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3 December 2025

Dear Chief Executive Officer

**MOTOR FINANCE COMMISSION COMPLAINTS PAUSE CONSULTATION
OUTCOME: PROGRESSING COMPLAINTS AND THE ACTIONS WE EXPECT
FIRMS TO TAKE**

Maintaining trust and confidence in the UK motor finance market, which serves millions of consumers each year, is essential. We are grateful for firms' constructive participation in the consultation and commitment to readiness and compliance throughout this process. Some complaints have been on pause since January 2024. We have been clear that complaints cannot be paused indefinitely, particularly in light of the legal clarity we now have regarding motor finance commission arrangements from recent Supreme Court and High Court judgments about the liabilities owed by firms to their customers.

We are writing to all firms who may have been involved in motor finance lending, leasing and broking since 2007 to update you following our recent consultation on extending the pause on handling motor finance commission complaints.

Today, we have published our final rules and [policy statement \(PS25/18\)](#) on the complaint handling pause and the steps that lenders and brokers must take as a result. The policy statement sets out the final position on the complaints handling pause and explains what this means in practice and the actions we expect your firm to take now and over the coming months.

Some firms may have engaged in all of motor finance lending, leasing and broking. Such firms must meet the expectations set out in this letter for all relevant activities.

Key updates

The complaints pause will **not be extended for motor finance leasing complaints**. Therefore, from **5 December 2025**, your firm must resume

progressing these complaints in-line with the requirements in our [Dispute Resolution: Complaints \(DISP\)](#) rules. This is because complaints about leasing agreements are **not subject to the unfair relationship provisions** under the Consumer Credit Act and therefore are excluded from any potential redress scheme (the 'scheme'). Accordingly, we do not see a case for continuing the pause for these complaints, and firms must resume handling them in-line with DISP from 5 December 2025.

We have extended the complaints pause for **all other relevant motor finance DCA and non-DCA commission complaints** until **31 May 2026**. This reflects our commitment to ensuring consumers receive fair and timely outcomes, while giving firms a reasonable period to prepare for the proposed scheme.

We expect to publish our **final scheme rules in February or March 2026**, once we have considered all consultation feedback. Firms will require time following publication to understand the scope of complaints that fall within the scheme and those that fall outside it. For complaints that fall within the scheme, the 31 May 2026 date will be superseded by the operational timetable in the final scheme rules. For complaints that fall outside the scheme or if there is no scheme, firms will have up to 8 weeks after 31 May 2026 to provide a response.

The revised date balances consumer fairness with the operational requirements for firms to prepare for final rules. Based on the latest point at which we envisage final rules could be published (end March 2026), 31 May 2026 provides a reasonable period necessary for firms to consider the final rules and make informed decisions about complaints that fall inside or outside the scheme.

Handling motor finance leasing complaints

In Chapter 11 of our [consultation paper \(CP25/27\)](#), we made it clear that we did not expect to extend the complaints handling pause for leasing agreements beyond 4 December 2025.

We have been clear in our messaging since the first extension to the complaint handling rules came into effect on 11 January 2024 that firms must continue progressing complaints already received, including investigating and collecting evidence needed for their eventual resolution. This work is required whether a complaint ultimately falls within or outside of any scheme.

Our [Dear CEO letter](#) of 7 October 2025 reinforced our expectations, in-line with the proposals set out in CP25/27, that firms should:

- determine when they might need to issue a final response to their existing portfolio of leasing complaints (based on the date the complaints were received); and
- prepare how they intend to handle and determine these complaints in accordance with the 8-week complaint handling requirements, should the complaints handling pause for these complaints not be extended.

As a result, your firm must have made the appropriate preparation and be ready to commence issuing final response letters from 5 December 2025, for both existing and any new complaints received after this date. Your firm must:

- have already identified for existing complaints when the 8-week requirement to issue a final response ends (based on the date the complaint was received).
- assess the merits of each complaint with reference to the rules, in particular Consumer Credit Sourcebook (CONC) and our Principles applicable at the time.
- process and determine leasing complaints in accordance with DISP.
- explain to the complainant promptly, and in a way that is fair, clear and not misleading, your assessment of the complaint, your decision on it, and any offer of remedial action or redress (in accordance with DISP 1.4.1R(4)); and
- comply with the requirement in DISP 1.4.4R to cooperate fully with the Financial Ombudsman in relation to any existing or future leasing complaints referred to it. This includes providing evidence to substantiate its rationale for a complaint decision.

Commission complaints relating to motor finance credit agreements

Preparing for a potential scheme

We expect your firm to continue the preparatory work we outlined in the Dear CEO letter issued on 7 October 2025. This includes identifying and organising complaint files, collating relevant information needed to resolve complaints, and assessing which complaints may be in scope or out of scope of any potential scheme.

We reiterate that firms should already have been investigating and progressing complaints as far as possible under our existing rules. The pause should not be interpreted as a reason to delay work unnecessarily.

Once final scheme rules are published, we continue to expect firms to be ready to progress complaints promptly in accordance with DISP once the pause ends. Firms must ensure they are ready to deal with complaints that fall outside any scheme no later than 31 May 2026, from which point firms will have up to 8 weeks to respond to those complaints.

Expectations once final rules are published

Firms must ensure they are able to progress and resolve complaints promptly in both scenarios: if a scheme is introduced or if no scheme is introduced. Firms should be sufficiently advanced in their preparations to handle complaints outside any potential scheme without delay.

If a consumer redress scheme is introduced (which we consider remains likely), complaints that fall within its scope will be managed in accordance with the scheme rules. Firms do not need to undertake any scheme specific steps at this time beyond collating their complaint files and investigating them as far as possible, including ensuring they can identify which complaints may be in scope.

Complaints that do not fall within the scheme will need to be progressed under existing DISP rules, including the requirement to issue a final response within 8 weeks. If a scheme is introduced, we will consider how firms should respond to complaints involving both scheme and non-scheme elements, recognising that it may be simpler and less confusing for consumers if firms defer sending a final response to any non-scheme elements until they are ready to communicate the outcome of any scheme element.

From our continued engagement, we welcome the steps some firms have been taking, but we are concerned that some may still be at an early stage. Your firm must not delay this work and should ensure you are ready to deal with complaints that may fall outside of any scheme no later than when the complaints extension ends.

Record keeping and retention

We expect all firms to maintain rigorous standards of record keeping and retention in relation to motor finance complaints. These requirements are essential to ensure fair outcomes for consumers, support regulatory oversight, and enable the effective operation of any future scheme.

Firms must:

- keep a full record of every complaint received, and the actions taken to resolve them, in accordance with DISP 1.9.1R. These records must be retained for at least three years from the date the complaint was received. The period by which complaint handling deadlines have been extended does not count towards this three-year retention period.
- all lenders and credit brokers are required to maintain and preserve any records that are, or could be, relevant to the handling of existing or future complaints or civil claims relating to the direct or indirect payment of any motor finance commission or remuneration until at least 11 April 2031: DISP App 5.3.1AR. This obligation applies irrespective of whether a consumer has made a complaint. The following will be relevant records for the purposes of this requirement:
 - the regulated credit agreement or regulated consumer hire (i.e. leasing) agreement, records of the commission and/or remuneration arrangements (which could include tied arrangements) relating to the regulated credit agreement or the regulated consumer hire agreement; and
 - records of the payment (directly or indirectly) of any commission, fee or other financial consideration or remuneration paid, including a benefit of any kind paid to the credit broker in connection with the regulated credit agreement or the regulated consumer hire agreement, including details of its structure, amount and calculation.

Firms must be able to provide the FCA with all relevant records promptly should it be requested. Failure to maintain, preserve or provide these records will be treated as a serious breach and may result in regulatory action.

Expectations on insolvency practitioners and brokers

Insolvency practitioners appointed over a failed or failing authorised lender or broker firm should ensure that the firm continues to meet its ongoing regulatory obligations, including the expectations set out in this letter.

Brokers also have an important role in ensuring complaints can be resolved efficiently. As we set out in the Dear CEO letter of 7 October, brokers must be prepared to provide lenders with prompt access to all relevant records and information needed to resolve complaints in a timely manner, and without any delay.

Next steps

We will continue to engage proactively with lenders and brokers to support preparations and monitor progress in the handling of motor finance complaints, including readiness for any potential scheme. We remind firms to engage with us in an open and cooperative way (Principle 11), notifying us promptly of anything that could materially affect their ability to meet their obligations, including via a SUP 15 notification.

Whilst our approach will remain pragmatic and proportionate, if a firm fails to prepare adequately or cooperate fully, we will take appropriate regulatory action.

If you have questions, please contact the FCA Supervision Hub via email at firm.queries@fca.org.uk or by phone on:

- 0300 500 0597 from the UK; or
- +44 207 066 100 from abroad.

Yours faithfully

Sheree Howard
Executive Director of Authorisations
FCA