget will be determined by an annual work plan, approved by the Board following industry consultation. However, cost estimates may evolve as priorities shift and new information emerges.

### 24.1 Board and members of staff

To determine the structure of the CRGB, similar organisations were examined, including the Lending Standards Board (LBS), Enforcement Conduct Board (ECB), and the Australian Retail Credit Association (ARCA). Based on this analysis, the IWG outlined the role CRGB would play in delivering the CIMS industry-led remedies. From there, the key responsibilities and expertise required for the CRGB were identified, leading to the determination of the necessary staff roles. The proposed organisational structure, led by a General Manager overseeing three main areas of work, is supported by a legal expert and a secretariat team<sup>54</sup>, as shown in Diagram 29.

- **Rules & Remedies Team:** Leads the design, implementation, and monitoring of CIMS industry-led remedies, ensuring compliance, conducting impact assessments, and managing the rulebook.
- **Stakeholder Team:** Manages communication with industry and regulators, leads consultations, oversees public engagement, and maintains the CRGB's communication strategy.
- **Business Support Team:** Handles financial processes, procurement, contract management, and operational logistics to ensure smooth organisational functioning.

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<sup>53</sup> See chapter 27.2.1 for more details on the CRGB's workplan.

<sup>54</sup> See Appendix J for more details on the roles and the timeline of the FTEs.

**Diagram 29: CRGB organogram**



As shown in the organogram, a total of 13 full-time employees are projected. However, the CRGB is expected to start with a small team and gradually expand if the workload requires. Based on remedy development projections, the CRGB is anticipated to reach full capacity by its third year<sup>55</sup>. FCA's national salary ranges, and Civil Servant's ranges were used as a benchmark to estimate staff salaries<sup>56</sup>.

For the Board<sup>57</sup>, a Chair working for 60 days and four Independent Directors—two serving for 30 days and the other two for 45 days each, were factored into the costs. It was considered the market salaries for these positions rated as £50,000 for the Chair, and £25,000 for the Independent Directors working 30 days, and £37,500 for 45 days. Nominated Directors are funded by their respective organisations, not CRGB.

## 24.2 Administrative costs

As a small organisation, the CRGB will operate with a focus on efficiency while ensuring it can deliver the mandate set out for it in the CIMS final report. This means outsourcing as many functions as possible and avoiding expenses related to maintaining a physical office.

<sup>55</sup> For more detail, see the CRGB's workplan in chapter 27.

<sup>56</sup> We obtained the FCA salaries ranges by analysing multiple job adverts from [https://fca.wd3.myworkdayjobs.com/FCA\\_Careers](https://fca.wd3.myworkdayjobs.com/FCA_Careers), and Civil Servants salaries from <https://www.instituteforgovernment.org.uk/explainer/civil-service-grades>.

<sup>57</sup> In report two, IWG recommended a mixed board for the set-up of the CRGB which contemplates 4 Independent Directors, 4 Nominated Directors, and 1 Executive Director. As Nominated Directors are unpaid voluntary positions, we have accounted for four Independent Directors and one Executive Director for the funding model.

Administrative expenses include IT infrastructure, with market-rate pricing factored in for essential services such as laptop rentals, software licenses, website development, and ongoing maintenance. Insights were incorporated from members experienced in outsourcing human resources and finance functions, eliminating the need for dedicated full-time staff in these areas.

Instead of a permanent office space, the budget accounts for meeting room rentals and catering for Board and Advisory Council meetings. The Board will meet five times per year, while the three Advisory Councils are expected to convene at least six times annually, with additional meetings scheduled as needed for remedy discussions. Virtual meetings, which do not generate additional costs, are excluded from these estimates.

To support industry engagement, the budget includes two major events per year—the Annual Forum and a Consumer Event. Each event is expected to accommodate around 100 attendees, with provisions for basic catering.

### 24.3 Legal costs

The CRGB will incur legal costs as part of its mandate to develop, monitor, and implement the FCA industry-led remedies and CRGB scheme rules. These responsibilities require robust legal oversight to ensure compliance and effectiveness. An external consultancy has provided an estimate for setting up the company, which includes drafting key governance documents and internal incorporation records, for which it was allocated a reserve of £40,000 for transition costs. Further reserves have been included for legal and professional fees to hire consultants, mirroring the type of support the IWG received from external consultancies during its operation.

### 24.4 Cost estimation

The estimated first-year costs for the CRGB range between £1.1 million and £1.3 million, as detailed in Table 11<sup>58</sup>. This variation reflects whether salaries are set at the lower or upper end of the benchmarked range. The IWG recommend adopting the upper cost estimate in the first year to provide flexibility and allow the CRGB to begin building a small reserve.

The forecast incorporates projected expenses across Board and staff salaries, administrative costs, and legal fees, as outlined in the previous sections. From the second year onward, a 2% annual inflation adjustment is applied in line with the Bank of England's target, while staff salary increases follow the Office for Budget Responsibility's (OBR) forecasts.

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<sup>58</sup> A more detailed version of this estimation can be found within the report three consultation pack on the IWG's landing page.

**Table 11: Cost estimation**

Total costs considering staff salaries at the lower threshold					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Board</b>	£175,000	£175,000	£175,000	£175,000	£175,000
<b>Staff</b>	£631,590	£756,062	£827,302	£853,797	£875,996
<b>Outsourcing</b>	£36,282	£37,008	£38,503	£40,859	£44,228
<b>IT costs</b>	£17,574	£14,839	£15,902	£16,220	£16,544
<b>Legal &amp; Professional fees</b>	£100,000	£102,000	£104,040	£106,121	£108,243
<b>Board meeting cost</b>	£4,265	£4,662	£4,756	£4,851	£4,948
<b>Advisory meeting costs</b>	£23,508	£23,978	£32,610	£16,631	£8,482
<b>Events (Annual Forum)</b>	£12,260	£12,505	£12,755	£13,010	£13,271
<b>Set Up costs (legal)</b>	£45,000				
<b>Transition costs</b>	£40,000				
<b>Total</b>	£1,085,479	£1,126,054	£1,210,867	£1,226,490	£1,246,711
Total costs considering staff salaries at the upper threshold					
<b>Total</b>	£1,284,848	£1,363,323	£1,465,906	£1,489,696	£1,516,769

## Chapter 25: Fee structure

Each subscriber will pay an annual subscription fee, determined by their assigned cohort and a tier within that cohort, which reflects either the firm's size or its intensity of data usage. This tiered approach ensures that contributions are proportionate to the subscriber's role within the system.

The Board will periodically review the fee structure to ensure it remains fair, sustainable, and aligned with the CRGB's funding principles. Adjustments may be made as necessary to reflect changes in market dynamics, industry participation, or operational needs.

### 25.1 Cohorts

Each subscriber will be assigned to one of four cohorts from below based on their primary business activity as well as their FCA permissions<sup>59</sup>. The Board will periodically review these classifications to ensure they remain accurate and reflect the evolving business landscape, as well as the right classification of subscribers:

- A. CRAs - Firms authorised under FSMA to "provide credit references".
- B. Credit Services - Firms authorised under FSMA to "provide consumer credit in any form".
- C. CISPs - Firms authorised under FSMA to "provide credit information services".
- D. Other - FSMA governed firms not authorised for the above, and non-FSMA firms relying on credit information or credit information users. For example, retailers, insurers, debt purchases, telecoms, among others.

### 25.2 Tiering system

The IWG secretariat had access to the list of firms in the closed user group (CUG) to test the potential number of subscribers, their size, and the distribution of firms among the cohorts, this analysis can be found within the report three consultation pack on the IWG's landing page.

<sup>59</sup> According to the information available at <https://register.fca.org.uk/>

This exercise allowed the secretariat to estimate an adequate threshold that guarantees proportionality among subscribers, as well as to avoid firms marginally around the cut-offs.

This tiering system is designed to be transparent, proportionate, fair, and viable to administer by the CRGB. Each cohort's contribution was determined based on turnover and, for Credit Services, the volume of credit agreements. External Legal Counsel assessed the proposed approach to the setting of annual fees for subscribing to the CRGB, for the initial year of the CRGB, and found that it is likely to be considered fair, reasonable, proportionate, and non-discriminatory for competition law purposes.

For Cohorts A and C, determining the cut-off points was straightforward, as these firms are well-known to the IWG. The three largest CRAs account for the majority of the market share by turnover, while the largest CISP earns nearly four times more than other firms in that cohort.

Due to the diversity in the sizes of firms and their usage of credit information in Cohort D, various distribution percentiles were accessed and setting the top tier around the 90th percentile was found to worked best.

While other cohorts have only two tiers, Credit Services has five tiers, driven by industry feedback and the volume of entities. The tiering is defined by turnover and considers the volume of credit agreements, to reflect the intensity of usage of credit information<sup>60</sup>. Firms or groups classified as Credit Service entities will need to report their credit agreement volume alongside their turnover to the CRGB<sup>61</sup>.

Each Credit Services firm or group will first be assigned to a tier based on its credit agreement volume. If turnover corresponds to a tier two or more levels below their credit agreement position, it will be reclassified to the next lower tier. For example, if a firm has 2 million credit agreements (Tier 2) and a turnover of £100 million (Tier 4), it will be placed in Tier 3. This rule only applies if the turnover is lower; the tier will be based on the number of credit agreements in the case of a larger turnover.

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<sup>60</sup> The volume of credit agreements corresponds to the total stock of open/extant regulated credit agreements and regulated mortgage contracts. Includes running-account agreements which are not currently utilised. Whether they are being utilised or not, they are still a credit agreement.

<sup>61</sup> The CRGB will ensure appropriate data protection protocols for all data it handles. While this should maintain confidentiality, it is worth noting that the data collected from firms to determine funding arrangements will consist of aggregated past data, which poses lower competition risks.

**Table 12: Tiering system**

Cohort A: CRAs		
	Turnover	
<b>Tier 1</b>	>£100 m	
<b>Tier 2</b>	<= £100 m	
Cohort B: Credit Services		
	Credit Agreements	Turnover
<b>Tier 1</b>	> 6m	> £3600m
<b>Tier 2</b>	1m - 6m	£500m - £3600m
<b>Tier 3</b>	150k - 1 m	£150m - £500m
<b>Tier 4</b>	20k - 150k	£25 m - £150m
<b>Tier 5</b>	<= 20k	<= £25m
Cohort C: CISPs		
	Turnover	
<b>Tier 1</b>	>£50 m	
<b>Tier 2</b>	<= £50 m	
Cohort D: Others		
	Turnover	
<b>Tier 1</b>	>£4000 m	
<b>Tier 2</b>	<= £4000 m	

## 25.3 Funding application

To estimate the funding application, the assumptions outlined in the previous sections were incorporated, summarised as follows:

- First, the estimated costs for the CRGB in its first year are between £1.1 million and £1.3 million.
- Second, the IWG recommend a minimum fee of £1,200, which avoids having a nominal payment which would be inefficient to administer. The amount above that level will reflect the cohort and size of the subscriber based on the UK turnover and credit application in the case of Credit Services. This amount is aligned with the fees charged by different trade bodies<sup>62</sup>.
- Third, the funding model assumes the principle of proportionality between tiers to reflect the significant turnover differences across them.
- Fourth, nearly 66% of the firms in the CUG list are exempted from payment due to their turnover level or the social purpose exemption.
- Fifth, funding costs have been distributed across closed user group members only. Users of data who do not contribute are currently unknown and therefore have not been included for the purposes of these calculations. Non-contributing subscribers would still be subject to funding and should deliver a positive contribution to the CRGB's financial position.

This initial estimate has been developed on a best endeavours basis to facilitate the inception of the CRGB. It is possible that firms might be moved between cohorts once more data becomes available and further analysis is conducted.

The resulting fee structure is shown in Table 13 and ranges from £1,500 to £60,000. For comparison purposes, the Australian Retail Credit Association (ARCA) uses a similar tiered approach, but its range is broader, with the largest firms paying higher amounts.

<sup>62</sup> For example, the Australian Retail Credit Association (ARCA) has a comparable minimum fee.



**Table 13: Fee structure**

CRAs		CISPs	
	Fees		Fees
<b>Tier 1</b>	£60,000	<b>Tier 1</b>	£9,000
<b>Tier 2</b>	£7,500	<b>Tier 2</b>	£2,000
Credit Services		Others	
	Fees		Fees
<b>Tier 1</b>	£30,000	<b>Tier 1</b>	£6,500
<b>Tier 2</b>	£16,000	<b>Tier 2</b>	£1,500
<b>Tier 3</b>	£10,000		
<b>Tier 4</b>	£4,500		
<b>Tier 5</b>	£2,250		

Under the proposed fee structure and based on the available data, the CRAs will contribute 16% of the total costs, Credit Services will cover 65%, CISPs will account for 1%, and the "Other" category will provide the remaining 18%. The contribution from each cohort reflects both the number of firms and the extent to which credit information forms part of their core business activity.

**Table 14: Funding distribution**

	Cost Share	% of firms
CRAs	16%	2%
Credit Services	65%	53%
CISPs	1%	2%
Others	18%	43%

The distribution of costs across cohorts was a key topic of discussion and consultation feedback. Some parties argued that CRAs should bear a larger share of the total cost due to the benefits they derive from credit information. However, it was noted that increasing their contribution much beyond 16% would result in CRAs in Tier 2 paying as much or even more than the largest firms in Credit Services, which would undermine the principle of proportionality. Credit Services represent over 50% of the total number of firms, making them the largest group of subscribers. CRAs, despite their critical role in the ecosystem, represent only 2% of the total number of firms.

A debate was also raised on whether the model resulted in a squeezed middle layer. The size of the fee paid by larger Credit Services providers was considered too low, whilst a significant number of smaller players benefited from a fee exemption. This argument was given due consideration and ultimately the number of parties involved justified the proportion paid.

Meanwhile, Cohort D (Others) accounts for 43% of the total number of the subscriber firms, encompassing a diverse range of organisations with varying levels of credit information usage. Many of these firms do not rely on credit information for their core business activity. This diversity was a key consideration in setting their contribution level, ensuring that the fee structure remains proportionate and fair across all cohorts.

## 25.4 Potential scenarios

It is important to reiterate that the funding model and fee structure outlined are designed to support the launch and initial operations of the CRGB. The analysis was conducted using the best data available, including inputs from CRAs and the FCA. However, due to some potential

data gaps and inconsistencies, there is inherent uncertainty about the total number of subscribers and their classification.

Recognising these uncertainties, the proposed funding mechanism will remain in place beyond the first year until any adjustments are made. This approach ensures that the CRGB can continue to collect funding, regardless of the timing and progress of the planned review by the Board.

Once the CRGB is operational, a clearer picture of the subscriber base will emerge, as the final number of entities will depend on registration and self-declared data submissions. This uncertainty creates the potential for two scenarios. First, additional subscribers may materialise beyond those included in the initial analysis, which could distribute the costs more widely. Alternatively, some entities may opt not to join the CRGB, forgoing access to shared data, which could lead to a reduced subscriber base and potentially higher costs per entity.

These possibilities underline the need for flexibility in the funding model and highlight that adjustments may be required as the CRGB transitions into its operational phase. The proposed funding model will remain the same unless the Board decides to change it.

#### *25.4.1 Scenario 1: More subscribers than estimated*

- If there are more subscribers than anticipated, the additional funds will go into a reserve.
- These reserves could potentially be used to reduce fees for subscribers in the following year or fund additional activities, if agreed by the CRGB Board after due consultation.
- The CRGB Board will review the funding model, including criteria and data, considering self-reported information from members to adjust the funding mechanism if needed.

#### *25.4.2 Scenario 2: Fewer subscribers than estimated*

- If the number of subscribers is lower than expected, the CRGB will need to adjust its operations to fit within the reduced funding available.
- The CRGB would operate on a smaller scale, and the Board will need to prioritise essential functions within the constraints of lower funding, in consultation with the regulator and the industry as appropriate. The FCA have been clear that they would like to be consulted but will not act in a decision-making capacity. This may have implications for the internal resources that subscribers may need to dedicate to support the CRGB's work.

#### *25.4.3 General considerations*

- The funding metrics used in this section reflect available data. The Board may choose to revisit the metric if additional data, such as regulated turnover and lending portfolio value, is self-reported by subscribers.
- The Board will periodically reassess the funding model and projections, consulting with the industry if future work plans or costs exceed current estimates.
- Funding projections are based on a five-year period, and adjustments will be made as needed to maintain sustainability.
- Entities subscribing partway through the year will still be required to pay the full annual fee.
- Entities that deregister partway through the year will not be entitled to a refund.

- A provision to cap fee increases in year two at a maximum of 10% is suggested, ensuring industry consultation is conducted before any increase beyond this threshold and consideration of proportionality across the different sizes of subscribers.
- The CRGB Board should consider a smooth transition between tiers for firms moving up in the scale to avoid a disincentive to grow beyond the threshold.

## 25.5 Prepayment

CRGB will be legally constituted, and very basic infrastructure will be delivered as part of the transition plan. The FCA has agreed to continue funding the resourcing of the IWG Chair and secretariat, through the levy raised via the FCA's fee blocks, in the short-term to ensure the CRGB is well-positioned to lead the industry in transforming existing governance arrangements. All other costs must be paid for from the IWG's existing legal budget or via industry funding. Therefore, a small group of stakeholders will be engaged to secure prepayments for their subscriptions, covering the remaining set up costs including hiring essential staff.

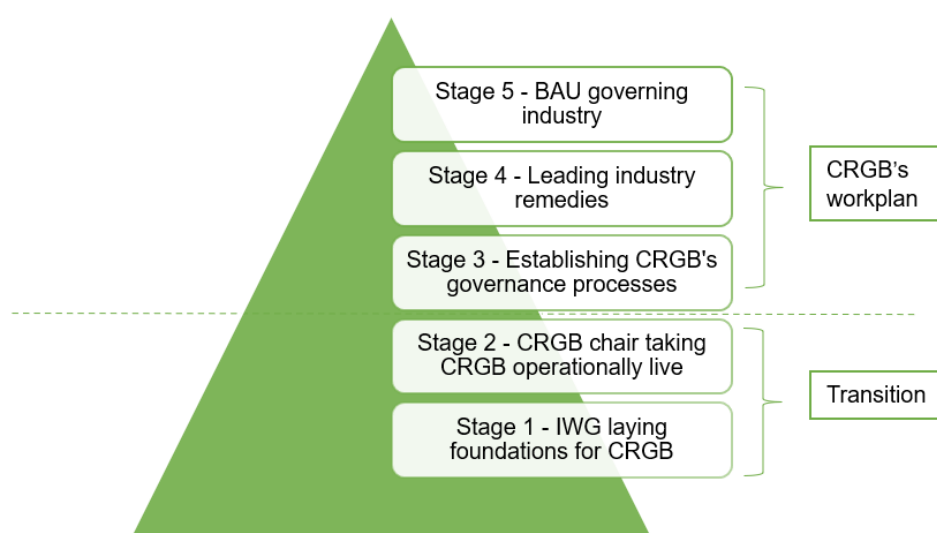
The IWG recommend that a subset of FSMA subscribers contribute to the initial set-up costs of the CRGB by prepaying their subscription fees. This prepayment will be deducted from their annual subscription fee in the CRGB's first year. The proposal is to collect these fees from the largest firms in Cohort A and Tier 1 and Tier 2 firms or groups in Cohort B, which would cover approximately 40% of the CRGB's first-year costs.

## Section G: When will the CRGB be set up?

The ultimate purpose of the CRGB is to provide effective governance of the credit information industry with broad representation and efficiency in responding to change. In doing so, the CRGB will need to fulfil its roles and objectives. This can be considered the ultimate 'BAU' activity of the CRGB. The CRGB will also need to deliver the industry-led remedies set out in the CIMS final report, and ensure its objectives are accounted for as part of this work. These two activities are what CRGB will need to deliver against within its workplan. For the CRGB to effectively do so, a number of activities must be undertaken, and processes established. These activities essentially form the proposed transition plan from SCOR to the CRGB.

These activities and processes can be classified in stages, each building on the previous, to allow CRGB to effectively undertake its workplan.

**Diagram 30: CRGB's recommended approach to transition and workplan activities**



## Chapter 26: Transition plan

The CRGB's transition can be defined as the activities needed to take place for CRGB to become operational and SCOR to wind down. This is expected to take place in two stages, the first to allow the CRGB's Chair and initial staff to be hired and the second to enable the Chair and staff to undertake certain activities such that CRGB can be considered operationally live.

### 26.1 Stage one

This stage will begin once the IWG has issued its final report to the FCA (May 2025) and will be led by the IWG's Independent Chair, with support from the existing IWG secretariat and IWG members. The FCA is subject to various obligations, for example FSMA, administrative law and the Subsidy Control Act 2022, which they must be mindful of when providing funds and resources to support the set-up of the CRGB. Likewise, the FCA are clear that the CRGB is an industry-led remedy and as such, the transition should be driven by industry. However, the FCA has agreed to continue funding the resourcing of the IWG Chair and secretariat, through the levy raised via the FCA's fee blocks, for an appropriate period of time in the short-term. During this time, the IWG Chair and secretariat will undertake specific essential transition activities. All other costs incurred throughout the transition period will be funded by the IWG's existing legal budget, provided by IWG members, and by those firms who agree to provide the CRGB's prefunding. The activities the FCA will be funding via its fee blocks include: (1)

supporting CRGB company incorporation; (2) setting up a bank account; (3) facilitating the recruitment of the CRGB Chair and initial support staff; (4) preparing a handover to permanent CRGB staff; and (5) supporting the IWG's legal advisers in arranging pre-funding agreements with pre-funders. Further detail is set out [here](#).

The aim of this stage is to put in place steps to enable the hiring of the CRGB's permanent Chair and initial staff, including the general manager. The IWG's members and subgroups will continue to provide input during this stage but they will need to meet less frequently. Within this stage, work will also be undertaken to respond to the FCA's feedback on the final report and making any adaptations necessary to the recommendations in light of FCA feedback.

Following the CIMS final report, some stakeholders began progressing the industry-led remedies tasked to the CRGB. In response, the FCA published [principles](#) to inform industry on an approach to developing remedies before the creation of the CRGB. Equifax, Experian and TransUnion have set up a number of working groups in advance of the CRGB being formally established. The groups will identify non-competitive quick win opportunities to evaluate and progress the industry-led remedies. To date, the CRAs have made good progress, having begun wider stakeholder engagement. The intent is to co-ordinate activities, leading an industry survey and workshops, with a broader representation including consumer groups, via a SCOR Chairs Committee. During this stage, progress will continue to be made by SCOR and the CRAs on driving forward the industry-led remedies until such time that the CRGB Chair and staff are in a position to pick-up this work.

This stage is expected to be complete by the end of Q3 2025 with the rolling off of the IWG Chair and secretariat. In essence, this stage can be summarised into three key activities:

#### 1. Setting up the CRGB as a legal entity

This will involve appointing temporary Directors (at least two) and filing generic Memorandum and Articles of Association (M&AA) with Companies House to incorporate the CRGB. Likewise, it will involve identifying an appropriate bank account provider and setting up an account for the CRGB to allow collection of prepayment funds, vital to allow the hiring of CRGB staff. The setting up of the CRGB bank account will require two signing authorities – being the CRGB's temporary Directors. The IWG secretariat will also support with obtaining Directors insurance to protect the temporary Directors. There will be close engagement with SCOR during this stage to determine if any existing assets and/or workload will need to be transferred to the CRGB for the entity to be operational, such as the PoR and other such industry documentation. An agreement in principle for the transfer of these assets may be established at this stage. Logistical activities such as securing the domain name for the CRGB's website and outsourcing CRGB's HR and technology providers will also begin.

#### 2. Prepayment

In March 2025, the FCA met with several firms whom the IWG recommended as CRGB pre-funders, to understand their requirements and associated timings ahead of providing funds for the set-up of the CRGB. The IWG are clear that prefunding contracts will be crucial and should set out: exit clauses, funding requirements and contributors, what activities the prefunding can and cannot be spent on, how the funds will be managed and likely timelines for spending (including obligations on the CRGB to provide regular progress updates) and details of how the funds will be offset or translate into subscriber fee requirements for CRGB's first year of operation. The IWG Chair and secretariat will utilise its legal advisors, M&R, to draft these prefunding contracts and will involve the IWG plus the prefunders in the development of the contracts. Once these contracts have been signed, the secretariat will issue prefunders an invoice and collection of prepayment fees via the CRGB bank account can start. It is likely that engagement with prefunders will occur in two stages 1) with firms that have already had conversations with the FCA 2) with firms that have not yet been involved in these discussions.

The IWG are conscious of the need to provide early notice to prefunding firms, to account for budgetary cycles and other logistical challenges.

### 3. Hiring staff and Chair

These prepayment fees will primarily be used to hire, the CRGB's Chair, general manager, legal expert, business support officer and one administrative support colleague. These roles are being hired first to enable the CRGB to begin work on the CRGB's subscriber contracts as soon as the IWG Chair and secretariat have stepped away. The relevant job descriptions will be drafted, a search firm engaged to assist with the process and a panel of interviewees set up to conduct interviews. The selection of the Chair will follow the nomination process set out in chapter 18, table 6. Initial fees for the search firm will be covered by the existing IWG legal budget, funded by industry, as the search firm may need to begin work prior to prepayment being received. Employee contracts will be outsourced via CRGB's HR function. Relevant technology will be secured for the employees such as laptops etc, utilising the prepayment funds. Any notice periods and onboarding processes will take place during this stage.

Once the CRGB staff are officially in place, an appropriate handover will be undertaken with the IWG Chair and secretariat to allow for knowledge sharing, following which the IWG Chair and secretariat will step away. It is recommended that the IWG, as a working group, remain in place during this phase of the transition to provide support to the IWG Chair and secretariat, particularly in terms of hiring and supporting the drafting of prefunding contracts. However, once the IWG Chair and secretariat step away and the CRGB resources mentioned above are in place, the IWG will be disbanded, with individual members remaining available to provide further support to the CRGB Chair as needed. This support from IWG members may be beneficial to the CRGB Chair during the initial months of their position, while also ensuring broader industry consultation takes place during this early phase.

## 26.2 Stage two

This stage will begin once the IWG Chair and secretariat have stepped away and the CRGB's Chair and other initial employees are in situ by the end of Q3 2025. All the activities from this point onwards will be led by the CRGB Chair and funded via the prepayment fees collected in stage one or once firms have begun to subscribe to the CRGB and paid their fees within this stage. This stage is expected to be complete by Summer 2026. The CRGB will then officially begin to progress its workplan.

### 1. Finalise logistics

During this stage, the CRGB's Chair and other employees will draft the specific CRGB M&AA, accounting for the recommendations regarding the CRGB's constitution. The staff will also work to set up the CRGB's website via an outsourced firm (including its payment functions and public register of CRGB's subscribers). Likewise, the Chair and staff will transfer any SCOR assets identified in stage one to the CRGB, including adapting the PoR to refer to the CRGB rather than SCOR. Whilst the PoR is being adapted at a high-level, the CRGB Chair may wish to also identify opportunities for other valuable enhancements to the PoR. SCOR will wind down at an appropriate time based on conversations within its membership. The Chair will also need to undertake stakeholder engagement to put in place the MoUs and other such agreements with relevant regulators and government departments.

### 2. CRGB subscriber contracts

Feedback from industry stakeholders has been clear that the operationalising of the contracting model for the CRGB will require extensive industry input, particularly around establishing standardised terms. Therefore, new industry working groups will be set up focussed on this topic and begin conversations around and drafting of these contracts, utilising the expertise of the CRGB's legal expert and potentially requiring the CRGB to onboard



external legal advisors. Over a period of up to 6 months the CRGB will work with industry to finalise the new CRGB contracts. As part of this work, the CRGB Chair will need to lead extensive industry engagement to ensure all future subscribers are aware of and onboard with the changes taking place, aligned with the CRAs and their repapering exercises.

### 3. Signing up subscribers and collecting fees

The CRGB staff will be required to outsource the CRGB's invoicing and fee collection mechanisms during this stage. The CRGB's Chair and staff will then work with potential subscribers to begin the process of onboarding them as CRGB subscribers, expected to take place from Spring 2026. This will include the need for potential subscribers to self-report the data required to classify them into the appropriate cohort and funding tier. This will allow for the contracting to be complete, the subscriber to be included on the CRGB register and their subscription fees to be collected.

### 4. Hiring CRGB Directors and staff

The CRGB Chair will need to prioritise the hiring of its Independent and Nominated Directors to form the CRGB Board. The hiring of the Directors will follow the nomination process set out in chapter 18, table 6. The temporary Directors will be released from their responsibilities once the CRGB Chair and one Independent Director is in situ. This can likely take place alongside the signing up of CRGB's subscribers. The Chair will then turn to hiring or outsourcing other CRGB staff such as the finance and analyst teams. At this time the CRGB admin staff will be working to secure the relevant technology for its other staff such as laptops etc as well as outsourcing the CRGB's payroll process and other functions such as obtaining Directors insurance for the new CRGB Directors.

## Chapter 27: Future workplan

The CRGB's workplan, in the short-term, will need to prioritise the mandate given to the CRGB by the FCA, the leading of the CIMS industry-led remedies. However, in order to begin this work, the CRGB will first need to establish processes to enable the effective functioning of the entity, including the ability to obtain industry input.

### 27.1 Stage three

This stage will involve the final activities needed to enable the CRGB to begin work on leading the CIMS industry-led remedies and eventually operating BAU governance activities. It is anticipated that these activities will take place in Q4 2026 and will officially form part of the CRGB's future workplan.

#### 1. Establishing existing work undertaken on the CIMS industry-led remedies and existing SCOR workload

Within stage three and as part of the CRGB's future workplan, the CRGB staff will need to engage with the SCOR Chairs Committee to understand the work already undertaken on the CIMS industry-led remedies and to officially transfer this to the CRGB. Any proposals produced prior to the CRGB beginning work on the CIMS industry-led remedies will be subject to the recommended CRGB policy development and evaluation process, as described below. Likewise, the CRGB will also need to pick up any outstanding projects being undertaken by SCOR, beyond the industry remedies, before it was wound down. The prioritisation of this work will need be considered within the CRGB's wider workload, as discussed below.

#### 2. Setting up CRGB's Advisory Councils

The CRGB staff and Directors will then need to work to establish the CRGB's Advisory Councils, including appointing the Chairs of the Rules and Remedies Councils as well as determining the members of these Councils. The Board will also need to work with the Council

Chairs in establishing the workplan for each Council and relative priorities for the upcoming year.

### 3. Establishing other governance processes

The CRGB will need to establish other governance processes to enable CRGB to begin to undertake its roles. For example, while CRGB will not undertake proactive oversight in the first year or two of its operation, the CRGB will need to undertake activities to prepare for this role such as designing the attestation process and establishing the scope of arbitration. Likewise, the Board will need to be establishing performance processes for the CRGB, such as quantifying its outcomes measures. It is also likely that during this stage, CRGB staff will continue to register CRGB subscribers. As such, it may be the case that some stage three activities overlap with those in stage four as described below.

## 27.2 Stage four

Given the FCA's expectations that the CIMS industry-led remedies be delivered at pace, it has been assumed that the CRGB will focus almost solely on its remedies work in the first few years of CRGB's operation. For example, the IWG recommend that CRGB does not undertake any proactive oversight in the first year or two, instead the CRGB should take a reactive approach and only take action regarding non-compliance if an issue is reported directly to the CRGB. CRGB's transition and workplan is envisioned as occurring in distinct stages, but in practice it is likely that some of these activities may overrun or overlap with each other. For example, while CRGB begins the initial scoping stages of its remedies work, it may still be defining particular processes such as attestation and/or continue registering CRGB subscribers.

Likewise, in earlier stages of its workplan, the CRGB may discover work previously being undertaken by SCOR which may need to be picked up the CRGB.

By the start of Q1 2027 the core activity of the CRGB will be focussing on the CIMS industry-led remedies. As set out below, IWG recommend that the CRGB take a staggered approach to the remedies whilst utilising the synergies between some remedies to progress at pace. This should allow the CRGB to undertake a thorough policy design process whilst accounting for its streamlined structure and resources.

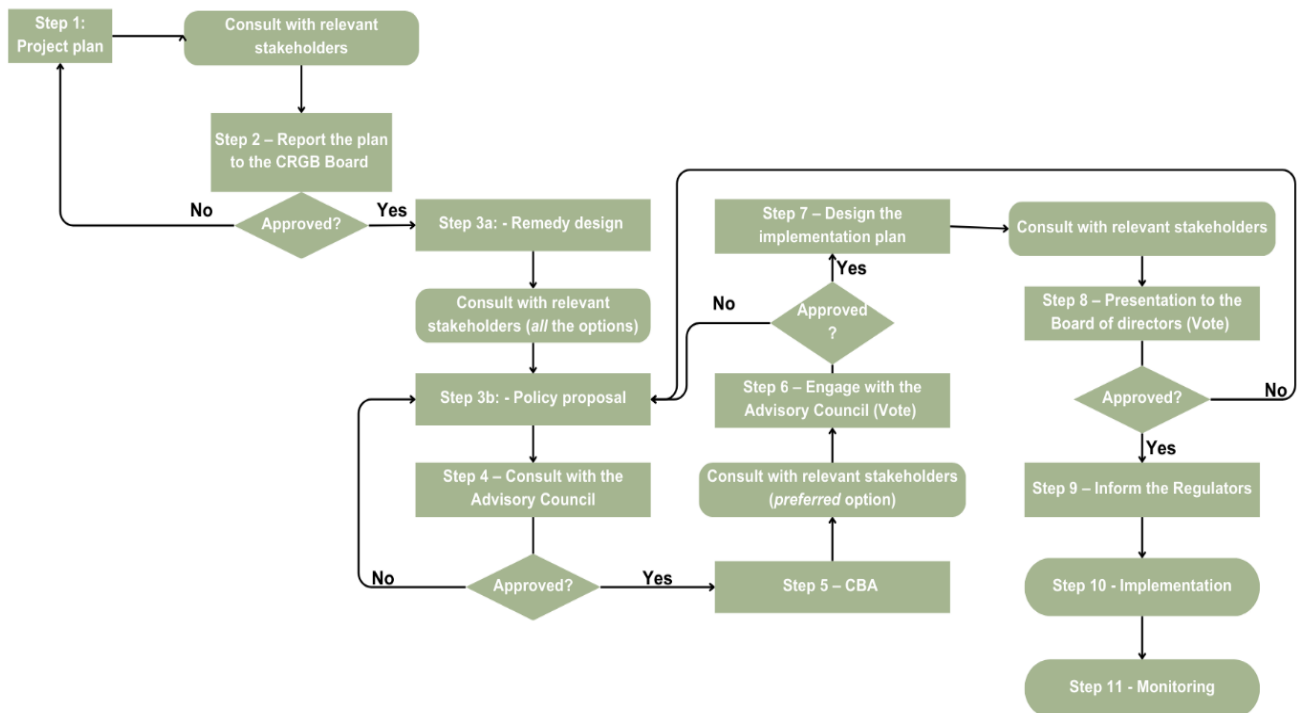
### 27.2.1 Remedies process

The establishment of the CRGB workplan regarding the CIMS industry-led remedies, began by determining the process by which CRGB will ultimately implement these remedies. The aim of this exercise was to determine how much of the CRGB's staff, Advisory Councils and Board's capacity would be taken up by this process to then understand better what a realistic workload would look like for both CRGB and industry stakeholders.

The various steps needing to be taken by the CRGB to operationalise the FCA's recommendations regarding the CIMS industry-led remedies were discussed. Broadly, the CRGB would need to undertake three phases:

- **Design:** to establish the various options for implementing the remedies and pros and cons of each.
- **Implementation:** to enact the chosen approach, ensuring industry buy-in.
- **Monitoring:** to oversee adoption and success of the remedies and enable CRGB to keep industry and regulators updated on progress.

**Diagram 31: Remedies process**



These phases were then embedded within the CRGB decision-making structure and flows between Advisory Councils and Board. In doing so, it was particularly important that relevant stakeholder input was sought throughout the policy process and that this engagement began at the very early stages of planning. As a result, the IWG recommend that the CRGB adopt the following policy process in leading the CIMS industry-led remedies:

- Step one: Define the problem the remedy is trying to solve and the scope of the different implementation options to be explored. This will involve engaging and consulting with stakeholders as well as setting out timelines, responsibilities and resources.
- Step two: This plan will be shared and validated with the Board. Once approved, the plan will be shared, at a high level, publicly such as via the CGRB's website.
- Step three: The implementation options will be designed in more detail and further consultation will be undertaken with relevant stakeholders to gather evidence as to the favoured options.
- Step four: These options and evidence will be presented to the relevant Advisory Council(s) and further views sought. The options will be adapted based on this feedback.
- Step five: Cost benefit analysis will be undertaken to determine the implementation option which is likely to deliver the greatest benefits for all stakeholders. Relevant stakeholders, including the FCA, will be consulted on this preferred option.
- Step six: The preferred option will be sent back to the primary Advisory Council, alongside the evidence gathered via consultation and CBA, and a vote will be sought on recommending the option for Board consideration.
- Step seven: A detailed implementation plan will be designed for Board consideration; further stakeholder consultation will also take place at this stage.

- Step eight: The detailed plan will be presented to the Board and a vote sought to implement this.
- Step nine: If approved by the Board, the CRGB will engage with the relevant regulators to inform them of the implementation plan.
- Step ten: The CRGB will begin to implement the plan for the remedy, this will involve extensive stakeholder engagement to inform them of the necessary changes needing to be made. The CRGB may produce and provide implementation guidance to ease the process.
- Step eleven: The CRGB will continue stakeholder engagement to oversee adoption of the remedy implementation across industry and will keep relevant regulators updated on progress.

### 27.2.2 Prioritisation of remedies

It was reasonable to assume that not all the CIMS industry-led remedies could be designed and implemented at the same time given the CRGB's available resources and recommended policy process. Therefore, the sequencing of remedies became an important discussion.

Within the CIMS final report, the FCA provided some early indication as to the order in which they expect the CRGB to work towards implementing the industry-led remedies:

- Remedy 2B common data format: the FCA acknowledged the inter-linkages with the design of FCA rules on a mandatory data reporting framework (remedy 2A) and set out their intentions to work with the CRGB on this issue. Likewise, the FCA have said this should be prioritised alongside the more timely reporting remedy (4A).
- Remedy 3C streamlined dispute resolution process: the FCA recognised that an optimal solution to this issue may be dependent on the introduction of a common data format but said there are likely measures which could be prioritised in the short-term to deliver improvements to current processes.
- Remedy 3D streamlined NoC process, non-financial vulnerability and 'credit freeze' markers: the FCA said they expect the designated CRAs and CRGB to consider how best to implement this remedy, this implies the FCA expects work on this remedy to take place after the designation scheme has been put in place (remedy 2A).
- Remedy 4B reviewing PoR and related issues: the FCA asked that the CRGB evaluates whether changes are needed to the PoR to complement the proposed mandatory reporting requirement implemented by the FCA (2A). Again, this implies the FCA expects at least some of the work on this remedy to take place after the designation scheme has been put in place. The IWG recognise that the PoR needs to be reviewed in stages; initially the removal of the SCOR operational elements, followed by consideration of the inclusion of additional CRAs and the role of CISPs, then the evaluation of the governance of CATO etc.
- Remedy 4C improved CATO data with updated access arrangement: the FCA recognised that some of these issues may need to be considered alongside the development of a common data format under remedy 2B. The FCA have also said this should be considered and prioritised alongside the more timely reporting of data remedy (4A) and remedy 2B, as described above.

This information was used as a starting point for discussions around how the CRGB should prioritise its work on the industry-led remedies. Another key factor was the timeframe for the development of the FCA's designation scheme and mandatory data sharing remedy (2A). The timing of the delivery of this remedy is not currently known. Therefore, some assumptions needed to be made:

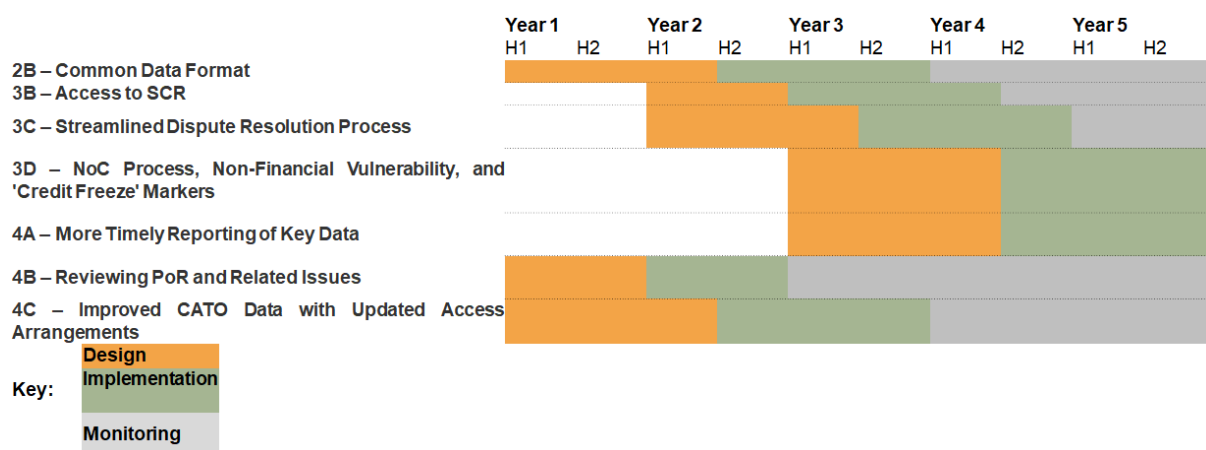
- The CRGB can start discussions on remedies as soon as stage three is completed, even in the case where remedy 2A is not fully implemented by the FCA at this time.
- There are some remedies that can be prioritised given their relevance to the functioning of the new CRGB scheme.
- Those remedies can be addressed in phases, i.e., initiate the discussion during the implementation period of 2A, and finish them once all the details are known.
- The CRGB will have the capacity to assess more than one remedy at a time and will consider the synergies of designing and implementing some remedies simultaneously.
- The CRGB will need to take into consideration the feedback from industry on remedy prioritisation obtained via the SCOR coordinated activities.

Another key assumption was the length of time it will take to design each remedy. To establish a rough estimate, discussions were had with similar organisations operating in the UK who sought to deliver some kind of change program within their industry. These organisations estimated a design process could typically take up to one year.

This provided a strong starting point to then discuss the likely time needed for each remedy's design, implementation, and monitoring stages. The IWG member's industry expertise, experience and particularly the initial learnings gained from the CRA's working groups on the industry-led remedies was utilised.

These assumptions and insight from members led to a broad sequencing of remedies as set out in the table below. It is recommended this approach is utilised at a high-level by the CRGB's Board in determining its workplan at set up and in delineating tasks to the various Advisory Councils. This sequencing and timing may be impacted by the work currently being led by the CRA's on the CIMS industry-led remedies as good progress has been made to date on several of the CIMS industry-led remedies, as described above. Any proposals produced prior to the CRGB beginning work on the CIMS industry-led remedies will be subject to the recommended CRGB policy development and evaluation process. Likewise, the diagram below represents an indication of IWG expectations, once the CRGB begins its remedies work the order and timings of these remedies may well change. The CRGB will need to ensure it keeps its timings under review and communicates these clearly to its stakeholders.

**Diagram 32: Sequencing of industry-led remedies**



Within its sequencing of the CIMS industry-led remedies, the CRGB will need to ensure that clear communication is also provided to firms in terms of how the remedies will impact their business and expectations around adopting necessary changes.

## 27.3 Stage five

As described above, it is assumed that for the first few years of operation the CRGB will be focussed almost solely on the design and implementation phases of the CIMS industry-led remedies. As these remedies are progressed, the CRGB will likely have capacity to address other governance issues occurring in the market, particularly once many of the remedies move to the 'monitoring' phases. It is at this stage that the CRGB's workplan can be categorised as BAU. The CRGB will be able to take on further work, likely raised via the industry engagement mechanisms for it such as its Advisory Councils. In doing so the CRGB will need to prioritise its workload appropriately, guided by the CRGB purpose, roles, and objectives.

Further workplans and the budget implications will be subject to industry consultation prior to CRGB Board decisions.

## Chapter 28: Next steps

This report represents the IWG's final recommendations to the FCA on the design, implementation, and operation of the new CRGB. The IWG would like to thank all those who have engaged with this process to date and provided valuable input. However, there is still much work to be done to ensure CRGB is set up and operational. In terms of next steps:

- The FCA will provide feedback on these final recommendations. The IWG will consider this feedback and make any further changes to the recommendations, engaging with industry, as needed. The FCA will confirm they are then satisfied with these updated final recommendations.
- During the period awaiting FCA feedback, some initial transition activities set out in stage one of the transition will be progressed.
- The IWG Chair and secretariat will then focus exclusively on undertaking stage one of the transition. The IWG working group will be maintained and input will continue to be sought but will likely meet less frequently.
- During the transition, the existing industry working groups progressing the CIMS industry-led remedies will continue and will engage with the CRGB Chair as set out in the transition plan detailed in this report to ensure their work is picked up by the CRGB.
- Likewise, industry consultation will continue to be needed throughout the transition plan and in CRGB's enacting of its workplan. Stakeholders are asked to continue to engage with both the IWG and CRGB during these important periods.



## Appendix A: IWG membership

Name	Job Title	Organisation	Representing	Role
<b>Token Myers</b>	Head of Legal	Equifax	Incumbent CRAs	IWG Representative
<b>Jane Keyword</b>	Head of Data Governance and Frameworks			IWG Alternate
<b>Paul Cresswell</b>	Director of Privacy & External Governance	Experian	Incumbent CRAs	IWG Representative
<b>Clint Hook</b>	Director of Data Insights & Management			IWG Alternate
<b>Sally Matthews</b>	Senior Counsel	TransUnion	Incumbent CRAs	IWG Representative
<b>Colin Rutter</b>	Consultant			IWG Alternate
<b>Faizan Haq</b>	Senior Policy Manager	Finance and Leasing Association	Trade associations, who's members and users are suppliers of credit information and are mainstream credit providers	IWG Representative
<b>Fiona Hoyle</b>	Director of Consumer and Mortgage Finance & Inclusion			IWG Alternate
<b>Paul McCarron – Resigned January 2025</b>	Principal, Consumer Credit	UK Finance	Trade associations, who's members and users are suppliers of credit information and are mainstream credit providers	IWG Representative
<b>Eric Leenders – Resigned October 2024</b>	Managing Director, Personal Finance			IWG Alternate
<b>Ian Fiddeman</b>	Principal, Personal Credit Policy			IWG Representative
<b>Shriya Mehta – Appointed October 2024</b>	Principal, Unsecured Consumer Credit Policy			IWG Alternate

<b>Simon Dewhirst – Appointed January 2025</b>	Principal, Unsecured Consumer Credit Policy			IWG Alternate
<b>Jason Wassell</b>	Chief Executive	Consumer Credit Trade Association	Trade associations, who's members and users are suppliers of credit information and are mainstream credit providers	IWG Representative
<b>Naveed Asif</b>	Head of Policy and Advice			IWG Alternate
<b>Neil Allen</b>	Head of Strategy	Crediva	Newer CRAs	IWG Representative
<b>Neil Williams</b>	Managing Director & Chief Technology Officer	Lending Metrics		IWG Alternate
<b>Will Mason</b>	CEO	Infact Systems		IWG Alternate
<b>Pedro Sousa – Resigned April 2024</b>	Head of Risk and Compliance	ClearScore	CISPs	IWG Representative
<b>Courtenay Escorcio – Appointed April 2024</b>	Head of Risk and Compliance	ClearScore		IWG Representative
<b>Grainne O'Driscoll</b>	Legal Counsel	Credit Karma		IWG Alternate
<b>Sharon Evans - Resigned January 2025</b>	General Counsel	TotallyMoney		IWG Alternate
<b>Adam Jackson</b>	Director of Policy	Innovate Finance	Alternative credit providers (including BNPL)	IWG Representative
<b>Luke Seaman</b>	Head of Public Affairs (UK)	Klarna		IWG Alternate
<b>Matt Steele</b>	Director, Credit Risk	PayPal		IWG Alternate
<b>Iana Vidal</b>	Head of UK Public Policy	ClearPay		IWG Alternate
<b>Fionn Sharpe</b>	Senior Policy and Public	Fair4All Finance	Consumer groups	IWG Representative

	Affairs Manager		(consumer finance)	
<b>Jonathan Turner – Resigned December 2024</b>	Technology Strategy and Innovations Lead			IWG Alternate
<b>Tom Lake – Appointed March 2025</b>	Director of Strategy and Policy			IWG Alternate
<b>Peter Tutton</b>	Head of Policy, Research, and Public Affairs	StepChange	Consumer groups (debt advice)	IWG Representative
<b>Richard Lane</b>	Head of External Affairs			IWG Alternate

## Appendix B: Case studies considered

- [Australian Retail Credit Association \(ARCA\)](#)
- [Commercial Credit Data Sharing Scheme \(CCDS\)](#)
- [Deutsche Bank](#)
- [Enforcement Conduct Board \(ECB\)](#)
- [Lending Standards Board \(LSB\)](#)
- [LINK](#)
- [Open Banking \(Implementation entity\)](#)
- [PayUK](#)
- [Steering Committee On Reciprocity \(SCOR\)](#)
- [Swift](#)

## Appendix C: Consumer group members

Organisation	IWG Consumer Sub-group member	FCA Consumer Network member
Wales Illegal Money Lending Team	✓	✓
England Illegal Money Lending Team	✓	✓
Citizens Advice	✓	✓
Debt Camel	✓	✓
Money Advice Trust	✓	✓
Centre for Responsible Credit	✓	x
StepChange	✓	✓
MaPS	✓	✓
Macmillan	✓	✓
Fair by Design	✓	✓
Money Advice Scotland	✓	✓
Money & Mental Health Policy Institute	✓	✓
Advice UK	✓	✓
Christians Against Poverty	✓	✓
Citizens Advice Scotland	✓	✓
Which?	✓	✓
Surviving Economic Abuse	✓	✓
NASMA	x	✓
Clean Slate/Quids In	x	✓
Age UK	x	✓
Alzheimer's Society	x	✓
Money Advice Liaison Group	x	✓
Citizens Advice Wales	x	✓
Shelter	x	✓
Financial Services Consumer Panel	x	✓
Mind	x	✓

## Appendix D: Organisations engaged

- Association of British Insurers (ABI)
- Australian Retail Credit Association (ARCA)
- British Retail Consortium (BRC)
- Commercial Credit Data Sharing Scheme (CCDS)
- Consumer Council for Water (CCW)
- CreditSafe Group
- Credit Services Association (CSA)
- Dun & Bradstreet (D&B)
- Energy UK
- Enforcement Conduct Board (ECB)
- His Majesty's Treasury (HMT)
- Information Commissioner's Office (ICO)
- Lending Standards Board (LSB)
- Mobile UK
- Steering Committee On Reciprocity (SCOR)
- The Office of Communications (Ofcom)
- The Office of Gas and Electricity Markets (Ofgem)
- The Water Services Regulation Authority (Ofwat)
- Water UK



## Appendix E: Terminology

Term	Description
Consumer Credit Sourcebook (CONC)	Is the specialist sourcebook for credit-related regulated activities.
Credit file	The information that a Credit Reference Agency holds about an individual related to their financial standing.
Credit Information	Credit information refers to the data held by credit reference agencies on an individual which could be linked, to a material degree, to a consumer's ability to meet (or likelihood of meeting) a financial obligation. For the purposes of this report, the term 'credit information' has been used broadly to refer to data held by credit reference agencies that can support assessments of creditworthiness, financial standing to meet financial obligations, identity verification, fraud, affordability, and credit decisions.
Credit Information Market Study (CIMS)	Investigation conducted by the UK's Financial Conduct Authority (FCA) to assess the effectiveness of competition in the credit information market. It examines how credit reference agencies and other stakeholders provide and use credit data, aiming to ensure fair practices, improve transparency, and enhance consumer outcomes in accessing credit.
Credit information service provider (CISP)	Provider of credit information services to consumers.
Credit reference agency (CRA)	An entity providing credit references
Credit Report	Summary of an individual's credit history, generated from their credit file. It includes information such as credit score, active and closed credit accounts, payment behaviour, credit inquiries, and any negative marks (e.g., late payments, defaults). Credit reports are used by lenders, landlords, and employers to evaluate financial reliability.
Credit Reporting Governance Body (CRGB)	The new governance framework of the credit information industry proposed in the CIMS final report.
CRGB Participant	An interested party who will engage with the CRGB but do not seek to access shared data.
CRGB Subscriber	An entity who has the ability to access shared data of individual consumers and seeks to exercise this ability
Data contributor	Provider of data (relevant to an individual's financial standing) to a CRA. Typically includes lenders and non-financial services firms. CRAs also obtain information from other public and private data sources.
Financial Services and Markets Act (FSMA)	UK legislation enacted in 2000 to regulate financial services. It established the Financial Services Authority (FSA), later replaced by the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) in 2013. The FSMA aims to ensure market stability, protect consumers, and reduce financial crime.
Interim Working Group (IWG)	Group formed with diverse industry representatives and consumer bodies, tasked with producing recommendations to the FCA on the design, implementation, and operation of the new CRGB.

Open Banking	A secure way for customers to control their banking data and share it with organisations other than their own bank.
Principles of Reciprocity (PoR)	Set of guidelines administered by SCOR that governs the sharing of personal credit performance and related data via the closed user groups of the credit reference agencies currently Experian, Equifax and TransUnion.
Self-regulatory organisation (SRO)	An organisation that is formed to regulate certain professions or industries. They are usually non-governmental organisations, established with the aim of creating rules to promote order among businesses and organisations.
Shared Data	Information relating to individual consumers. Contains records of credit information reported by a wide range of data sharers (which can be both regulated and unregulated), including mortgages, current accounts, personal loans, credit cards, store cards, motor finance, utilities, telecoms and buy-now, pay later.
Statutory Credit Report	Credit file information available for free through a statutory process.
Steering Committee on Reciprocity (SCOR)	Responsible for the administration and development of the data sharing rules known as the Principles of Reciprocity.
Subject Access Request (SAR)	Legal entitlement under UK GDPR article 15, read with clarification in section 13 of the Data Protection Act. An individual can seek a copy of their data via a SAR or they can authorise another organisation / person to seek a copy on their behalf.
Terms of Reference (ToR)	Defines the scope of the IWG and how it will operate.

## Appendix F: Industry-led remedies for the CRGB

Remedy	Description
<b>Common data format</b>	A common data reporting format to improve consistency and granularity of credit information across CRAs.
<b>Streamlined access to statutory credit report (SCR)</b>	Streamlined consumer access to credit information, including SCRs, by having one stop for consumers to engage with.
<b>Streamlined disputes process</b>	Streamlined process to help consumers dispute errors in the credit information held on their credit file.
<b>Streamlined Notice of Correction (NoC) and vulnerability markers</b>	Streamlined process for improved consumer outcomes which builds upon existing processes.
<b>More timely reporting of key data to designated CRAs</b>	Provision of an accurate and up-to-date view of consumer credit commitments to further support lenders in making decisions.
<b>Reviewing the Principles of Reciprocity (PoR) and related issues</b>	Complementing the proposed mandatory reporting requirement implemented by the FCA.
<b>Improved Current Account Turnover (CATO) data with updated access arrangements</b>	Assessment of how access arrangements to CATO data can be updated for non-PCA providers, and how CATO data can be improved.

Source: [Credit Information Market Study Final Report](#)

## Appendix G: CRGB Directors roles, responsibilities, and liabilities

The IWG recommend 9 Directors to be appointed to the CRGB's Board. A Director is an officer of the company and is expected to also comply with certain rules and discharge certain responsibilities. The responsibilities, expected qualifications, and the potential liabilities have been considered and are outlined in this appendix.

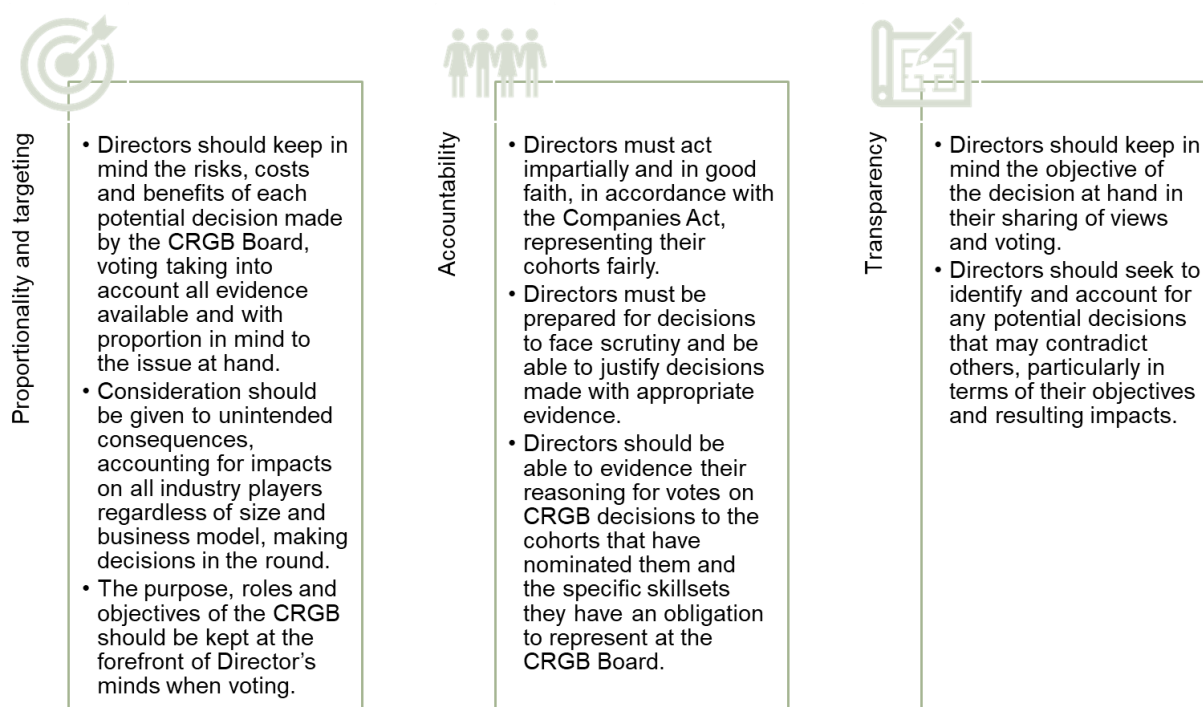
### Role responsibilities

The CRGB Director role responsibilities were decided upon by analysing the Companies Act 2006, obtaining advice from Mills and Reeve and reviewing the responsibilities of Board Director's within comparable organisations to the CRGB. These responsibilities are:

- Comply with the Companies Act 2006 duties of a Director, namely:
  - a) act within powers in accordance with the CRGB constitution and to use those powers only for the purposes for which they were conferred
  - b) promote the success of the CRGB for the benefit of its subscribers
  - c) exercise independent judgement
  - d) exercise reasonable care, skill and diligence
  - e) comply with the CRGB's conflicts of interest policy
- Contribute to the development of strategy, workplan, and setting goals for the organisation.
- Scrutinise the performance of the organisation in achieving its strategy and goals.
- Overseeing the delivery of the work program.
- Hold the General Manager and the executive team of the organisation to account and provide appropriate challenge.
- Ensure that the powers and responsibilities specifically reserved to the Board and Directors under the CRGB constitution are exercised appropriately.
- Maintaining an effective relationship with CRGB Advisory Councils and CRGB subscribers as per the CRGB protocols on governance.
- Abiding by the corporate governance norms expected from a company Director under law and act in the best interests of the company.
- Ensure appropriate assessment and management of CRGB risks.
- Debate and take specific decisions required to be taken by the CRGB Board.
- Maintain a sound system of financial control.
- Apply a constructive style in scrutinising and challenging management recommendations at Board level, respecting the boundary between non-executive and executive responsibility.
- Apply relevant knowledge and expertise to the CRGB's debates and decision making.
- Assist in maintaining positive working relationships with the CRGB's key senior stakeholders.

In addition to these responsibilities, a set of principles were determined to guide the CRGB's Directors in their enacting of the Board decision-making process to ensure impartiality and robustness in utilising their voting powers. Three key themes were identified: 1) proportionality and targeting 2) accountability and 3) transparency. These principles should be kept under review by the CRGB Board and adapted as needed.

**Diagram 33: Principles to guide CRGB Director's in decision-making**



## Role qualifications and expectations

It was also important to determine the experience and qualifications needed for a Director of the CRGB to perform their responsibilities appropriately. In doing so, the roles recommended for the CRGB were accounted for to ensure the Board Director's would be equipped to deliver against these.

Consideration was given to the working days each Director would be employed for, and it was agreed that, given the CRGB Chair's responsibilities, that they would need to be employed for the greatest number of days. Likewise, given the concerns around time and resourcing shared by consumer groups, it was agreed, to ensure appropriate representation and capabilities, each Independent Director with consumer experience would be employed for a greater number of days than the other Independent and Nominee Directors. Similarly, industry representatives expressed a desire for shorter terms for Nominee Directors to enable a greater rotation of subscribers the chance to sit on the Board.

**Diagram 34: Qualifications and expectations of CRGB Chair**

Independent chairperson of the CRGB Board	
Qualifications	<p>Demonstrable experience of discharging the role responsibilities.</p> <p>Experience in directly managing a group of diverse stakeholders as part of corporate governance.</p> <p>Demonstrable experience with UK's financial or data protection related regulatory landscape.</p> <p>Experience as a chairperson of an organisations.</p> <p>Experience of performance managing managers.</p> <p>Experience in rule-based dispute resolution.</p>
Expectations	<p>Minimum term duration of 3 years with a possibility of renewal for second term.</p> <p>Approximately 60 working days in a year to include:</p> <ul style="list-style-type: none"><li>• Chairing and attending Board Meetings (approx.. 5-6 in a year).</li><li>• Membership in one Board Committee.</li><li>• Monitoring and applying the CRGB rules and protocols for effective governance of the Board and Advisory Councils.</li><li>• Supervising and performance managing a reporting executive.</li></ul>

**Diagram 35: Qualifications and expectations of Independent Director (accounts)**

Independent Director (Accounts)	
Qualifications	<p>Demonstrable experience of discharging the role responsibilities.</p> <p>Demonstrable experience in guiding risk and assurances activities and internal and external audits.</p> <p>Demonstrable experience in assessment of financial integrity and accounting processes.</p> <p>Experience as a member of the audit committee of a Board.</p> <p>Experience in rule-based dispute resolution.</p>
Expectations	<p>Minimum term duration of 3 years with a possibility of renewal for another term.</p> <p>Approximately 30 working days in a year to include:</p> <ul style="list-style-type: none"><li>• Attending Board Meetings (approx.. 5-6 in a year).</li><li>• Financial risk assessment and overseeing subscribers' rule compliance as a member of a Board Committee.</li></ul>



**Diagram 36: Qualifications and expectations of Independent Director (consumer experience)**

<b>Independent Director (Consumer Rights Experience)</b>	
Qualifications	<p>Demonstrable experience of discharging the role responsibilities.</p> <p>Experience as a representative of consumer interests.</p> <p>Experience of work relating to the consumer credit industry.</p> <p>Experience of representing a cross-section of consumer stakeholders.</p> <p>Demonstrable skills in accounting for diversity, equality, and inclusion in stakeholder engagement.</p>
Expectations	<p>Minimum term duration of 3 years with a possibility of renewal for another term.</p> <p>Approximately 45 working days in a year to include:</p> <ul style="list-style-type: none"> <li>• Attending Board Meetings (approx.. 5-6 in a year).</li> <li>• Attending one Board Committee.</li> <li>• Co-chairing Consumer Advisory Council (approx.. 6-8 meetings in a year).</li> <li>• Monitoring and applying the CRGB rules and protocols for effective governance of the Consumer Advisory Councils.</li> </ul>

**Diagram 37: Qualifications and expectations of Independent Director (small and innovative players experience)**

<b>Independent Director (small and innovative players)</b>	
Qualifications	<p>Demonstrable experience of discharging the role responsibilities.</p> <p>Demonstrable skills as a representative of small and innovative players.</p> <p>Experience of work in the consumer credit industry.</p> <p>Demonstrable skills in stakeholder engagement.</p> <p>Experience in accounting for diversity, equality, and inclusion in work product.</p>
Expectations	<p>Minimum term duration of 3 years with a possibility of renewal for another term.</p> <p>Approximately 30 working days in a year to include</p> <ul style="list-style-type: none"> <li>• Attending Board Meetings (approx.. 5-6 in a year).</li> <li>• Attending one Board Committee.</li> </ul>

**Diagram 38: Qualifications and expectations of Nominee Directors**

Nominee Directors (any cohort)	
Qualifications	<p>Demonstrable experience of discharging the role responsibilities.</p> <p>Affiliated to an organisation belonging to the relevant cohort or affiliated to an organisation having received the support of the cohort to act as their representative.</p> <p>Experience of work in the consumer credit industry.</p> <p>Demonstrable skills in stakeholder engagement.</p>
Expectations	<p>Minimum term duration of 2 years</p> <p>Approximately 30 working days in a year to include</p> <ul style="list-style-type: none"><li>• Attending Board Meetings (approx.. 5-6 in a year).</li><li>• Attending one Board Committee.</li></ul>

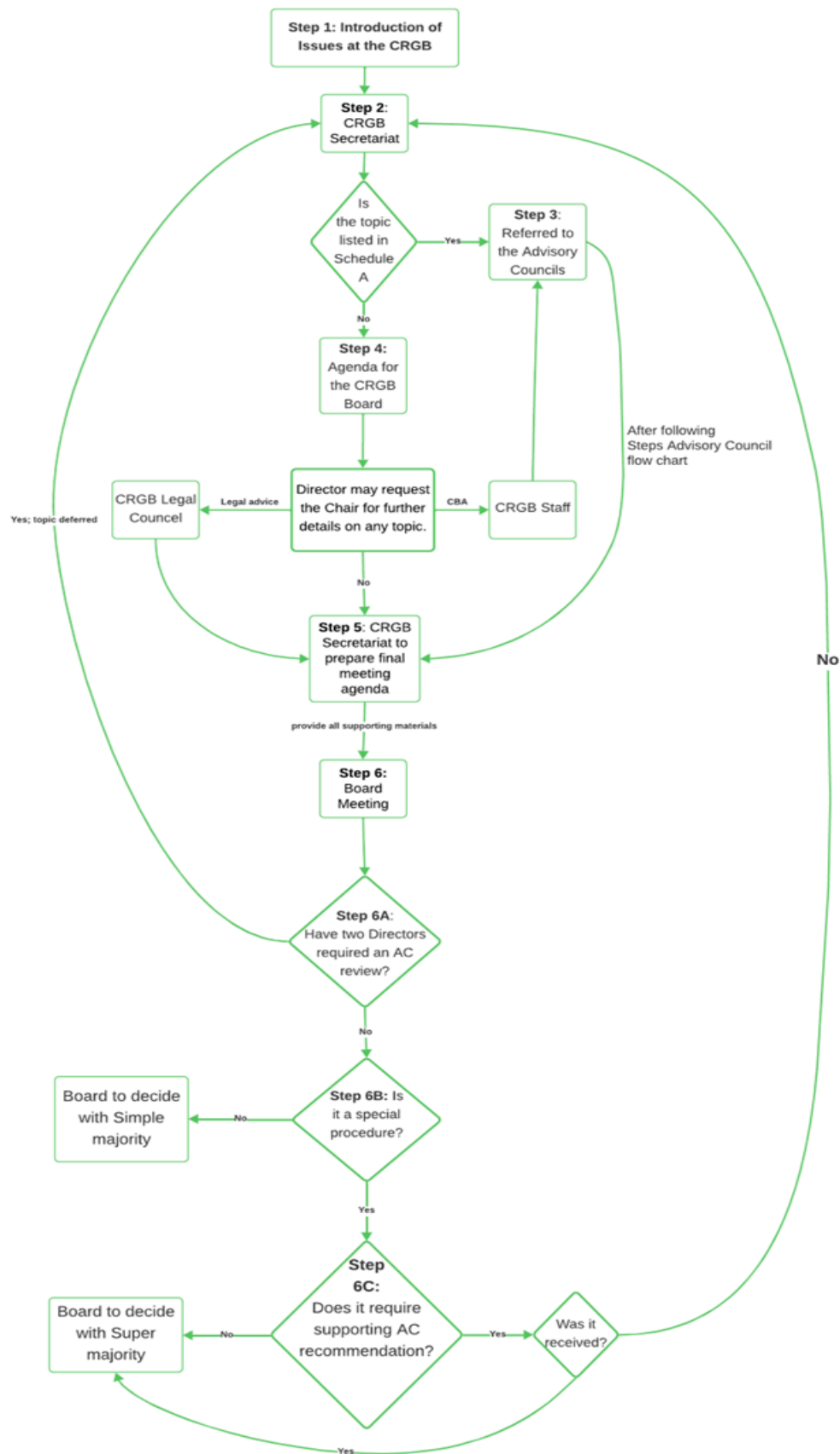
## Director liabilities

A Director is an officer of the company. Due to this position, legislation and rules impose a number of obligations and penalties on the Directors for the actions of the company. These include challenges under the Companies Act 2006 by disgruntled members or stakeholders, and specific actions under a number of other legislations:

- In the case of companies in financial difficulty, the Insolvency Act 1986 expects Directors to cooperate with the officeholder of the insolvent company. Similarly, in such circumstances, the duty to act for the benefit of its members is changed to a duty to act in the best interests of its creditors.
- The Health and Safety at Work Act 1974 imposes a duty of care on the Directors towards the health and safety of the company's employees. If found in violation of the Act, the Directors of a company may be prosecuted and held liable for an offence committed by the company against an employee if it can be attributed to a Director's consent or neglect.
- The Corporate Manslaughter and Corporate Homicide Act 2007 extends liability on the Directors for a breach in a company's duty of care towards their employees or any member of the public. Under this legislation, a Director may be prosecuted for neglect in discharging the company's duty of care, which results in death.
- The Company Directors' Disqualification Act 1986 prescribes a number of duties – the failure of which – could be a ground for disqualification of a Director from its position.
- A Director can be held personally liable if the company fails to carry out its statutory duties or for any losses which are proven to be the result of Board decisions, or a failure to act properly. Most duties expected by a Director have been codified into the above statutes, common law still informs the Directors' conduct and may be applicable where the statutory duties are not explicit. External legal counsel confirmed the above risks and potential liabilities for the Directors of the CRGB.

For the above reasons, it is essential that the CRGB puts in place protection for its Directors as these risks can hamper the effective functioning of a Director in their role. Accordingly, the IWG recommend that the CRGB should put in place a Directors Liability Insurance for all of its Directors.

## Appendix H: Flow of Board decision-making



Schedule A: Topics that should go to Advisory Councils first.

- Any topics in the CRGB constitution reserved for special procedure decisions requiring Advisory Council recommendation.
- Any topics raised by Council members specifically for Advisory Councils.
- Any topics agreed upon in an Advisory Council's annual agenda.
- Any topics originally raised in a CRGB Board meeting but have been referred by two Directors of the CRGB Board for Advisory Council assessment.
- Any topics referred by the CRGB's legal counsel for Advisory Council consideration.
- Any topics required to be referred to Advisory Councils as per the project plan proposed by the CRGB employees for industry-led remedies.

**Step 1:** The CRGB secretariat will have a list of issues that need to be considered by the CRGB Board, formed from annual agenda's, project plans and issues raised ad-hoc by stakeholders.

**Step 2:** The secretariat filters the topics to see if any fall into Schedule A. If they do, the CRGB secretariat directs them to the Advisory Councils. If they do not, they go directly to the Board.

**Step 3:** The CRGB secretariat will allocate these subjects to the relevant Council. After the Advisory Councils have followed their steps, set out in the Advisory Council flowchart in Appendix I, their recommendations will flow to the CRGB Board.

**Step 4:** The secretariat will prepare an agenda for the CRGB Board which will be circulated to the Directors 2 weeks before their Board meeting along with supporting materials. The Directors can also request legal advice or CBA on any of the topics on which it has not already been received.

**Step 5:** If any topics or issues are accepted by the CRGB Chair as meriting legal advice or CBA, those topics will be referred to the CRGB secretariat and undertaken.

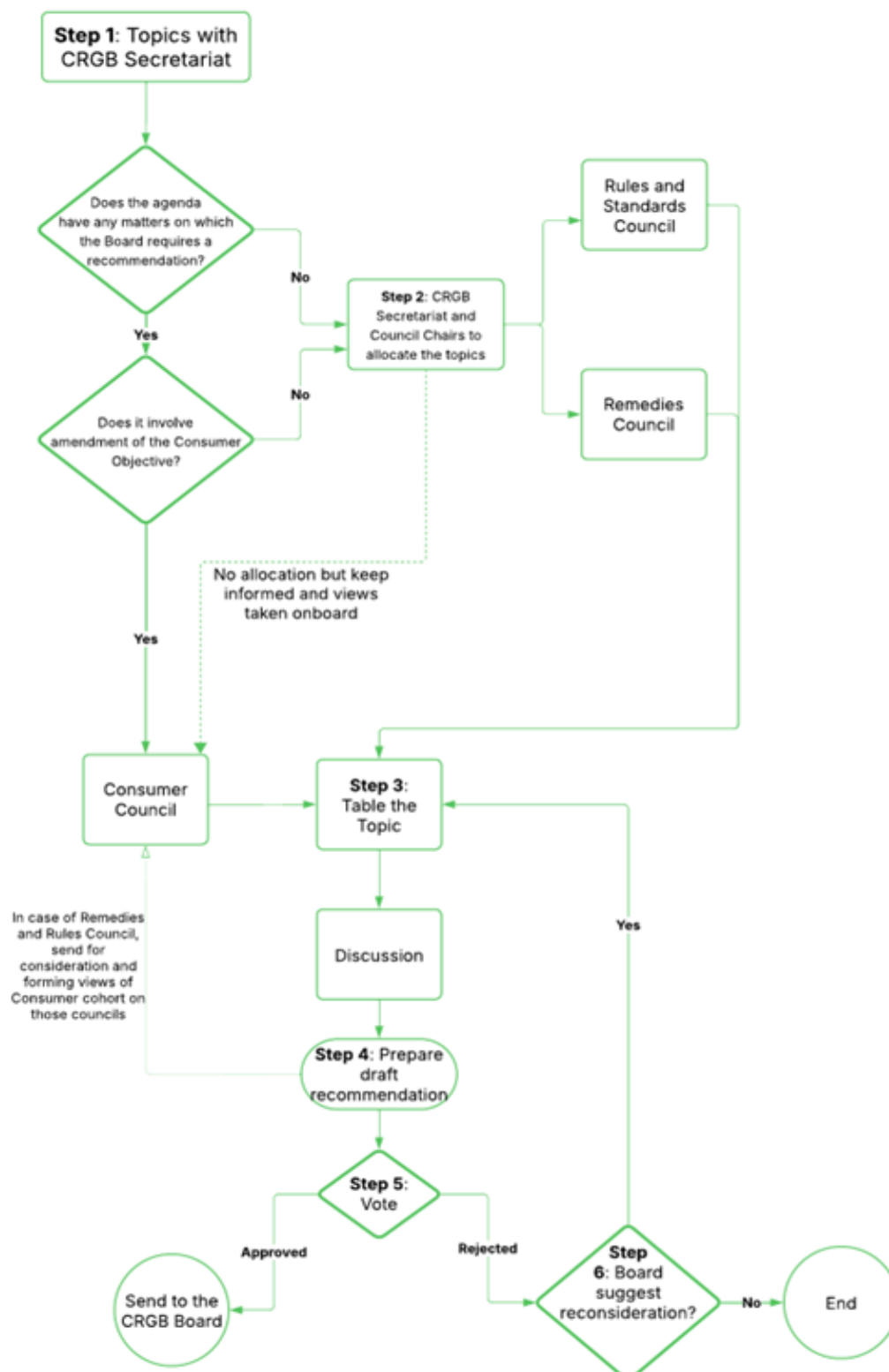
**Step 6:** Topics will then be raised at the Board meeting as stipulated in the flowchart with necessary protections still available. Specifically:

**Step 6A:** Two Directors may require a matter to be sent to an Advisory Council (if this has already not taken place), and this would revert those topics to Step 2.

**Step 6B:** The CRGB Chair will assess if a decision is a special procedure decision. If it is not, the Board can take a decision on the subject with simple majority.

**Step 6C:** If it is a special procedure decision, the Chair will assess if it is a decision that requires a relevant Advisory Council recommendation. If a Council recommendation has not been received, the process will begin again at Step 2.

## Appendix I: Flow of Advisory Council recommendation-making



**Step 1 and 2:** The topics needing Advisory Council consideration (as outlined in chapter 18) will be allocated to the various Councils by the CRGB secretariat as demonstrated.

**Step 3:** 15 days prior to this stage the agenda of the meeting will be circulated to all members of the Council along with all supporting materials on the agenda items. The topic is then tabled for discussion at the relevant Council.

**Step 4:** The draft recommendation is shared with the Board secretariat for quality assurance, Consumer Council views will also be sought at this stage.

**Step 5:** A vote will be called on the recommendation. If quorum is met, the vote will be undertaken. The Chair will be responsible for recording intra-cohort votes, reasons for dissent, and general cohort views. These details will be provided to the CRGB Board along with the recommendation or decision on a failed recommendation.

**Step 6:** If a topic requires a Council recommendation before going to the Board, but the Council has rejected the recommendation, the Board may request the Council to reconsider.



# Appendix J: CRGB Staff Roles and FTE timeline

## Staff roles

As discussed in chapter 24, assumptions have been made about the staff required to ensure the effective running of the CRGB. These assumptions have been reached following extensive discussions around the roles needing to be undertaken internally to the CRGB and those which can be outsourced or supported instead by industry. This appendix outlines the roles of these staff and discusses the timeline over which they will be hired.

### General Manager

- The CRGB will require a General Manager to oversee all workstreams/activities and lead project planning, including portfolio reporting. In contrast to the Chair, this is a full-time role.
- Define the strategy and annual operational needs, including funding needs, based on a future CRGB workplan agreed with the Board and industry.
- Work with the managers to advise the Board/Advisory Groups in relation to the CIMS industry-led remedies (including CBAs, consumer impact etc.), as well as the rules, and other areas.
- Managing all internal policies including confidentiality, conflicts, conduct, etc.
- Ensure the efficient functioning of day-to-day operations across all departments.
- Oversee budgeting, financial planning, and risk management to maintain financial health.
- Some HR functions such as people management and recruitment.
- Act as the organisation's point of contact to interact with the outsourcing companies.

### Secretariat

- Organise the Board, Committee, and Advisory Group meetings. Manage diaries, organise agendas, take minutes and actions, etc.
- Track and update all the project plans across all the CRGB.
- Performance management including tracking objectives and outcomes. Working with the Business Support team on performance dashboards for the Board and external use.
- Assist the General Manager and other teams as needed.
- The secretariat is accounted for at the Junior Analyst level.

### Legal Expert

- Working on a diverse portfolio of regulatory issues with various UK regulators, from enquiries for strategic projects to enforcement-related actions.
- Selecting and managing outside counsel.
- Drafting, reviewing, and preparing legal advice for Board resolutions and Advisory Council recommendations.
- Keeping internal stakeholders up to date on contentious regulatory developments and strategy.

- Internal corporate governance compliance checks, including, on Board, Directors, Council Chairs, and Council responsibilities.
- Advising on legal issues in complaints raised to the CRGB.
- Given the level of expertise and responsibility, the Legal Expert is considered at the Manager level salary.

## Rules & Remedies Team

- Responsible for delivering the analysis on the CIMS industry-led remedies.
- Manages relationship with the lead stakeholders on remedy design, seeking input and evaluating this.
- Responsible for quality assurance, for example, on the CBA and consumer impact assessment.
- This role will evolve leading the implementation plan alongside stakeholder engagement and monitoring the adoption of CIMS industry-led remedies.
- Manage the CRGB's rules book.
- Ensure compliance with the principles of reciprocity and other scheme rules-policing functions.
- Manage the attestation process, any data requests and other oversight activities, such as potential visits or audits.
- This team is comprised of a Manager, two Senior Analysts, and two Junior Analysts.

## Stakeholder Team

- The stakeholder team serves as the main point of contact, ensuring open, transparent, and regular communication with stakeholders.
- Develop and maintain MoU's with regulators and other parties.
- Lead consultation processes with stakeholders and regulators.
- Equip industry players to keep consumer education up to date on CRGB changes.
- Responsible for the communication strategy, i.e., newsletters, website updates, etc.
- Develop industry benchmarks to support the oversight of the rules and remedies.
- Organise events as needed.
- Offers helpdesk via telephone and email.
- This team is composed of a Senior Analyst and a Junior Analyst.

## Business Support Team

- Business Support Team are focused on ensuring the efficient functioning of an organisation by handling administrative, financial, and operational duties.
- Support the General Manager to maintain the relationship with the outsourcing companies.
- Oversee budgeting, financial reporting, and expense tracking.
- Manage the collection of subscriptions.
- Facilities management, including room meetings as required.

- Oversee any type of procurement processes, manage contracts, and coordinate with suppliers.
- Ensure that the organisation's needs for goods and services are met cost-effectively.
- This team is composed of a Senior Analyst and a Junior Analyst.

## FTE timeline

The CRGB staff organogram accounts for a total of 13 FTE, with the CRGB expected to be fully staffed by its third year. Initially, the entity will begin operations with a Chair and three employees, with staff recruitment being phased throughout the first year. By the end of year one, the CRGB is expected to reach a total of ten employees. In Year 2, a Junior Analyst will join the Rules & Remedies team, followed by the recruitment of a Business Officer in Year 3. This phased approach ensures the organisation can manage its growth efficiently while aligning resources with its objectives.

**Table 15: Evolution of the FTE by level**

	Year 1	Year 2	Year 3	Year 4	Year 5
General Manager	1	1	1	1	1
Managers	2	2	2	2	2
Senior Analyst	3	4	4	4	4
Junior Analyst	4	5	6	6	6
Total	10	12	13	13	13