

## Draft guidance

# Rent-to-own, buy-now pay-later and pawnbroking agreements and coronavirus: Further updated temporary guidance for firms

November 2020

### About this guidance

---

**This draft guidance sets out how the FCA proposes to update its guidance entitled [“Rent-to-own, buy-now pay-later and pawnbroking agreements and coronavirus: updated temporary guidance for firms”](#) made in July 2020.**

**The proposed updates to the earlier guidance are contained in paragraphs 1.1 and 1.3 and the section headed “Debt Help and Money Guidance”.**

### Equality and Diversity

---

**We are required under the Equality Act 2010 to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by or under the Act, advance equality of opportunity between persons who share a relevant protected characteristic and those who do not, and to foster good relations between people who share a protected characteristic and those who do not.**

**As part of this, we ensure we consider the equality and diversity implications of any new policy proposals. We do not consider this guidance will adversely affect consumers with protected characteristics.**

## How to respond

---

**We want to act quickly to continue to protect consumers who are experiencing or reasonably expect to experience payment difficulties as a result of circumstances relating to coronavirus. We consider that the delay involved in publishing a formal consultation accompanied by a cost benefit analysis would be prejudicial to consumers' interests. We are therefore not doing so. This is not a statutory consultation. There is no statutory requirement to prepare a cost benefit analysis for guidance.**

**We welcome comments from stakeholders on this draft guidance by 10am on Friday 6 November. Please send your comments to: [FCAconsumercredit@fca.org.uk](mailto:FCAconsumercredit@fca.org.uk)**

# Rent-to-own, buy-now pay-later and pawnbroking agreements and coronavirus: Further updated temporary guidance for firms

- 
- 1.1 **We originally published this guidance on 24 April 2020 and updated it on 17 July 2020. This further update to our guidance comes into force on [...] November 2020. We will keep this guidance under review and update as necessary. Unless renewed or updated, this guidance expires on 31 January 2021. However, where a customer is granted a payment deferral under this guidance that continues beyond 31 January 2021, the firm should act in accordance with this guidance, (other than paragraphs [3.1-3.14]), which remains 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 **Where a customer's initial payment deferral expired in the period between 30 October 2020 and the date before this updated guidance came into force on [ ] November 2020 and the customer continued to face payment difficulties due to circumstances arising out of coronavirus, the firm should review whether the outcome the customer will receive is equivalent to, or more favourable than what the customer would likely have received under this guidance in its current form. If it is not, the firm should make reasonable efforts to contact the customer and give them an opportunity to take up any further help under this guidance. Where a firm provides a further payment deferral in these circumstances, we expect it to work with the customer and Credit Reference Agencies (CRAs) to ensure that any necessary rectifications are made to credit files to ensure no worsening status is recorded in respect of the period after the end of the initial payment deferral and before the further payment deferral is in place.**
  - 1.4 This guidance applies to regulated firms that enter into rent-to-own (RTO), buy-now pay-later (BNPL) (as defined in the FCA Handbook), or pawnbroking agreements. In addition, this guidance applies to firms that have acquired such loans. It does not apply to peer-to-peer agreements.

- 1.5 Where a BNPL agreement is provided on a retail running-account product, the guidance titled 'Credit cards (including retail revolving credit) and coronavirus: temporary guidance for firms' (the retail revolving credit guidance) and this guidance may individually or together apply, depending on the precise circumstances.
- 1.6 Where an eligible customer requesting a payment deferral under this guidance has a balance subject to a promotional period and another balance not subject to such a period, this guidance applies in relation to the promotional period, and the retail revolving credit guidance applies in relation to the other balance that is not subject to the promotional period.
- 1.7 Where an eligible customer requesting a payment deferral under this guidance only has a balance under a BNPL agreement subject to a promotional period, only this guidance applies.
- 1.8 For the avoidance of doubt, only this guidance applies in relation to BNPL credit provided on a fixed-sum agreement.
- 1.9 If you have any questions or concerns about this guidance, [contact us](#).

# Application

- 2.1 This guidance applies in the exceptional circumstances arising out of the coronavirus (Covid-19) pandemic and its impact on the financial situation of customers. 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 7 where it applies.
- 2.2 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 loan 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.
- 2.3 This guidance applies where customers are experiencing or reasonably expect to experience temporary payment difficulties as a result of coronavirus. Where a customer was in pre-existing financial difficulty, our existing forbearance rules and guidance in CONC 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.
- 2.4 This guidance builds on Principle 6 ('A firm must pay due regard to the interest 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 the FCA's expectations for firms to provide coronavirus related support for customers who are experiencing or reasonably expect to experience temporary payment difficulties at the current time. When implementing this guidance, firms should take account of the particular needs of their vulnerable customers.
- 2.5 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 and 7, and CONC.
- 2.6 In this guidance:
- 'Payment deferral' means an arrangement made on or after 27 April 2020 under which a firm permits the customer to make no payments or reduced payments under their regulated credit agreement for a specified period, or extends the period until payments are due, without considering them to be in arrears. (For Pawnbroking arrangements, please refer to paragraph 1.19 and for BNPL arrangements to 1.20).
  - 'Full payment deferral' means a payment deferral where the firm permits the customer to make no payments.

- 'Partial payment deferral' is a payment deferral where the firm permits the customer to make reduced payments of any amount.
- 2.7 A customer should have no liability to pay any charge or fee in connection with the permitting of a 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.
- 2.8 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 a 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.
- 2.9 Where BNPL agreements are in the promotional period and pawnbroking agreements are in the redemption period, no contractual payments are due. Some parts of this guidance apply specifically to these circumstances, as indicated. Where the guidance refers to agreements under which contractual payments are due this should be interpreted as referring to an RTO agreement and a fixed-sum BNPL agreement in the repayment period.

### **Pawnbroking agreements**

---

- 2.10 Where a customer is granted a payment deferral on a pawnbroking agreement, the firm should implement this by extending the redemption period (irrespective of when the redemption period is due to end) for the period of the payment deferral or, if the redemption period has already ended, agree not to give notice of intention to sell an item of pawn for that period. If notice of intention to sell has been given, the firm should suspend the sale for the period of the payment deferral. References to 'payment deferral' in this guidance should, where appropriate, be read accordingly.

### **BNPL agreements**

---

- 2.11 Where a customer is granted a payment deferral on a BNPL agreement and the customer is within the promotional period, (irrespective of when the promotional period is due to end) the firm should implement this by extending the promotional period for 3 months. References to 'payment deferral' in this guidance should, where appropriate, be read accordingly.
- 2.12 A different approach should be taken in relation to balances under BNPL agreements not subject to promotional periods. Where such a balance is under a retail running-account product, as explained above, the retail revolving credit guidance applies and reference should be made to that guidance. Alternatively, where the balance, not subject to a promotional period, is under a fixed-sum agreement, a payment deferral of 3 months should be provided under this guidance.

## RTO agreements

---

- 2.13 Where an RTO customer has a payment deferral or the agreement is extended, we would expect firms to consider the impact on warranties or insurance sold or arranged by the firm. We expect firms to take steps at least as favourable as those it has taken, or would take, where customers are in a similar position due to our standard forbearance rules in CONC 7, for example, by allowing the customer to continue to be able to rely on insurance and warranties during a payment deferral or an extension to the RTO agreement. Where this is not possible, firms should make customers aware of the implications.
- 2.14 Where the term of an RTO agreement is being extended and the customer has insurance or warranties they have purchased separately, firms should bring to the attention of the customer the need to consider the wider implications in good time before the extension is agreed.

## 3 Customers who have not yet had a payment deferral

- 3.1 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 grant the customer a payment deferral for 3 months' worth of payment unless the firm determines (acting reasonably) that it is obviously not in the customer's interests to do so.
- 3.2 An example of a situation in which a full 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 loan payments.

### **Determining duration of payment deferral and other considerations**

---

- 3.3 In determining whether a 3-month full payment deferral is obviously not in customers' interests, firms should consider both a customer's 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 and remaining term will be among the relevant considerations.
- 3.4 Whether the agreement is subject to a price cap that would limit the accrual of additional interest may also be relevant, for example an RTO agreement entered into after 1 April or 1 July 2019 (as determined by CONC 5B).
- 3.5 For example, a 3 month full payment deferral would obviously not be in customers' interests if it would give the firms' customers a greater overall debt burden compared to other solutions (that might involve reduced or waived interest for example) that could equally meet customers' 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. In the case of pawnbroking, firms should consider the prospect of a customer being able to recover the pawn and the amount of equity in it. For example, a payment deferral is unlikely to be in the customer's interests where it is obvious the customer has little prospect of recovering the pawn and there is significant equity in the pawn which the payment deferral will deplete.
- 3.6 In determining what is in the customer's 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 7 at or after the end of the payment deferral period.

- 3.7 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.
- 3.8 To ensure customers are offered quick support, firms can consider whether the offering of a payment deferral is in customers' interests at a book or cohort level.
- 3.9 Where a 3 month full payment deferral is not considered appropriate, firms should, without unreasonable delay, offer other ways to provide temporary relief to the customer in accordance with Principle 6: treating customers fairly. This could include waiving or reducing interest, alone or together with a payment deferral or a rescheduled term. This could also include a payment deferral of fewer than 3 months if, for example, the expected loss of income is for a shorter period, or a partial payment deferral if, for example, the loss of income is partial. Where a payment deferral shorter than 3 months is in the customer's interests, appropriate changes to the time periods relating to pawnbroking or BNPL promotional periods should be made by the firm.
- 3.10 The guidance does not preclude a firm from offering a more generous form of support, such as waiving of interest.
- 3.11 In all cases, a payment deferral or other way to provide temporary relief should both provide the necessary immediate temporary support to customers and avoid the build-up of unsustainable debt as a result of interest, fees or charges.
- 3.12 Firms should make clear in their communications, including on their websites, that payment deferrals are available as set out in the circumstances described above. Firms should make it as easy as possible for their customers to contact them both online and by phone. In addition, if, during an interaction between the firm and the customer, the customer provides information suggesting that the customer 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 full payment deferral. In relation to agreements where payments are contractually due, firms should also make customers aware, when contacting them about missed payments of the availability of a payment deferral if their payment difficulties relate to circumstances relating to coronavirus.
- 3.13 Examples of communications would include where a pawnbroker issues a notice of intention to sell an item taken in pawn or the notice provided under CONC 6.7.16A R by BNPL firms where a customer is approaching the end of the promotional period.

- 3.14 A firm should give customers adequate information to enable them to understand the implications of a payment deferral. This includes the consequences of interest that is accrued as a result of the payment deferral (including in relation to a BNPL agreement or a pawnbroking agreement) and its effect on the balance under the agreement and on future payments. In addition, firms should explain that a worsening status will not be reported to the customer's credit file in respect of any payment deferral taken under this guidance. But lenders may take into account other information when making future lending decisions, including, for example, information provided by applicants or bank account information.

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

- 4.1 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.
- 4.2 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:
- are able to resume full payments immediately
  - are unable to resume full payments immediately due to circumstances arising out of coronavirus
- 4.3 For pawnbroking customers and customers in the promotional period of a BNPL agreement who have had an initial payment deferral, firms should distinguish between those who, 3 months after the deferral was granted, or the appropriate period where a shorter deferral was granted:
- are no longer in payment difficulties
  - continue to have payment difficulties due to circumstances arising out of coronavirus
- 4.4 Firms do not need to comply with, or follow, [CONC 7.3.3G to 7.3.6G and 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.

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

- 5.1 For pawnbroking customers and customers in the promotional period of a BNPL agreement, firms should take reasonable steps to establish whether they remain in payment difficulties in good time before 3 months has elapsed since granting a payment deferral (or the appropriate period where a shorter deferral was granted). For all other agreements covered by this guidance, where payments are contractually due, 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.
- 5.2 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 deferred sums will be treated. This includes where the next payment falling due will not be until after the extended BNPL promotional period or pawnbroking redemption period.
- 5.3 Many customers will be able to resume full 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 able to resume full payments or, in relation to a pawnbroking customer or customer within a BNPL promotional period is no longer in payment difficulties.
- 5.4 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)

## 6 Customers able to resume full payments or no longer in payment difficulties

- 6.1 Where a pawnbroking customer or a customer in the promotional period of a BNPL agreement is no longer in payment difficulties 3 months after the deferral was granted (or the appropriate period if a shorter deferral was granted) a firm need not offer a further payment deferral. In these circumstances, the firm should inform the customer when a payment will fall due after the extended period ends. When the customer subsequently reaches that point, or before then if appropriate, firms should follow the guidance in the rest of this section when considering how to handle payment of the outstanding balance at that point. This may be particularly relevant in relation to a BNPL agreement since the extension of the promotional period may result in a shorter repayment period.
- 6.2 In relation to agreements covered by this guidance where contractual payments are due, where a customer can resume full repayments after the initial payment deferral, but is unable to pay the deferred amounts immediately and in full, the firm should allow them to repay the deferred amounts over the remaining term of the agreement or allow a longer period for repayment. The firm should consider what is most in the customer's interest.
- 6.3 For example, where appropriate, the firm could lengthen the time during which the customer is allowed to make repayments by:
- the length of the initial payment deferral or
  - a period of time that enables the customer to keep the same contractual payments they had prior to the payment deferral
- 6.4 If the firm permits the customer to repay the deferred amounts over a longer term, it should give the customer adequate information that explains they could pay more over the lifetime of the agreement, compared to an alternative means of repaying these amounts, such as over the original remaining term.
- 6.5 Where customers have been treated as being able to resume full repayments 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 all reasonable attempts to contact them.
- 6.6 Where the customer responds and is unable to resume payments 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 being able to resume payments subsequently contacts the firm seeking further assistance before missing their first payment.

- 6.7 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 7, where it applies.

## 7 Customers who are unable to resume full payments or who remain in payment difficulties

- 7.1 Where a pawnbroking customer or customer in the promotional period of a BNPL agreement has had an initial payment deferral, and that customer remains in temporary payment difficulties 3 months after the deferral was granted (or the appropriate period if a shorter deferral was granted) the firm should offer to extend the deferral period by a further 3 months.
- 7.2 In relation to a customer remaining in payment difficulties on a pawnbroking agreement where the redemption period has ended, the firm should offer to defer for a further three months the issuance of a Notice of Intention to Sell or defer the actual sale for a further three months if the Notice has already been issued, as appropriate.
- 7.3 In relation to all other agreements to which this guidance applies where payment is contractually due, where, after an initial payment deferral, and at any time before their first contractual payment is due, a customer indicates they remain in temporary payment difficulties and cannot resume full payments immediately, 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.
- 7.4 The following paragraphs (1.57 to 1.67) in this section apply to all agreements covered by this guidance unless stated otherwise. The guidance does not preclude a firm from offering a more generous form of support, such as waiving of interest.
- 7.5 Where firms' systems constraints mean that they cannot 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) and encourage 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.
- 7.6 This guidance does not preclude a firm 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 1.85 on record keeping):
- providing the customer forbearance in accordance with CONC 7

- granting a payment deferral of an amount different to what the customer indicated they can afford, in relation to agreements where payments are due
- providing a payment deferral of less than 3 months (i.e. where the period of temporary payment difficulties is shorter than 3 months).

- 7.7 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.
- 7.8 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 and remaining term will be among the relevant considerations
- 7.9 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. In the case of pawnbroking, firms should consider the prospect of a customer being able to recover the pawn and the amount of equity in it. For example, a payment deferral is unlikely to be in the customer's interests where it is obvious the customer has little prospect of recovering the pawn and there is significant equity in the pawn which the payment deferral will deplete.
- 7.10 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.
- 7.11 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.
- 7.12 A firm should give customers adequate information to enable them to understand the implications of a further payment deferral. This includes the consequences of interest that is accrued as a result of the payment deferral and its effect on the balance under the agreement and on future payments. In addition, firms should explain that a worsening status will not be reported to the customer's credit file in respect of any payment deferral taken under this guidance. But lenders may take into account other information when making future lending decisions, including, for example, information provided by applicants or bank account information.
- 7.13 A firm should contact customers in good time before the end of the further payment deferral with information about the resumption of payments, or when these will be due if that is not immediately, and on how to access further support if needed. If the customer is able to resume full payments, the guidance on customers able to resume payments above applies.



- 7.14 If a customer who has agreed a further partial payment deferral or a 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 to 3 months or reducing the agreed payment, where relevant, further including to nil where this is in the customer's interests.
- 7.15 If a customer, other than a pawnbroking customer, at the end of a further payment deferral is unable to make or resume payments contractually due, they are entitled to forbearance under CONC 7. In the case of a pawnbroking agreement, a customer may be entitled to forbearance under CONC 7 where the firm seeks to recoup any shortfall from the customer following the sale of a pawn and the customer has difficulties in paying the shortfall. In these circumstances, we expect any interest that would not have accrued but for the initial and further payment deferrals to be waived as soon as practicable after the end of the further payment deferral in accordance with the section below (under 'Interest Waiver').

## 8 Interest waiver

- 8.1 We expect a firm to waive interest as follows:
- 8.2 In respect of a pawnbroking agreement and a BNPL agreement which was in the promotional period when a deferral was granted:
- Where the customer continues to have payment difficulties and is entitled to forbearance under CONC 7 when contractual payments become due after an initial or further payment deferral, interest that would not have accrued but for the payment deferral(s) being granted should be waived as soon as practicable at that point. For the avoidance of doubt, this includes where there is a gap between the end of a payment deferral and contractual payments falling due.
- 8.3 On all other agreements to which this guidance applies, including deferrals obtained during the repayment period of a fixed-sum BNPL agreement:
- 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 7, any interest that would not have accrued but for the initial payment deferral period 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 7, any interest that would not have been incurred but for the initial and further payment deferral should be waived as soon as practicable at the end of the further payment deferral period.
- 8.4 The effect of the interest waiver should be that a customer would not, as a result of the payment deferral, be in a worse position, in terms of interest, than if they had paid those amounts in full in accordance with the agreement.
- 8.5 At the end of a payment deferral in relation to an agreement under which contractual payments are due, if the customer can resume payments in full and irrespective of how the deferred amounts are repaid, firms do not need to waive the interest accrued as a result of the payment deferral(s).
- 8.6 On an RTO agreement a waiver of interest should have no impact on the firm's calculation of the total cost of the agreement for the purpose of the total cost of credit cap in CONC 5B.2.11 R. Such costs should continue to be calculated as though the interest had not been

waived, thus having the effect of limiting the extent to which further interest or charges could be added.

## 9 Credit reporting

- 9.1 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 in consultation with SCOR, firms should not report a worsening arrears status on the customer's credit file during any initial or further payment deferral period.
- 9.2 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 Credit Reference Agencies to ensure that any necessary rectifications are made to credit files to ensure no worsening arrears 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.
- 9.3 Where at the end of a payment deferral period or when contractual payments fall due 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).
- 9.4 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.

## 10 Training, monitoring, and record keeping

- 10.1 Firms should ensure that staff are adequately trained to enable them to implement the firm's process for following this guidance.
- 10.2 Firms should keep records of how any process was designed and implemented sufficient to demonstrate that the options offered and granted were consistent with customers' interests.
- 10.3 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.
- 10.4 Firm supervisors may request access to a firm's records and the outcomes of a firm's customer monitoring.

# 11 Redeeming or collecting goods

- 11.1 **During the period this guidance is in force, firms should observe the Government's instructions on lockdown, social distancing and self-isolation.**
- 11.2 **No interest, fees or charges should be charged where adhering to the Government's instructions prevents a customer making a payment. This includes where the customer is unable to attend a store to redeem an item taken in pawn as well as where a store is closed because of coronavirus. It also includes where a customer is not able to make a payment remotely or the firm is unable to accept such payments.**
- 11.3 **Where a firm has closed its stores, they should communicate this and any implications to customers, for example by SMS (text message) or email, signs in store windows, or recorded messages on their phone lines. Firms should also make it clear how customers can get in touch with them.**

## 12 Debt help and money guidance

- 12.1 **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.**
- 12.2 **Customers who are coming to the end of a payment deferral or other temporary assistance granted under the Payment Deferral guidance, as well as those experiencing payment difficulties after that guidance no longer applies, might benefit from some help to manage their mortgage payments or their money more generally. Customers in different circumstances are likely to have different debt help or money guidance needs.**
- 12.3 **We expect firms to help customers understand what types of debt help or money guidance are available. They can do this by signposting or referring them to appropriate sources of guidance. This could include providing a link to our information page '[Dealing with financial difficulties during the coronavirus pandemic](#)' and to the [Money Advice Service's Navigator Tool](#).**
- 12.4 **When communicating with customers, firms should signpost or refer them to appropriate money guidance, self-help tools or debt advice in a timely manner. For example, where a firm anticipates that a customer may need to wait before the firm can discuss or assess their situation and circumstances, they should consider how to avoid delaying the customer getting appropriate money guidance, self-help tools or referral to debt advice.**
- 12.5 **Where customers could benefit from debt advice we would expect firms to inform the customer that free and impartial debt advice is available from not-for-profit debt advice bodies; and signpost or refer them to one or more sources of such free advice. Signposting can include providing a link to the Money Advice Service's [debt advice locator tool](#).**
- 12.6 **Firms should try to make any referrals as effective as possible, and should consider:**
- **encouraging customers to use digital tools, where appropriate**
  - **offering to transfer a customer's call directly to a debt advice provider**
  - **whether the customer would benefit from a specialist source of debt advice, such as making a self-employed customer aware of business debt advice providers and the debt advice referral strategies in the Money Advice Service [Strategic toolkit for creditors](#)**

- 12.7 **Firms should tell customers that they can get guidance or not-for-profit debt advice through both digital and telephone services, and we would expect signposting and referral processes to take the full range of delivery channels into account. Firms should also highlight the availability of face to face services, where this is appropriate, but should help the customer to get debt advice through alternative means in case face to face services are not available.**
- 12.8 **Where firms handle customers through a digital or scripted process, we expect this to include appropriate signposting or referrals to debt advice or money guidance, as appropriate to the customer's needs.**
- 12.9 **Where a customer indicates that they are experiencing payment difficulties with other debts, the firm should, where possible within their existing systems capabilities, share a record of any income and expenditure assessment that they complete with customers or make these available to customers so that they are able to share them with other lenders and debt advice providers. Although firms are not required to rely on information collected by third parties, firms should support and encourage customers to re-use up-to-date income and expenditure information previously gathered where possible. For example, an income and expenditure assessment completed by another lender.**
- 12.10 **Customers who are considering whether an arrangement by which they agree to make no or reduced payments for a specified period is right for them may benefit from firms referring them to the [Money Advice Service's Navigator Tool](#).**
- 12.11 **Some customers in short-term difficulty may feel they are able to deal with their own debts without needing 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](#).**
  - **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.**
- 12.12 **Firms should have regard to [chapter 17 of PERG](#) in our Handbook which provides guidance on the regulated activity of debt counselling.**