

Helping customers in persistent debt

We estimate that

over 3 million

credit cardholders – with 4 million accounts – are in persistent debt.

This means that, over the last 18 months, they have paid more in interest, fees and charges than they have repaid of their borrowing.



Our **new rules** will encourage firms and customers to avoid persistent credit card debt.

They will also ensure customers who cannot afford to repay more quickly are given help to do so.



From September 2018



18 months

When a customer has paid more in interest, fees and charges than they have repaid of their borrowing over an 18 month period, the card provider will contact them to explain the benefits of increasing their repayments. They will also explain where to get debt help and advice.



27 months

The firm sends the customer a reminder if the customer looks likely to remain in persistent debt at 36 months.



36 months

The firm will offer the customer options to repay their balance more quickly. They will treat customers who cannot do this with forbearance, which could include reduced interest, fees or charges.

The rules are designed to prompt firms and consumers to **act before the 36 month point.**

We expect that about half of the accounts in persistent debt - **2 million - will move to faster repayments before 36 months,** and around 1.4m accounts will do so at 36 months.

We estimate customers will **save between £310m and £1.3bn per year**

in lower interest charges. Customer stress and financial difficulties will be reduced by resolving debt problems sooner.

