

FCA Motor Finance Compensation Scheme:



Factsheet for customers who have complained to their lender

How the scheme works

We have launched a scheme[†] to compensate motor finance customers who were treated unfairly.

The scheme is **free to join** and simple to use.

Because you've already complained about your motor finance agreement, your lender has **assessed your complaint** under the scheme rules.

You **don't** need to use a claims management company or law firm to take part. If you use one, you could lose up to 36% in fees, including VAT, out of any compensation you receive.



What the scheme covers

The scheme looks at whether you were given enough information about commission arrangements when you took out a motor finance loan between **6 April 2007 and 1 November 2024**.

Your agreement may have been **unfair** if you were not told enough about:

- **Discretionary commission** – where the broker could change your interest rate to earn more commission.
- **High commission** – where the commission amount was at least 39% of the total cost of credit and 10% of the loan.
- **Contractual ties** – where your broker only used one lender or gave one lender the right of first refusal on your loan. However, contractual ties won't be unfair if there were visible links between the lender, broker and manufacturer. For example, the car manufacturer provided the finance through a franchised dealer with similar branding.

We have set rules for how lenders assess claims and calculate any compensation. We will closely supervise lenders to make sure they follow them.

[†] In this factsheet, the 'scheme' refers to both Scheme 1 which covers agreements entered into from 6 April 2007 to 31 March 2014, and Scheme 2 which covers agreements entered into from 1 April 2014 to 1 November 2024.

What happens next

Your lender has told you if you are owed compensation, and if so:

- The **total amount** you will receive.
- How much **interest** has been added.
- How they calculated your compensation.

This is a '**provisional redress decision**' or '**redress determination**', depending on the details of your case.

If you accept, your lender will pay you what you are owed within **1 month**.

If you are, or have been, bankrupt or are currently in an individual voluntary arrangement (IVA), tell your lender and your insolvency practitioner. This may affect who any compensation is paid to.

If you are unhappy with the decision

Speak to your lender first. You have **1 month** to **challenge** a provisional redress decision if you think it's wrong.

Your lender must:

- Explain the evidence they used.
- Give you the chance to challenge their decision.

If you remain unhappy after receiving a **redress determination**, you can take your case to the **Financial Ombudsman Service**. They will check whether your lender followed the scheme rules correctly.

How to protect yourself from fraud

Don't share your passwords with anyone. **Don't** give out your bank account details unless you're certain who you're dealing with.

Your lender may ask for your **bank account number and sort code** to pay you compensation.

All genuine messages from your lender will include a **unique reference number** and correct details about your agreement.

If a message doesn't include these, it may be a scam.

If you know your lender's name but aren't sure a phone number is genuine, call us on **0300 124 8899** and we will put you through to your lender.

For more help, visit our website www.fca.org.uk/carfinance

Taking your complaint to court

You can choose not to accept the decision and instead make a claim in court. If you are considering this option, you should think about getting independent legal advice.

Taking part in our scheme is likely to be simpler than taking your claim to court. After court and legal fees are deducted, you could end up with less.