

Buy Now Pay Later (BNPL) offers

Harms: poorly understood BNPL promotional offers, backdated interest charged on money repaid within BNPL offer period.

We are implementing new rules:



We are **banning all firms from charging backdated interest on money repaid by the consumer during the BNPL offer period.**



All firms will also have to explain BNPL deals more clearly and prompt customers to avoid unexpected interest charges.



How the new rules will work

If you buy a TV today for **£1000** using a **12-month BNPL deal**, at an interest rate of **40%**, and make a payment of **£500 after 6 months**, but are then unable to make any other payments by the end of the 12-month offer period:

currently you would generally be charged **£100** interest on the **£500** that you repaid halfway through the offer period, as well as **£200** interest on the **£500** you still owed (so **£300 in total**)



but under our new rules, you would not be charged any interest on the **£500** that you repaid halfway through the offer period, so would just be charged the **£200** interest on the **£500** you still owed (so **£200 in total**)