

Finalised guidance

Credit cards (including retail revolving credit) and coronavirus: updated temporary guidance for firms

July 2020

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- 1.1 We originally published this [guidance](#) on 9 April 2020. This update to our guidance comes into force on 3 July 2020. We will keep this guidance under review and update as necessary. Unless renewed or updated, this guidance expires on 31 October 2020. However, where a customer is granted a payment deferral under this guidance that continues beyond 31 October 2020, the firm should act in accordance with paragraphs 1.11, 1.14-1.16, 1.29-1.32, 1.38-1.42, 1.56-1.67, 1.69-1.70, which remain in force to the extent necessary to enable it to do so.
- 1.2 Guidance is relevant to firm behaviour only to the extent it is current at the time of the behaviour in question. Please check this page for updates to this guidance.
- 1.3 A firm that has dealt with customers at the end of a payment deferral period before this guidance came into force should review whether the outcome the customer has received is consistent with the outcome they would likely have received under this guidance. If it is not consistent, the firm should make all reasonable efforts to contact affected customers and give them an opportunity to take up any further help they may be eligible for under this guidance.
- 1.4 This guidance applies to regulated firms who issue credit cards and retail revolving credit products. It also applies to firms that have acquired these debts. It does not apply to business credit cards.
- 1.5 This guidance applies in the exceptional circumstances arising out of the coronavirus pandemic (Covid-19) and its impact on the financial situation of customers of credit card firms and retail revolving credit providers (such as store card issuers and catalogue lenders). It is not intended to have any relevance in circumstances other than those related to coronavirus. Where a customer is in longer-term payment difficulties, the firm should act in accordance with CONC 6 and 7 where they apply.
- 1.6 This guidance sets out our expectation that firms provide, for a temporary period only, exceptional and immediate support to customers facing payment difficulties due to circumstances arising out of coronavirus. It is intended to provide help to those who might be having temporary difficulty in making their credit card or revolving credit payments due to a loss of or reduction in their income (or income of other members of their household) or to those who expect to experience such difficulties.

- 1.7 This guidance applies where customers are experiencing or reasonably expect to experience temporary payment difficulties because of coronavirus. Where a customer was in pre-existing financial difficulty, our existing forbearance rules and guidance in CONC 6 and 7 would continue to apply. These would include for example the firm considering suspending, reducing, waiving or cancelling any further interest or charges, deferring payment of arrears or accepting token payments for a reasonable period of time.
- 1.8 This guidance builds on Principle 6 ('A firm must pay due regard to the interests of its customers and treat them fairly') and Principle 7 ('A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading'). It sets out our expectations of firms to provide additional coronavirus related support for customers who are experiencing (or reasonably expect to experience) temporary payment difficulties.
- 1.9 The guidance is potentially relevant to enforcement cases and the FCA may take it into account when considering whether it could reasonably have been understood or predicted at the time that the conduct in question fell below the standards required by Principles 6, Principle 7 and CONC.
- 1.10 In this guidance:
- 'Payment deferral' means an arrangement made on or after 9 April 2020, under or in anticipation of this guidance coming into force, under which a firm permits the customer to make no payments or reduced payments under their credit card or revolving credit agreement for a specified period without considering them to be in arrears.
 - 'Full payment deferral' means a payment deferral where the firm permits the customer to make no payments (or a token payment not exceeding £1 where firms' systems will not allow a zero payment)
 - 'Partial payment deferral' means a deferral where the firm permits the customer to make payments above £1 but under the contractual minimum repayment amount.
- 1.11 A customer should have no liability to pay any charge or fee in connection with the permitting of a full or partial payment deferral, or a different solution where a payment deferral has been deemed not in the customer's interests, under this guidance. The continuing accrual of interest on sums owed under the agreement that remain unpaid would not be inconsistent with this guidance.
- 1.12 When implementing this guidance, firms should take account of the particular needs of their vulnerable customers. If using digital channels, firms should make it easy for customers less able to use these to access alternatives.
- 1.13 There is no expectation under this guidance that the firm makes enquiries with each customer to determine the circumstances surrounding a request for a payment deferral, or whether this is not in the customer's interests. Firms can, however, choose to make the

enquiries they consider necessary in order to satisfy themselves that the customer is eligible for support and to identify whether the customer would benefit from any additional support, provided that this does not delay the provision of timely support. We have disapplied [CONC 6.7.18R and 6.7.19R](#) to give effect to this.

- 1.14 Customers whose payments have been deferred under this guidance should not have the use of their card or credit facility suspended except where the firm acts in accordance with its obligations under section 98A of the Consumer Credit Act 1974, for example in the event of fraud or where there is a significantly increased risk of the customer being unable to fulfil their obligation to repay the credit.
- 1.15 In order to treat customers fairly, at the same time as giving notice of suspension under section 98A, firms should also ask customers to contact them urgently if they need to use their card or credit facility for essential living expenses (such as in relation to mortgage, rent, council tax, food, and utility bills) or for the purchase of essential items (which may include school uniform, baby essentials or a refrigerator). If the customer indicates that they need their card or credit facility for these purposes, firms must consider lifting or delaying the suspension.
- 1.16 Where a firm is required to send information to customers under the Consumer Credit Act 1974, such as a Notice of Sums in Arrears (NOSIA), and the firm, acting reasonably, considers this risks causing confusion for the customer due to the interaction with the payment deferral, the firm must accompany this with contextual information to reduce that risk. This information should be clear, fair and not misleading in accordance with Principle 7.
- 1.17 If you have any questions or concerns about this guidance, [contact us](#).

Customers who have not yet had a payment deferral

- 1.18 Where a customer, who has not yet had a payment deferral, is experiencing or reasonably expects to experience temporary payment difficulties as a result of circumstances relating to coronavirus, and wishes to receive a full payment deferral, a firm should agree to this for 3 monthly payments. This is unless the firm determines (acting reasonably) that it is obviously not in the customer's interests to do so.
- 1.19 An example of a situation in which a payment deferral may be appropriate is where there is or will be a temporary reduction in household income that would have otherwise been used to make repayments in relation to the customer's credit card or revolving credit agreement.
- 1.20 In determining whether a 3 month full payment deferral is obviously not in customers' interests, firms should consider both customers' need for immediate temporary support and the longer-term effects of a payment deferral on a customer's situation. In particular, firms

should consider customers' ability to repay any accrued interest once the payment deferral ends, and over what period. The interest rate will be among the relevant considerations.

- 1.21 For example, a 3 month full payment deferral would obviously not be in customers' interests if it would give them a greater overall debt burden compared to other solutions (that might involve reduced or waived interest for example) that could equally meet their needs and that burden would be clearly unsustainable. A payment deferral is also unlikely to be appropriate where customers would be unable to repay the deferred amounts within a reasonable time period.
- 1.22 In determining what is in customers' interests, a firm should not have regard to its own commercial interests, including the fact that the firm would, under this guidance, be expected to waive any interest in accordance with the 'Interest Waiver' section where a customer is entitled to forbearance under CONC 6 or 7 at the end of the payment deferral period.
- 1.23 To ensure customers are offered quick support, firms can consider whether the offering of a payment deferral period is in customers' interests at a book or cohort level.
- 1.24 Where a 3 month full payment deferral is not considered appropriate, firms should without unreasonable delay, offer other ways to provide temporary relief to customers in accordance with treating customers fairly. This could include a partial payment deferral if the loss of income is partial or a payment deferral of fewer than 3 months if the loss of income is for a shorter period.
- 1.25 This guidance does not preclude a firm from offering a more generous form of support, such as waiving of interest.
- 1.26 Firms should make clear in their communications, including on their websites, that payment deferrals are available as set out in the circumstances described above. In addition, if during an interaction between the firm and the customer, the customer provides information suggesting they may be experiencing or could reasonably expect to experience temporary payment difficulties as a result of circumstances relating to coronavirus, the firm should ask whether the customer wishes it to consider granting a payment deferral.
- 1.27 A firm should give customers adequate information to enable them to understand the implications of a payment deferral, including the consequences of interest that is accrued as a result of the payment deferral and its effect on the balance due under the agreement and on future payments. Firms should also explain that while a worsening status will not be reported to the customer's credit file in respect of any payment deferral taken under this guidance, lenders may take into account other information when making future lending decisions, including, for example, information provided by applicants or bank account information.
- 1.28 To facilitate a payment deferral, our rules in CONC 6.7.5R (which require a firm to set a minimum repayment amount equal to at least the interest, fees and charges that have been applied to the account, plus one percentage of the amount outstanding) will not apply if

the firm decides to vary its contracts in order to follow this guidance. We have amended [CONC 6.7.5R](#) to address this.

Interaction with the Persistent Debt rules

- 1.29 We have also suspended the 'persistent debt' remedies provisions in [CONC 6.7.27R to 6.7.40G](#) for customers who have been granted an initial or further payment deferral. These provisions relate to a situation where a customer is, over time, paying more in interest, fees and charges than they are paying off their balance and require firms to engage with the customer at specified intervals. The suspension will apply in respect of customers that firms have allowed to defer repayments, for the duration of any payment deferral periods, including where a customer is granted two consecutive payment deferral periods under this guidance. The provisions will apply to these customers again when the deferral period ends.
- 1.30 Therefore, where a customer is not given a further payment deferral under this guidance, the persistent debt provisions in CONC 6.7.27R to 6.7.40G will resume for that customer. When the rules resume, the period for which the payment deferral was granted will still be counted in the assessments firms are required to make, although the month in which firms would have been required to undertake the assessments may have been affected by the suspension of the rules.
- 1.31 This means that there may be cases where customers will not have received a persistent debt communication (PD18, PD27 or PD36) that they would otherwise have received if they had not been granted a payment deferral:
- a. In respect of the 18 month communication (PD18), firms will need to undertake the assessment required by CONC 6.7.27R in the month following the end of a payment deferral, and issue an 18 month communication, where applicable. For example, where a customer, who had not received a PD communication in the 18 months preceding a payment deferral, was granted a 3 month payment deferral (starting in June and ending in August), the firm will need to undertake the assessment required by CONC 6.7.27R in September, and, if the customer meets the PD18 definition, will need to issue the PD18 communication following this assessment (in line with CONC 6.7.27R(4)).
 - b. In respect of the 27 month communication (PD27), if the assessment under CONC 6.7.29R would have been required but for the customer being in a payment deferral during the relevant period, at the end of the payment deferral firms should inform customers that the persistent debt rules have recommenced and that the implications of remaining in persistent debt as set out in CONC 6.7.27R(4) are still relevant. For example, if a customer had been sent a PD18 communication prior to being granted a 3 month payment deferral in June, and would, but for the payment deferral, have reached month 27 in July (and so, but for the payment deferral, would have been assessed under CONC

6.7.29R), the firm should send the information mentioned above as soon as reasonably practicable following the end of the payment deferral period.

- c. In respect of the 36 month communication (PD36), where month 36 falls in a payment deferral period, firms will need to carry out an assessment under CONC 6.7.30R as soon as reasonably practicable following the end of the payment deferral period and, where required, assist the customer to repay their debt in accordance with the rule. For example, where a customer had previously received a PD18 communication and would have reached month 36 in July (and so, but for the payment deferral, would have been assessed under CONC 6.7.30R(1)), the firm should undertake the assessment under CONC 6.7.30R as soon as reasonably practicable after the customer exits the deferral period. It is important to note that the firm is required to assess the customer's persistent debt status over the 18 months immediately following the PD18 assessment, and not the 18 months prior to the payment deferral period ending.

- 1.32 Firms should take into account the duration of any payment deferral when considering what is a 'reasonable period' within which the customer should be requested to respond to the options to increase payments offered by the firm under CONC 6.7.31R(3). For example, if a customer exits a 3 month payment deferral after month 36, it may be appropriate to allow the customer up to an additional 3 months to respond to the 36 month communication, if such communication is required under the rules.

Expectations in relation to credit card rates

- 1.33 This guidance builds on Principle 6 ('A firm must pay due regard to the interests of its customers and treat them fairly').
- 1.34 It applies to the prices firms set for credit cards. Firms charge different rates of interest for credit cards. Some rates can be particularly high in respect of cards that are usually marketed or offered to low income customers or those with poor credit ratings.
- 1.35 Firms should review their prices to consider whether they are consistent with the obligation to treat customers fairly in the light of the exceptional circumstances arising out of coronavirus in order to ensure that they do not pose unjustifiable burdens on these customers who may be experiencing temporary payment difficulties.

Fair treatment of customers at the end of an initial payment deferral period

- 1.36 A firm should ensure that the manner in which it seeks to recover any sums that have accrued during the payment deferral is compatible with Principle 6.
- 1.37 Customers coming to the end of an initial payment deferral period will be in different financial circumstances. Fair treatment will differ according to these. Firms should distinguish between those who:
- a. are no longer experiencing temporary payment difficulties as a result of coronavirus;
 - b. are still experiencing temporary payment difficulties as a result of coronavirus (for example a customer who cannot afford their contractual minimum repayments)
- 1.38 Firms do not need to comply with, or follow, [CONC 6.7.3AR to 6.7.3BG](#), [CONC 7.3.3G to 7.3.6G](#) and [CONC 7.3.8G](#) when acting under this guidance except where the guidance states or indicates that firms should comply with, or follow, relevant Handbook rules or guidance. We have disapplied these provisions to that extent.

Understanding customers' financial circumstances at the end of an initial payment deferral period

- 1.39 Firms should take reasonable steps to contact their customers in good time before the end of an initial payment deferral period about resuming payments and to engage with them about their options when it expires. This can be done through a digital or scripted process.
- 1.40 This contact should inform customers of what will happen if they do not respond, including providing information about the next payment falling due after the initial payment deferral and how the deferred amounts will be treated.
- 1.41 Many customers will be able to resume regular payments at the end of a payment deferral period. If they can, it is likely to be in their interests to do so. A firm should make all reasonable attempts to contact them to find out whether this is the case. But if the customer has not responded, and provided the firm has taken all reasonable steps to establish contact with them, the firm may proceed on the basis the customer is no longer experiencing temporary payment difficulties.
- 1.42 Firms may use a range of sources of information to understand the needs and circumstances of customers coming to the end of a payment deferral period, although this is not required

by this guidance. These might include: information already held by the firm (such as payment history) or information provided by others (such as data from credit reference agencies or Open Banking sources).

Customers no longer experiencing temporary payment difficulties as a result of coronavirus

- 1.43 Where customers have been treated as no longer experiencing temporary payment difficulties as a result of coronavirus in line with this guidance, but subsequently miss the next payment due under the agreement after the initial payment deferral comes to an end, we would expect firms to make reasonable attempts to contact them.
- 1.44 Where the customer responds and confirms that they are experiencing temporary payment difficulties as a result of coronavirus the firm should offer them additional help in line with the following section of this guidance. The firm should do the same where a customer who has been treated as no longer experiencing temporary payment difficulties as a result of coronavirus subsequently contacts the firm seeking further assistance before their first payment is due to be made.
- 1.45 A firm may treat a customer who fails to respond to further communications after missing their first payment as being in arrears in respect of the missed payment, and proceed in accordance with CONC 6 or 7.

Customers still experiencing temporary payment difficulties as a result of coronavirus

- 1.46 Where, after an initial payment deferral, and at any time before their first payment is due, a customer indicates they are still experiencing temporary payment difficulties as a result of coronavirus, a firm should offer a full or partial payment deferral to reduce payments for a period of 3 months to a level the customer indicates they can afford. If the customer is in temporary payment difficulties but is unable to afford any payments the firm should offer them a full payment deferral, where this is in the customer's interests.
- 1.47 Where firms' systems constraints mean that they can't put in place partial payment deferrals, firms may provide partial payment deferrals as a full payment deferral in systems (for example by setting minimum or contractual payments to zero or £1) while reaching an informal agreement with customers to make voluntary payments at the level they indicated

they can afford. For the purposes of this guidance, such arrangements should be treated as partial payment deferrals.

- 1.48 The guidance does not preclude a firm from offering a more generous form of support, such as waiving of interest.
- 1.49 This guidance also does not preclude a firm from doing one of the following, where it can demonstrate that the payment deferral sought by the customer is obviously not in the customer's interest (see also paragraph 1.65 on record keeping):
- providing the customer forbearance in accordance with CONC 6 or 7
 - granting a payment deferral of an amount different to what the customer indicated they can afford
 - providing a payment deferral of less than 3 months (i.e. where the period of temporary payment difficulties is shorter than 3 months).
- 1.50 Where a debt counsellor is acting on the customer's behalf and in accordance with CONC 8.3.2R, the debt counsellor's view as to whether a payment deferral of up to 3 months is in the customer's interest, and the level of that deferral, should prevail over the firm's view.
- 1.51 In determining whether a full or partial payment deferral is obviously not in the customer's interests, firms should consider both the customer's need for immediate temporary support and the longer-term effects of a payment deferral on the customer's situation. In particular, firms should consider the customer's ability to repay any accrued interest once the payment deferral ends and over what period. The interest rate will be among the relevant considerations.
- 1.52 For example, a further full or partial payment deferral would obviously not be in the customer's interests if it would give them a greater overall debt burden compared to other solutions (that might involve reduced or waived interest for example) that could equally meet their needs and that burden would be clearly unsustainable. A payment deferral is also unlikely to be appropriate where a customer is unable to repay the deferred amounts within a reasonable time period.
- 1.53 In determining what is in the customer's interest, a firm should not have regard to its own commercial interests, including the fact that the firm would, under this guidance, be expected to waive any interest in accordance with the 'Interest Waiver' section where a customer is entitled to forbearance under CONC 6 or 7 at the end of the payment deferral period.
- 1.54 A firm adopting a single solution for all customers requiring further support at the end of an initial deferral period is likely to contravene Principle 6.
- 1.55 A firm should give customers adequate information to enable them to understand the implications of a further payment deferral, including the consequences of interest that is accrued as a result of the payment deferral and its effect on the balance due under the agreement and on future payments. In addition, firms should explain that while a worsening

status will not be reported to the customer's credit file in respect of any payment deferral taken under this guidance, lenders may take into account other information when making future lending decisions, including, for example, information provided by applicants or bank account information.

- 1.56 A firm should contact customers in good time before the end of the further payment deferral period with information about the resumption of payments and on how to access further support if needed. If the customer is able to resume full payments, the guidance on customers no longer experiencing temporary payment difficulties above applies.
- 1.57 If a customer who has agreed a further partial payment deferral or a further payment deferral of less than 3 months contacts the firm seeking further assistance before the end of the payment deferral period, the firm should offer them additional support in line with this section. This could include extending the payment deferral period to 3 months or reducing the payment further including to nil where this is in the customer's interests.
- 1.58 If a customer at the end of this further payment deferral period is unable to resume payments, they are entitled to forbearance under CONC 6 or 7. As part of this, we expect any interest that would not have accrued but for the initial and further payment deferrals to be waived as soon as practicable at the end of the further payment deferral period in accordance with the section below (under 'Interest Waiver').
- 1.59 To facilitate the above, our rules in CONC 6.7.5R (which require a firm to set a minimum repayment amount equal to at least the interest, fees and charges that have been applied to the account, plus one percentage of the amount outstanding) will also not apply if the firm decides to vary its contracts in order to offer a further payment deferral under this guidance.

Interest waiver

- 1.60 We expect a firm to waive interest as follows:
- Where the customer, at the end of an initial payment deferral period, was not given a further full or partial payment deferral of any length under this guidance and was entitled to forbearance under CONC 6 or 7, any interest that would not have accrued but for the initial payment deferral should be waived as soon as reasonably practicable at the end of the initial payment deferral period.
 - Where the customer was given a further full or partial payment deferral of any length under this guidance and, at the end of that period, continues to have payment difficulties and is entitled to forbearance under CONC 6 or 7, any interest that would not have accrued but for the initial and further payment deferrals should be waived as soon as reasonably practicable at the end of the further payment deferral period.

- 1.61 The effect of the interest waiver should be that a customer would not, in respect of the deferred amounts, be in a worse position, in terms of interest, than if they had paid those amounts in full in accordance with the agreement.
- 1.62 At the end of a payment deferral period, if the customer is no longer in payment difficulties and irrespective of how the deferred amounts are to be repaid, firms do not need to waive the interest accrued as a result of the payment deferral(s).

Training, monitoring, record keeping and Credit Reference Agency reporting

- 1.63 Firms should ensure that staff are adequately trained to enable them to implement the firm's process for following this guidance.
- 1.64 Firms should keep records of how any process was designed and implemented sufficient to demonstrate that the options offered and granted (including the firm's approach to suspending a card or credit facility where a payment deferral is offered) were consistent with customers' interests.
- 1.65 Firms should record and monitor initial and further payment deferrals offered and granted, any alternative measures provided, as well as any issues which might impede customers' ability to access the assistance required under this guidance. Firms should use this information to keep their processes for following this guidance under review to ensure that customers' interests are being met and to refine their approach.
- 1.66 Firm supervisors may request access to a firm's records and the outcomes of a firm's customer monitoring.
- 1.67 The payment deferrals described here should be regarded as being offered in exceptional circumstances outside of the customer's control. In accordance with the relevant Coronavirus Data Reporting Guidance published by the Credit Reference Agencies (CRAs) in consultation with SCOR, firms should not report a worsening status on the customer's credit file during any initial or further payment deferral period.
- 1.68 Where customers have been unable to reach timely agreement with firms for a payment deferral because of firms' operational difficulties and subsequently miss a payment which is reported to their credit file, we would expect firms to work with customers and CRAs to ensure that any necessary rectifications are made to credit files to ensure no worsening status is recorded in respect of the payment deferral period. Firms should also ensure no default or arrears charges are levied in relation to payments missed in these circumstances.

- 1.69 Where at the end of a payment deferral period a mechanism to repay accrued amounts is agreed we would not expect this to result in any negative reporting (subject to subsequent payment performance being reported in the usual manner).
- 1.70 We expect firms to be clear about the credit file implications of other forms of support offered to customers, including at the end of payment deferral periods. We also expect firms to ensure that a reasonable period of time is afforded to determine an appropriate solution with customers before reporting any new arrears or arrangements to credit files.

Debt help and money guidance

- 1.71 We are providing this guidance on debt help and money guidance to help firms to help their customers in financial difficulty during coronavirus.
- 1.72 Firms should have regard to Principle 7 in any communication with their customers. They should also have regard to relevant parts in CONC, in particular, CONC 7.3.7A G.
- 1.73 Customers who are considering whether a payment deferral is right for them may benefit from firms referring them to the Money Advice Service's [Money Navigator tool](#).
- 1.74 When contacting a customer whose payment deferral is coming to an end and before granting a new or further payment deferral or other solution under this guidance, firms should help customers to understand what types of debt help and money guidance are available. This should include alerting customers to the availability of free and impartial debt advice and providing contact details for not-for-profit debt advice bodies.
- 1.75 Firms can do this by providing the customer with a link to our information page '[Dealing with financial difficulties during the coronavirus pandemic](#)' and signposting them to the Money Advice Service's [Money Navigator tool](#). Firms should encourage customers to access the help that the customer feels best suits their circumstances.
- 1.76 If customers need help to work out what they can afford firms should aim to provide this information in time to allow that.
- 1.77 Some customers experiencing short-term difficulty may feel they are able to deal with their own debts without the need for full debt advice. For these customers, the firm may also wish to:
- Suggest the customer works out a budget. Firms may find it helpful to refer customers to resources mentioned in our [information page](#) referred to above.
 - Explain to the customer that, for most people, it makes sense to pay essential expenses and priority debts before any discretionary expenses or non-priority

debts. To see if this is right for them customers can use online guides such as the [Money Advice Service 'How to prioritise your debts' page](#).

- Recommend the customer contacts all their creditors to discuss their repayments.

1.78 Firms acting in line with this guidance should have regard to chapter 17 of PERG in [our Handbook](#) which provides guidance on the regulated activity of debt counselling.