

Policy Statement

PS16/15

**Feedback on CP15/33, Consumer credit:
proposals in response to the CMA's
recommendations on high-cost
short-term credit**



May 2016

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In this Policy Statement, we report on the main issues arising from Consultation Paper 15/33, *Consumer credit: proposals in response to the CMA's recommendations on high-cost short-term credit* (October 2015) and publish the final rules.

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Abbreviations used in this paper

API	Application programming interface
APR	Annual percentage rate of charge
CBA	Cost benefit analysis
CCA	Consumer Credit Act 1974
CCMS	Credit Card Market Study
CMA	Competition and Markets Authority
CONC	Consumer Credit Sourcebook
CP	Consultation Paper
CPA	Continuous payment authority
CRA	Credit reference agency
EIA	Equality impact assessment
FCA	Financial Conduct Authority
HCSTC	High-cost short-term credit
OBWG	Open Banking Working Group
PCW	Price comparison website
PS	Policy Statement
PSD 2	Revised Directive on Payment Services
RTDS	Real-time data sharing
SECCI	Standard European Consumer Credit Information
TAP	Total amount payable

1. Overview

Introduction

- 1.1** In this policy statement, we set out our response to the feedback we received to Consultation Paper (CP)15/33 *Consumer credit: proposals in response to the CMA's recommendations on high-cost short-term credit* (October 2015)¹ and publish final rules for price comparison websites (PCWs) comparing high-cost short-term credit (HCSTC) products.

Who does this affect?

- 1.2** This paper will be relevant to:
- authorised firms with permissions relating to HCSTC lending and credit broking, including firms with interim permission
 - firms that are applying for, or considering applying for, authorisation to carry out these activities
 - firms offering or developing quotation search tools², and
 - trade bodies representing consumer credit firms

Is this of interest to consumers?

- 1.3** This paper will be of interest to consumers and consumer organisations as the final rules we are publishing will help ensure PCWs act in a fair and transparent way, enabling consumers to compare HCSTC products and shop around more effectively.
- 1.4** We also provide an update on work to improve the quality and use of quotation search tools across credit markets so that consumers are more able to shop around before making a full application for credit.

¹ www.fca.org.uk/static/fca/documents/consultation-papers/cp-15-33-cma-remedies.pdf.

² Tools that allow a consumer to see an indication of their eligibility and/or the potential price of a product before undertaking a full application for credit and without affecting the consumer's credit file.

Context

- 1.5** In February 2015, the Competition and Markets Authority (CMA) published a final report on its market investigation into payday lending³. This contained a package of remedies, some of which were to be implemented by the CMA, while others were recommendations to the Financial Conduct Authority (FCA).
- 1.6** The CMA also published its Payday Lending Market Investigation Order 2015⁴ in August 2015, which requires payday lenders to publish details of all their payday products sold online on at least one FCA-authorized PCW. It also requires online and high street payday lenders to provide existing customers with a summary of their cost of borrowing.
- 1.7** The CMA's recommendations to us were to:
- Review our requirements for PCWs comparing HCSTC and use our regulatory tools to raise standards.
 - Take steps to improve the disclosure of late fees and other additional charges.
 - Work with lenders and other market participants to help customers shop around without unduly affecting their ability to access credit.
 - Take further steps to promote real-time data sharing (RTDS) between lenders.
 - Support the CMA in monitoring compliance with its requirement for a statement summarising the cost of borrowing.
 - Take steps to increase transparency in relation to the role of lead generators.
- 1.8** We set out our response to these recommendations in CP15/33⁵, published in October 2015. In that paper, we consulted on the following proposed new rules and guidance for PCWs comparing HCSTC.
- **Application:** The rules would apply to firms that own or operate a website displaying any terms concerning HCSTC products, and that holds itself out to be, or describes itself as, a price comparison service or price service, or gives the impression that it does one of those things.
 - **Commercial relationships:** The order or prominence in which products are displayed on PCWs must not be affected by commercial relationships that the PCW may have with lenders or intermediaries.
 - **Search functionality:** PCWs must allow users to search by amount and duration of the loan.
 - **Rankings:** Firms must return relevant results based on the search criteria, and display all HCSTC products in ascending order of price by the total amount payable (TAP).
 - **Additional advertising:** Additional financial promotions, such as sponsored links, should

³ www.gov.uk/cma-cases/payday-lending-market-investigation#final-report.

⁴ www.gov.uk/government/uploads/system/uploads/attachment_data/file/453433/Payday_Lending_Market_Investigation_Order_2015.pdf.

⁵ www.fca.org.uk/static/fca/documents/consultation-papers/cp-15-33-cma-remedies.pdf.

not appear in or among the rankings; the results of a search must be clearly distinguishable from other financial promotions; and guidance making clear that all results must comply with the Consumer Credit Sourcebook (CONC) 3 requirement to be clear, fair and not misleading.

- **Market coverage:** PCWs must list in one place on the website the brand names of lenders they compare.

1.9 We also discussed in the CP our response to the CMA's other recommendations on: lead generators and credit brokers, improving shopping around, the use of real-time data sharing, and improving disclosure of the costs of borrowing.

1.10 We did not propose introducing new rules and guidance in any of these areas, but we did discuss how we consider work we had undertaken, or planned to undertake, addresses the CMA's recommendations. In particular, we proposed the following.

- **Lead generators and credit brokers:** Completing the further work we are doing to analyse the wider credit broking market, including remuneration issues, before proposing any significant policy action or further changes to our rules.
- **Shopping around:** Not introducing any new credit check disclosure requirements at this time in the light of our findings and analysis on the effectiveness of additional disclosure in this area. We also sought views on the value, issues and risks with the use of quotation searches across consumer credit markets generally.
- **Real-time data sharing:** Continuing to closely monitor progress on RTDS to ensure continued improvements in this area.
- **Improving disclosure of the costs of borrowing:** Reminding firms of their obligations in this area and confirming that we would take action, where necessary, in line with our risk prioritisation framework.

1.11 Our proposals were designed to advance our objectives of securing an appropriate degree of consumer protection and promoting effective competition in the interests of consumers. The rules would ensure consumers are given improved and specific information about HCSTC products so they can make informed decisions about their borrowing choices more easily. They should also contribute to reducing the difficulties that HCSTC customers face in identifying the best-value offer, thereby encouraging customers to shop around and increasing price competition.

1.12 The compatibility statement in CP15/33 explained that we meet our competitive duty in relation to rules to advance consumer protection, as our rules should reduce the difficulty customers have in identifying the best-value HCSTC, thereby encouraging customers to shop around and increasing price competition.

Summary of feedback and our response

1.13 We received 17 responses to the consultation, which closed on 28 January 2016. Respondents included firms, trade bodies, consumer bodies, a PCW, and a credit reference agency (CRA).

HCSTC PCW rules and guidance

1.14 Most of the responses we received were supportive of our proposed new rules, guidance and general approach. As a result, we have decided to only make minor changes to the Instrument we consulted on to ensure our policy intention is reflected more clearly (some responses indicated a misinterpretation of our proposals). In particular, we have:

- Redrafted CONC 2.5A.2R to clarify that, when referring to the display of information not being based on commercial interests or relationships, we are referring to the ranking and the prominence of products displayed.
- Redrafted and restructured CONC 2.5A.6R to clarify that a firm must ensure that neither the ranking of search results, nor the prominence of the display of results, nor whether a loan from a lender or credit broker is displayed at all is based (wholly or partly) on the firm's commercial interests or relationship with any person.
- Revised the guidance in CONC 2.5A.7G to reflect the changes above.
- Added guidance clarifying that the rule in CONC 2.5A.6R does not require a firm to compare loans where it has not arranged to do so, nor claims to do so. We have also added guidance to clarify that a search result may include a hyperlink to the lender's or broker's website.

1.15 Chapter 2 provides further details on the responses we received, our feedback, and the final rules and guidance we are making.

Other CMA recommendations

1.16 The majority of respondents were generally supportive of our proposed approach for taking forward the CMA's remaining recommendations to us. In particular, respondents agreed with our view that, before proposing any other significant policy action, it would be important to complete work we already have underway, or are planning, in many of the areas raised by the CMA's recommendations.

1.17 In light of these responses, we have decided not to make any changes to our proposed approach. Chapter 2 provides further details on the responses we received, our feedback and updates on our wider work where relevant, including in relation to credit broking and quotation searches.

Next steps

What do you need to do next?

1.18 The final text of the rules and guidance we have made is in Appendix 1. These come into force on 1 December 2016. If your firm is affected, you should consider the changes you need to make.

What will we do?

1.19 In Chapter 3, we give an update on our current and planned future consumer credit policy work.

2. Summary of feedback and our response

- 2.1** In this chapter, we summarise the responses we received to each of the questions we posed in CP15/33. We also set out our feedback to the comments received, as well as the final rules and guidance we are making.

Q1: *Do you have any comments on the proposed application of our rules for PCWs comparing HCSTC products?*

- 2.2** We proposed a broad application of our rules so that where a firm holds itself out to be, or describes itself in any way as, a price comparison service for HCSTC products, it will be caught by the rules.
- 2.3** Responses to the consultation were supportive of having a broad application to the rules, with none of the responses arguing for a narrower interpretation. One respondent felt it should have an even broader application so that the rules apply to any website that displays adverts or information about HCSTC products or providers.
- 2.4** Another respondent asked how the proposed rules would fit alongside existing requirements, specifically CONC 2.5.8R(13), which provides that it is an unfair business practice for a credit broker to give preference to the credit products of a particular lender where the object of doing so is for – or can reasonably be concluded as having been for – the personal gain of the firm or of a person acting on its behalf, rather than in the best interests of the customer.
- 2.5** There were also questions raised as to whether the rules should be extended to other credit products, and not just for HCSTC comparisons. The concern raised was that these rules would act as a disincentive for PCWs to offer HCSTC comparisons.

Our response

We do not propose to make any changes to the scope of the rules on which we consulted. There are existing rules in CONC applying to credit brokers (including PCWs) that reflect similar policy intentions. In addition to CONC 2.5.8R(13), CONC 3.3.1R states that a firm must ensure that a communication or financial promotion is clear, fair and not misleading. Further, where it contains a comparison, this must be meaningful and presented in a fair and balanced way. We felt that, given the particular issues highlighted in the CMA report in relation to HCSTC PCWs, it was necessary to supplement these rules in that area.

We do not consider that, in light of the evidence that we have at present, it would be proportionate to extend the proposed rules beyond the application set out in CONC 2.5A.1R.

We do not intend to extend the rules to PCWs comparing other credit products as our work has found the PCW offering for HCSTC to be substantively different to that for other products. We are, however, exploring issues related to PCWs more widely in a piece of work we are leading on for the UK Regulators Network, and we plan to feed into the CMA's market investigation into PCWs, which it is intending to begin later in 2016/17⁶.

Q2: Do you agree with our proposal to prevent PCWs from displaying information about HCSTC products or including search results on the basis of commercial relationships?

- 2.6** We proposed a rule preventing firms from displaying product information that enables a customer to compare any terms of those products in a way that is based (wholly or partly) on commercial interests, or in a way that is based on commercial relationships between a PCW and a lender.
- 2.7** Responses were supportive of preventing firms from displaying product information on the basis of commercial relationships. Some respondents linked this rule with the proposed restrictions on advertising, raising the issue that, while it was correct that rankings should not be influenced by commercial relationships, we should only place minimum restrictions on PCWs' ability to have additional advertising to ensure websites are commercially viable.
- 2.8** Other respondents felt a PCW should be able to develop its own ranking metric, providing it makes the ordering explicitly clear and gives users an option to easily reorder.
- 2.9** One of the concerns respondents had was that this rule would create disincentives for firms to cover the whole of the market, and PCWs would not broaden their comparisons beyond those that are commercially beneficial.
- 2.10** Another respondent felt that, because PCWs will always have a lender listed with which they have some form of commercial relationship (for example, to ensure the PCW has trademark licences to display the lender's trademarks), the current wording of the rule is difficult to interpret.

Our response

We have not changed this rule to permit ranking by commercial relationship. Our consumer testing found that, even when consumers were given the option to reorder, they were unlikely to do so.

We accept that PCWs may not cover the whole of the market; however, our proposals and the CMA's Order on HCSTC lenders should lead firms to start to compete on market coverage.

Additionally, the policy intention was not that PCWs should not receive commission for displaying HCSTC products. The intention is, that the ranking prominence of display, and whether a loan that the PCW arranges to compare (or

⁶ www.gov.uk/government/publications/competition-and-markets-authority-annual-plan-2016-to-2017.

claims to compare) is displayed cannot be driven by more favourable commission terms. We have amended the rule to better reflect this policy intention.

Q3: *Do you have any comments on our proposed rule that a PCW for HCSTC should enable customers to search for a specified loan amount and duration?*

- 2.11** We proposed requiring PCWs to enable the borrower to search for a loan on the basis of value and duration, and that results should be returned on this basis.
- 2.12** Two respondents felt that this requirement should be more specific in defining the ranges for amount and duration to prevent consumers from seeing loans that do not meet their needs and so potentially taking out loans that are more expensive.
- 2.13** More than one respondent raised the concern that our rules should not prevent PCWs from offering alternative search options, such as repayment structure. One respondent suggested we make it clearer that this is the minimum requirement.
- 2.14** Two respondents raised the question of what the consumer sees prior to the search; this is a concern because research suggests that many consumers do not use the search function but just look at the default list.
- 2.15** Another respondent said that, while they agreed with the rule, it required the lenders to ensure that they were providing up-to-date and accurate information to the PCWs so that they can return the right results. This point was also raised with respect to the rules regarding TAP (see below).
- 2.16** Another respondent agreed that PCWs should not have to include repayment structure in their search functionality, but felt that it may be useful if PCWs stated where loan products have unusual repayment terms.

Our response

We agree that the rules regarding search functionality should not be overly prescriptive. The rules and guidance were drafted to achieve the outcome that borrowers should be able to search by amount and duration of loan without prescribing how that might be done. To provide further flexibility, our guidance provides for the possibility of PCWs to offer ranges rather than specific amounts or periods. However, we do not specify the ranges to be used because what is reasonable is likely to depend on the range of loans provided by the PCW.

PCWs can go beyond this requirement and we would encourage PCWs to innovate and provide further search options that improve the customer experience. This might include repayment structure.

We accept the concern raised about how loans appear before the borrower has searched, but we note that any rankings would still have to comply with these rules (in particular, CONC 2.5A.2R on ensuring this is not driven by commercial relationships).

Further, we note the concern raised by respondents that a PCW will only be able to comply with this rule if lenders provide accurate and up-to-date information. We did not consult on requiring lenders to do this, as the CMA's Order does this already and we did not want to duplicate. We also note that PCWs and lenders will have an incentive to ensure accurate and up-to-date information.

Q4: Do you agree with our proposal to require HCSTC PCWs to rank the results of a consumer's search in ascending order of price according to the Total Amount Payable?

- 2.17** We proposed that the results of a borrower's search should be ranked by the TAP.
- 2.18** Two respondents raised the concern that, without a clear definition of TAP, the rule was open to gaming the system.
- 2.19** Another respondent noted that, since the HCSTC cap, prices have converged and ranking by price would therefore offer the consumer no differentiation between products. The respondent advocated more of a qualitative ranking. Respondents also raised the question of what should be done with regard to secondary ranking criteria when more than one product listed offers the same TAP.
- 2.20** One respondent expressed concern that it would increase demand for cheaper lenders who tend to be smaller, and so may not be able to cope with increased volumes. This will mean consumers will apply for loans that may not be granted. The result may be that these firms will raise prices to curb demand.
- 2.21** Another respondent felt that, if rules were too prescriptive regarding rankings, a disincentive would exist for HCSTC products to move to risk-based pricing, as it would be difficult for PCWs to provide accurate results without sophisticated data sharing with lenders.
- 2.22** Other issues raised included: how eligibility may also influence ranking, and how this rule may prevent PCWs from providing consumers with comparisons with other products that would continue to be ranked by annual percentage rate of charge (APR).

Our response

We have not made any changes to this rule. We think that price is important in this market, and is likely to be a key feature of competition going forward. As such, we consider that it should be the primary basis for ranking products, and note that qualitative-based criteria could be open to a lot of subjectivity. If HCSTC products are priced the same, then PCWs will have to consider how to rank these products and we consider that they are best placed to decide how to do so. The rule regarding commercial relationships would, of course, still apply to secondary rankings.

We do not agree that the rule provides incentives to raise prices as this would not only curb additional demand, but also the current level of demand. Given this, it is more likely to provide an incentive for larger lenders to lower prices in order to be listed higher in the rankings pages.

We note that many other products are listed by APR rather than TAP. However, most price comparisons are currently done on a product-by-product basis, and the APR may not be a good comparator when comparing products of different types. We do not think this rule prevents PCWs from providing comparisons with other product types, and acknowledge the potential benefit if PCWs were to innovate to develop ways to do this. We have not changed this rule to APR as the consumer testing showed the significant difference that using TAP has on consumer decision-making in relation to HCSTC.

TAP is defined in our Glossary as being the sum of the total charge for credit (calculated in accordance with CONC App 1) plus the total amount of credit made available. Further definition is therefore unnecessary.

With regard to risk-based pricing, we have no evidence to suggest that our rules would prevent the HCSTC sector from moving to risk-based pricing in the future, and it would be open to firms to show representative information, making clear that this is the case. It would also be open to PCWs to specify eligibility as a secondary ranking criterion.

Q5: *Do you agree with our proposals on additional advertising on a PCW that compares HCSTC?*

- 2.23** We proposed a rule that prevented PCWs from including financial promotions, other than those that resulted from the search itself, from appearing within the ranking tables. We decided not to ban firms from including advertising around the rankings tables (such as banner advertisements).
- 2.24** There were mixed responses to this proposal. Some respondents wanted us to go further and ban banner advertisements and other advertisements in addition to those within rankings tables. Another respondent, who was supportive, felt we should specify that firms must clearly distinguish between an advertisement and a rankings page.
- 2.25** One respondent expressed great concern that this remedy would undermine the commercial viability of its HCSTC comparisons. They also felt that banner advertisements are more misleading for consumers and banning advertisements within rankings tables will incentivise PCWs to have larger banner advertisements that risk misleading consumers further. This respondent also thought the intention of CONC 2.5A.2R and 2.5A.6R was to ban PCWs from earning commission.

Our response

We have not made changes to this rule. We did not find evidence that additional advertising would cause detriment to consumers as long as the advertising was not within the rankings table (which would have a significant detrimental effect on decision-making). We also have our financial promotion rules including the requirement that financial promotions must be clear, fair and not misleading, and must be clearly identifiable as a financial promotion (CONC 3.3.1R). We think advertising that misleads consumers to think it is part of an objective comparison will be misleading and will be likely to be in breach of the existing rules.

We note the concern that the proposed rule may impact upon a PCW's revenue and acknowledged this in our cost benefit analysis (CBA). However, our research showed that the benefits to consumers outweighed the costs. It is also not the intention of the rules to ban PCWs from earning commission. In addition, we have clarified in CONC 2.5A.10G that search results can include hyperlinks to the website of the lender or broker in question.

Q6: Do you agree with our proposed approach to clarify that PCWs must ensure that information concerning HCSTC products complies with the requirement to state prominently that they are a broker and not a lender?

- 2.26** The CMA recommended that the FCA should ban brokers from appearing on HCSTC PCWs. We found no evidence of credit brokers appearing on such PCWs and considered that our new credit broking rules mitigate the concerns the CMA raised, namely that consumers may be confused as to whether they are dealing with a lender or a broker.
- 2.27** Some respondents agreed with our approach not to ban brokers and that other regulatory intervention in this area had dealt with the issues. However, there were a number of respondents who felt that we had not gone far enough and that we should ban brokers from PCWs, as it could be detrimental to the consumer. Reasons for this included that brokers may not know the price a consumer is likely to get. Furthermore, adding the extra step of going via a broker's website is disruptive for the consumer experience and may lead them to take loans that are more expensive or incur excessive fees.
- 2.28** One respondent felt credit brokers should be obliged to display a link to a PCW on their website, in addition to HCSTC lenders.

Our response

We note the concerns raised by respondents in relation to credit brokers. We do not propose to create an additional rule to ban credit brokers, as we have found little evidence that credit brokers are likely to appear on PCWs or that this would be likely to lead to consumer harm, given our proposed rules. If credit brokers do appear on PCWs, they will have to comply with these rules.

We introduced new rules on credit broking from January 2015⁷, which include a requirement that financial promotions must state prominently that the firm is, or is acting as, a credit broker and not a lender. This is not limited to fee-charging brokers. The rules also make clear that a statement will not be prominent unless it is presented in such a way that it is likely that the average customer's attention will be drawn to it.

The requirement on lenders to display a link to a PCW on their website derives from the CMA's Order. There is no corresponding obligation on credit brokers. The purpose is primarily to encourage consumers to consider more than one lender.

⁷ www.fca.org.uk/static/documents/policy-statements/ps14-18.pdf.

Q7: Do you agree with our proposed approach to require PCWs to disclose the names of lenders they have on their website?

2.29 We proposed a transparency measure requiring PCWs to disclose the names of the lenders whose products they include on their rankings tables. The intention of this is to improve borrowers' understanding of the extent of the market that each PCW covers.

2.30 All responses were supportive of this proposed requirement, but many felt it could go further or could be more specific to ensure that the disclosure is prominent. Some respondents felt that listing the names of lenders did not give consumers the full picture and that firms should disclose the extent of the market covered.

Our response

We do not propose to go further in requiring PCWs to estimate the proportion of the market they cover. We consider that disclosing the proportion of the market in terms of the number of lenders could be misleading, given the wide disparity between the sizes of lenders, and that a more meaningful measure would be the proportion of total lending that the lenders represent. However, it would be unreasonable to expect PCWs to have access to the information required to make this disclosure and we therefore feel that disclosing the names of the lenders covered goes far enough in providing greater transparency.

Q8: Do you have any comments on the proposed start date?

2.31 We proposed that our Handbook changes would come into effect six months after the rules had been made.

2.32 Some respondents saw no issue with the start date. Some felt that it did not give enough time to implement the new rules, while others felt that it would only leave six months between the new rules taking effect and the obligation to comply with the CMA's Order, and they felt this was not enough time for a lender to select a PCW and negotiate commercial arrangements. Two respondents felt we should not impose the rules before the CMA's Order comes into force.

Our response

We have not changed the start date. The final rules and guidance set out in Appendix 1 of this paper come into force on 1 December 2016.

We think that having a window between the rules coming into force and the commencement date of the CMA's Order is important. Therefore, we do not agree that the effective date of these rules should be on the same day as the commencement date of the CMA's Order. We think that providing lenders with six months is sufficient to select and appear on a PCW. If there are genuine reasons why this cannot be completed, but this is underway for a lender, there is provision in the CMA Order for this. We also think that giving six months to

PCWs to implement the rules is sufficient because the responses to our firm survey suggested that it would be.

Q9: *Do you have any comments on our proposed approach to lead generators?*

- 2.33** The CMA recommended the following additional disclosure requirements for lead generators:
- Disclosing clearly, prominently and concisely (using a means that ensures customer interaction) they are not a lender.
 - Stating explicitly (using a means that ensures customer interaction) that the sale of customer details they collect is on the best commercial terms for the lead generator rather than the customer, and may not result in an offer of the cheapest loan that is available to meet the customer's needs.
- 2.34** In CP15/33, we explained that we had made rules (which came into force on 2 January 2015) regarding disclosure of status by credit brokers. In addition to our financial promotions rules (see above), these require a credit broker to disclose that it is, or is acting as, a credit broker and not a lender. Together, these address the first part of the CMA's recommendation.
- 2.35** We also outlined the further work we are doing in this area to analyse the wider credit broking market before proposing any significant policy action or further changes to our rules (potentially including the second part of the CMA's recommendation).
- 2.36** Most respondents welcomed and agreed with our proposed approach. One suggested we exclude lead generators from PCW listings until our further work into the credit broking market has been completed. Another suggested we consider extending our proposals to cover changes in business models and credit products.
- 2.37** The following suggestions were received for areas where we might wish to consider strengthening our requirements:
- Further improving transparency around fees and the relationship between credit brokers (including lead generators) and lenders in the market.
 - Prohibiting firms from charging any upfront payment for arranging or setting up a loan. Fees should only be charged in the event of a borrower securing a loan.
 - Prohibiting credit brokers from taking money from bank accounts using continuous payment authority (CPA) mechanisms.
 - Prohibiting the sale of customer data between firms without clear customer consent.
 - Prohibiting cold calling and texting for credit broking, lead generation and lending purposes across all sectors.
 - Requiring HCSTC lenders to refer applicants to free debt advice (not to brokers) if they are denied credit.

Our response

PS15/23⁸ announced our intention to undertake further work in relation to credit broking – in particular, looking at different models of remuneration. This will help us to consider whether there are gaps in the current rules that need filling, and whether additional rules are needed, and if so, in what areas. We also planned to undertake an impact assessment of the PS14/3⁹ rules in Q1 2016.

This wider work is currently underway, and we have completed a telephone survey of a sample of brokers from across credit markets. We are undertaking follow-up work in a number of areas. If we determine that new or different rules are needed, we will consult on these.

We are separately undertaking work in relation to cold calling and other unsolicited marketing, as signalled in PS15/23.

Existing CONC rules require credit brokers to indicate the extent of their powers, including whether they work independently or exclusively with one or more lenders. In particular, they should prominently indicate the existence of any financial arrangement with a lender that might impact on their impartiality. There are also rules requiring the disclosure of commissions in appropriate circumstances.

Other CONC rules prohibit brokers from taking a fee from a customer's payment account without the customer's express authorisation, and from unfairly passing a customer's personal data on to a third party without informed consent.

Where a lender turns down an application for credit, it may (where appropriate) wish to consider highlighting the availability of free debt advice. However, we are not currently minded to mandate this, as it would not be appropriate in all situations.

Q10: *In light of our findings, do you have any views on the effectiveness of disclosure about credit checks?*

- 2.38** The CMA recommended we look at additional disclosure around credit checks and the impact on credit files of multiple product applications.
- 2.39** The majority of respondents agreed with our proposal to not introduce any new credit check disclosure requirements given that our analysis had found a very high awareness among HCSTC consumers of the existence and potential impact of credit checks.
- 2.40** Many also agreed that promoting more informed applications for credit via a quotation search would be a more effective way of encouraging shopping around and switching. One respondent felt additional disclosure was important for raising awareness, even if consumer behaviour did not change in the short term.

⁸ www.fca.org.uk/static/documents/policy-statements/ps15-23.pdf.

⁹ www.fca.org.uk/static/documents/policy-statements/ps14-03.pdf.

Our response

In light of the responses received, we have not changed our approach. We remain of the view that there is insufficient evidence that introducing new disclosure requirements in this area are needed or would be effective.

Q11: Do you wish to comment on the value of quotation searches in addressing the issues raised by the CMA? Are there specific issues or risks with the use of quotation searches across consumer credit markets?

- 2.41** The CMA recommended we examine the use of quotation searches in the HCSTC market and consider if further guidance is needed or whether we should elevate our existing CONC guidance¹⁰ on quotation searches to a rule.
- 2.42** We have previously committed to looking at promoting and facilitating the use of quotation searches across all sectors¹¹. CP15/33 therefore invited views on the value of quotation searches, and the associated issues or risks, across all consumer credit markets, not just the HCSTC sector.
- 2.43** The majority of respondents welcomed our commitment to promote and facilitate the use of quotation searches. One respondent suggested further work could be undertaken to examine how lenders are meeting the guidance in CONC, what market-based solutions are already available, and how any gaps could be addressed.
- 2.44** Only one respondent suggested consulting on elevating our current guidance into rules or further developing our guidance to suggest when quotation searches should be used, as well as what they should cover.
- 2.45** A few industry respondents highlighted that the creation of quotation search tools involved significant costs and cooperation between lenders and CRAs and the data needed to produce a quotation needs to remain proportionate. There should be no requirement on firms to undertake a full credit check assessment before providing a quotation.
- 2.46** Two consumer groups and a firm perceived there to be low awareness of quotation searches among consumers. Another respondent commented that, given what we know about the behaviour of consumers in HCSTC markets, and the small sums of credit involved, it may be the case that consumers see little or no value in quotation searches. As such, the respondent believed that it would be valuable to research and explore this before taking any further action.
- 2.47** One respondent felt eligibility indicators had the potential to mislead consumers and suggested that firms should instead tell consumers their likelihood of obtaining a specific price or terms (e.g. 7/10 likelihood of being accepted at a rate of 29.9% APR and 9/10 for 49.9% APR, rather than just being told they have 7/10 for the advertised rate of 29.9% APR). It was also felt that if a customer is given a 'pre-approved' message, it is even more important that they know what this means and whether there is a chance the product price or terms could change on application.

¹⁰ CONC 2.4.3G (for lenders) and 2.5.7G (for credit brokers) state 'A firm undertaking a credit reference search should not leave evidence of an application on a credit file where a customer is not yet ready to apply. Where practicable, firms should facilitate customers shopping around for credit by offering a 'quotation search' facility.'

¹¹ www.fca.org.uk/static/fca/documents/cp-15-06.pdf.

Our response

We have considered these responses alongside those received to our credit card market study (CCMS) interim report.¹² This found that some consumers with higher credit risk are dissuaded from shopping around for credit cards because they are worried about the impact of multiple searches on their credit files.

The consultation on the CCMS interim report closed in January and we aim to publish a final report, detailing the responses received, later this year. In relation to quotation searches, some responses to the CCMS on this issue were supportive of the development of quotation searches that allow consumers to find out the exact terms of a product.

Additionally, a number of firms expressed concerns about differential or risk-based pricing, where firms either offer different prices or terms, such as length of promotional period, for the same product (based on risk) or different products – i.e. a higher-risk customer may be offered a product at a higher interest rate. This has the potential to lead consumers to apply for a product without knowing they might not receive the headline rate or promotional period offered. This may also inhibit consumers' ability to choose the best deal and could have an adverse impact on competition.

It was suggested that a potential solution to this could be to require firms to state, before the customer makes an application, the full range of APRs available on a product or the full range of durations of promotional offers.

One respondent felt the effect of different types of searches should be clearly communicated to consumers. Another called for further research on the general use of searches across the industry. One industry respondent thought credit search applications could be excluded from credit file assessments.

As we noted in CP15/33, considerable progress has been made towards a market-based approach to quotation searches in the past few years across the wider consumer credit market, which we see as being positive. This includes, in particular, the emergence of 'eligibility' indicators or tools that allow consumers to see if they would be eligible for a product prior to applying.

However, we believe there is a real benefit in consumers being able to get an indication of their eligibility for specific products and the price that they are likely to be offered if they apply (as well as other terms where these may vary). There is a risk that sole reliance on eligibility or price can lead to consumers being misled or applying for inappropriate products, or ones for which they are unlikely to be accepted.

We also share respondents' concerns about firms not always making clear to consumers whether or not there is a chance that the product price or terms could change on application, in the light of our clear, fair and not misleading rule. This may be of particular concern where a product is stated to be 'pre-approved' or 'guaranteed' (in relation to this, we would remind firms of CONC 3.3.3R and the guidance at CONC 3.3.4G¹³).

¹² www.fca.org.uk/news/credit-card-market-study.

¹³ www.handbook.fca.org.uk/handbook/CONC/3/?view=chapter.

Additionally, we consider that if eligibility tools or quotations provide only an indication of *likely* eligibility and/or price, any caveats should be made clear, so that consumers are aware of the status of the information they are given before they apply (and before a search footprint is left on their credit file).

Many respondents to CP15/33 and the CCMS suggested an industry-led approach to the development of improved quotation search tools. We agree that the industry (including lenders, PCWs and CRAs) are well placed to make improvements that:

- allow consumers to see a reasonably accurate indication of their eligibility **and** the potential price and terms of a product before applying for credit, and
- make clear to consumers any limitations on the offer and whether or not the product price or terms could change on application

We therefore welcome a piece of cross-sector work being undertaken by the British Bankers' Association, the Finance & Leasing Association and the UK Cards Association, over the course of the next year, to:

- assess the extent to which recent innovative market developments in quotation search tools facilitate the ability for consumers to shop around, and
- identify any areas where further enhancements in quotation search tools may be helpful for customers. For example, opportunities to develop some industry standards for the use of quotation search tools that address the issues identified above and to raise awareness of these tools amongst consumers

Recognising the diverse range of products and lender operating models within the consumer credit market, this work will also look to include other parties, such as CRAs, PCWs, other industry trade associations and consumer groups.

Also relevant is our work on creditworthiness (which we mention in Chapter 3 of this paper): this is considering, among other things, how firms take account of a customer's credit search history when making lending decisions.

Q12: Do you have any comments on our approach to real-time data sharing?

- 2.48** To improve the ability of new HCSTC entrants to challenge the market power of incumbent firms, thereby increasing competition, the CMA proposed that the FCA continues to prioritise work to promote RTDS and to monitor further developments.
- 2.49** The majority of respondents agreed with our proposal to not consult on introducing RTDS requirements at this time, but to keep monitoring progress to ensure improvements continue to be made in this area. One added that it may be necessary to investigate the uptake and use of RTDS to ensure it is effective.

- 2.50** Some respondents called for the FCA to mandate the use of RTDS across the consumer credit industry, with some suggesting we control implementation, monitoring and reporting. One respondent felt we should pursue the issue of RTDS more robustly by setting a definition and trigger points for use. Another suggested HCSTC lenders should be required to report into an FCA database.
- 2.51** One respondent expressed concerns about data sharing in general, including access to current account data. This respondent expressed strong concerns in relation to our proposal to not consult on introducing any new RTDS requirements at this time and suggested we require lenders and CRAs to provide and obtain information (including banks' current account data) that is more accurate, better classified, and available on a timelier basis.

Our response

At this time, we are not proposing to make any changes to the approach we consulted on.

Since taking over the regulation of consumer credit, we have strongly encouraged the greater use of RTDS in the HCSTC market. In PS14/16¹⁴, we set out details of our work to assess the level of RTDS in the HCSTC market. We found around 90% of HCSTC lenders, by market share, were sharing data in real time at that time. We also set out in that paper our rationale for not mandating RTDS.

As explained in CP15/33, the CMA was also concerned that any such requirement on lenders to share data in real time could reduce the competitive dynamic of the CRAs, particularly given the evolving and innovative nature of such systems.

We agree that real-time data can be useful in assisting firms to get a more accurate and up-to-date picture of consumers' outstanding credit commitments, enabling them to better assess creditworthiness (including affordability). This is particularly relevant in the HCSTC sector given the short-term nature of those products. However:

- It is important to recognise that the availability of real-time credit data does not, in itself, guarantee better affordability assessments. We are therefore undertaking work to understand how firms assess creditworthiness (including affordability) across both the HCSTC sector and wider credit markets, including the use of real-time credit data, and also to understand how effective this is (see Chapter 3).
- Developing proposals to require lenders to share data in real time would not be appropriate, at this time, given likely technological innovations and legislative changes in this area to come. In particular, the Open Banking Working Group (OBWG) has published a framework for developing an open banking application programming interface (API) standard on data sharing between banks and third parties. The revised EU Directive on Payment Services (PSD 2) will further open up access to account-level data on payment accounts to providers of account information services from January 2018.

¹⁴ www.fca.org.uk/static/documents/policy-statements/ps14-16.pdf.

- We continue to challenge lenders that are not sharing data in real time and to monitor progress as part of our on-going authorisations process.

Q13: Do you have any comments on our proposed approach to disclosure of the cost of borrowing?

- 2.52** The CMA recommended we improve disclosure of the costs of borrowing by: ensuring firms are aware of their current obligations to disclose details of fees and charges; reviewing compliance with these obligations as part of the authorisation process for HCSTC PCWs; and monitoring/enforcing non-compliance where needed. The CMA also suggested we take a role in monitoring the implementation of their requirement for a statement summarising the cost of borrowing.
- 2.53** One respondent felt that charges such as late payment and default fees should be stated on PCWs. Others suggested we might have a role in assessing the effectiveness of the statement summarising the cost of borrowing required by the CMA. One respondent expressed scepticism about the CMA's requirement for additional disclosure in the form of a statement.

Our response

In light of the responses received, we have not made any changes to our approach. The information provided to customers for loans is set out in the Standard European Consumer Credit Information (SECCI) form. In line with our risk prioritisation framework, we would note compliance with the CMA's statement requirement within our existing supervisory work on lenders.

Q14: Do you have any comments on our cost benefit analysis?

- 2.54** We only received one response to our CBA, which focused on our behavioural study. This respondent felt that the conclusions drawn on the basis of the study were not representative of actual consumer behaviour. In particular, they commented that:
- The sample size was too small.
 - The majority of the sample was made up of previous HCSTC borrowers rather than those who had not yet taken out a loan but intended to do so.
 - Only 63% of consumers chose the cheapest option in the control, and the study did not explore the reasons why this was the case.
 - The names and logos used were too similar to those of real lenders and may have introduced bias.
 - The study did not include any qualitative analysis that would have been useful for understanding the decision-making process.
 - The test site was poorly constructed and did not have adequate signposting, meaning it was unrealistic.

- It is unclear whether TAP and APR remained constant for each lender; if it did, there are further concerns about logo/brand bias having an effect on results.

Our response

We remain confident in the rigour of the analysis as the evidential basis for these proposals. We do not accept the points made by this respondent for the following reasons:

- The sample size we used proved sufficient to achieve statistically significant results, with 1% level of significance. The key point with regard to the sample is that it was sufficiently representative of borrowers.
- We acknowledge that the sample size was heavily weighted towards those who had taken out a HCSTC loan in the past 12 months versus those who had not but expected to do so in the next 12 months (87% and 13% respectively). However, of those who had taken a loan out in the past 12 months, 27% of these also reported they intended to take out a further loan in the next 12 months. This increased the number of people in the sample who reported an intention to take out a loan in the next 12 months to 285 (36% of the sample). We believe that, on this basis, the sample was sufficiently representative of consumers in this market, and we observed no difference between the two groups (this is covered in paragraph 3.2.3 of the technical report¹⁵).
- We were content with the result that 63% of consumers chose the correct option in the control group. The important finding in relation to the behavioural study was the incremental change in the percentage of people picking the right choice as a result of the changes in treatment.
- We purposefully used names and logos that were similar to those of real lenders to reduce the experiment effect.
- Qualitative research would have helped to understand the decision-making process in more depth; however, this was not necessary for the purpose of the research, which was to understand the effect of the policy proposals on decision-making.
- The site was based on extensive research of the current offering of HCSTC PCWs and was designed to give the look and feel of a real site; we are content that it served the purpose for the research.
- The TAP and APR remained constant for each loan; however, the name and logo of that loan was allocated on a random basis for each respondent and each test to mitigate the bias. An explanation of this is provided in paragraph 2.3.8 of the technical report.

¹⁵ www.fca.org.uk/static/fca/documents/consultation-papers/cp-15-33-behavioural-study.pdf.

Q15: *Do you agree with our assessment of the impacts of our proposals on the protected groups? Are there any other groups we should consider?*

- 2.55** Annex 4 in CP15/33 contained an Equality Impact Assessment (EIA). This explained the outcome of our initial assessment that our proposals did not result in direct discrimination, and sought views/additional information.
- 2.56** Most respondents did not comment on our assessment. Those that did (three consumer groups and one PCW) agreed with its conclusions. One respondent also commented that all consumers would be adversely impacted if the proposed PCW rules are implemented and PCWs are not able to sustain their independent comparisons of HCSTC products. However, no further details were given.

Our response

In light of these responses, we do not consider there to be any evidence that would alter or contradict the view we reached in our initial assessment; the minor changes we have made should address concerns raised by certain respondents about the impact on firms.

3. Next steps

Policy Statement and final rules and guidance

- 3.1 The final text of the HCSTC PCW rules and guidance we have made is in Appendix 1. These come into force on 1 December 2016.
- 3.2 Contact details, for any comments or queries on this PS, are given at the start of this paper.

Current and future consumer credit policy work

Guarantor lending

- 3.3 We announced in PS15/23 that we are undertaking further work to improve our understanding of how the guarantor lending market operates, as well as the risks to consumers and how best these can be addressed.
- 3.4 On 19 February 2016, we published draft guidance setting out our revised view on whether a default notice is needed under the CCA before taking payment from a guarantor¹⁶. We are presently considering the responses to this consultation.

Quarterly Consultation Paper (QCP)

- 3.5 We consulted in CP15/42¹⁷ on proposed amendments to CONC. These were mostly minor to correct anomalies or gaps in existing provisions, or clarify their operation. They included a proposal to disapply the requirement for a representative example, or representative APR, in financial promotions where the APR is 0%.
- 3.6 We aim to publish a Handbook Notice on the changes shortly.

Review of retained Consumer Credit Act (CCA) provisions

- 3.7 On 18 February 2016, we published a Call for Input on the planning phase of the review of retained provisions of the CCA¹⁸. We are required to report to the Treasury by 1 April 2019 on whether the repeal of CCA provisions would adversely affect the appropriate degree of protection for consumers, and which provisions could be replaced by FCA rules or guidance. This is an important opportunity to ensure that the consumer credit regime remains appropriate for the needs of consumers and the market, and to consider whether aspects could be simplified or updated.

¹⁶ www.fca.org.uk/your-fca/documents/guidance-consultations/gc16-02.

¹⁷ www.fca.org.uk/static/documents/consultation-papers/cp15-42.pdf.

¹⁸ www.fca.org.uk/your-fca/documents/call-for-input-review-retained-provisions-consumer-credit-act.

- 3.8** The Call for Input closed on 18 May 2016. We are considering responses, and aim to finalise the scope of the review and publish an update later this year.

Credit Card Market Study (CCMS)

- 3.9** We published our CCMS interim report in November 2015¹⁹. The deadline for providing feedback to the report, along with the proposed remedies, was 8 January 2016. We are considering the responses received and we plan to publish our final report and consult on any proposed rule changes later this year.

Creditworthiness (including affordability)

- 3.10** We are conducting research to better understand how consumer credit lenders assess creditworthiness (including affordability). This includes: how lenders currently make assessments; what tools, data and techniques they use; and the consumer impact of different approaches. Our review will consider how different potential regulatory approaches might impact on consumer outcomes, competition and the cost and availability of credit.

- 3.11** We expect to conclude the research and report on our findings later this year. If we decide that changes are needed to our CONC rules or guidance – for example, to clarify our regulatory expectations – we expect to consult on these at the same time.

Cold calling

- 3.12** PS15/23 confirmed our intention to undertake work to consider whether to ban or restrict cold calling or other forms of direct marketing, particularly in relation to HCSTC and debt management services. This work is underway. Again, if we conclude that new or different rules are needed, we would consult on these.

Credit brokers

- 3.13** As highlighted in Chapter 2, we announced in PS15/23 an intention to undertake further work on credit broking, together with an impact assessment of the credit broking rules introduced in PS14/18. This further work is with a view to understanding the range and impact of different remuneration models, and the issues these give rise to, in order to decide whether additional rules are required, and if so, in what areas.

SME credit information and finance platforms

- 3.14** In CP15/19²⁰, we consulted on Handbook changes and guidance explaining the scope of our functions in relation to Government measures to improve the sharing of SME credit information. Details of Handbook changes made are contained in Handbook Notice 31, and we have published Finalised Guidance on how we will monitor and enforce relevant requirements in FG16/4: *Guidance on Small and Medium-Sized Business (Credit Information) Regulations*²¹.

- 3.15** We also consulted on Government measures requiring specified information about rejected SME loan applicants to be provided to designated finance platforms and alternative finance providers. We are continuing to liaise with HM Treasury on the implementation of this measure.

Price cap review

- 3.16** There will be a review of the HCSTC price cap in the first half of 2017. We are planning to publish a Call for Input before we start this work seeking views from stakeholders on how the cap has been working since it came into effect at the start of 2015.

¹⁹ www.fca.org.uk/your-fca/documents/market-studies/ms14-6-2-ccms-interim-report.

²⁰ www.fca.org.uk/static/fca/documents/cp1519.pdf.

²¹ www.fca.org.uk/news/fg16-4-guidance-on-small-and-medium-sized-business-credit-information-regulations.

Annex 1

List of non-confidential respondents

BCCA

Callcredit Information Group

Capital One (Europe) plc

Choose Wisely Ltd

Christians Against Poverty (CAP)

Consumer Finance Association (CFA)

Experian

Finance & Leasing Association (FLA)

Financial Services Consumer Panel

Money Advice Trust

Money.co.uk (Dot Zinc Ltd)

MYJAR Limited

Phillips & Cohen Associates (UK) Ltd

StepChange Debt Charity

Veritec UK

WDFC UK (Wonga)

118 118 Money

Appendix 1

Made rules (legal instrument)

**CONSUMER CREDIT (HIGH-COST SHORT-TERM CREDIT PRICE
COMPARISON WEBSITE) INSTRUMENT 2016**

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (The FCA’s general rules);
 - (2) section 137R (Financial promotion rules);
 - (3) section 137T (General supplementary powers); and
 - (4) section 139A (The FCA’s power to give guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act).

Commencement

- C. This instrument comes into force on 1 December 2016.

Amendments to the Handbook

- D. The Consumer Credit sourcebook (CONC) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Consumer Credit (High-Cost Short-Term Credit Price Comparison Website) Instrument 2016.

By order of the Board
21 April 2016

Annex

Amendments to the Consumer Credit sourcebook (CONC)

In this Annex, all the text is new and is not underlined.

After CONC 2.5 insert the following new section.

2.5A Conduct of business: high-cost short-term credit (HCSTC) products on price comparison websites

Application

2.5A.1 R This section applies to a *firm* which owns or operates a website that displays any terms on which *high-cost short-term credit* products are available from different *lenders* (referred to in this section as a “price comparison website”) and in relation to which it:

- (1) holds itself out as providing a price comparison service or a price service; or
- (2) describes itself in any way as a price comparison website or a price website; or
- (3) gives the impression in any way that the website is a price comparison website or a price website.

Listing details of high-cost short-term loans not based on commercial interests or relationships

2.5A.2 R Where a *firm* lists information on the website it owns or operates concerning *high-cost short-term credit* products in order to enable a *customer* to compare any terms of those products, it must display the information in a way that neither the ranking of products nor the prominence of display of products is based (wholly or partly) on the *firm*’s commercial interests or its commercial relationship with any *person*.

HCSTC price comparison website functionality

2.5A.3 R A *firm* must ensure that the price comparison website enables:

- (1) a *customer* to enter the value and duration of the *customer*’s desired loan when specifying the criteria for a search; and
- (2) a search to be made of the *high-cost short-term credit* products covered by the website and the results of the search to be displayed on the basis of only that information.

2.5A.4 G (1) A *firm*’s obligations under CONC 2.5A.3R(1) and (2) may be satisfied by enabling a *customer* to select from a reasonable range of

options of values of loan or of durations of loan, when specifying the criteria for a search.

- (2) What is a reasonable range of options for a search will depend, for example, on the breadth of value of loans or on the duration of loans that appear on the price comparison website. For example, it may be reasonable depending on the circumstances to allow a choice of bands of values or durations.

2.5A.5 R In response to a request to perform a search for a *high-cost-short-term credit* product, the *firm* must ensure that the price comparison website:

- (1) displays specific information relating to each loan covered by the website which corresponds to the search criteria entered by the *customer* as a separate result;
- (2) ranks those results in order of *total amount payable* in accordance with *CONC 3.5.5R(2)*, with the loan with the lowest *total amount payable* first and the highest last; and
- (3) where two or more search results have the same *total amount payable* in accordance with (2), ranks the results according to another criterion permissible under *CONC 2.5A*.

2.5A.6 R A *firm* must ensure that neither:

- (1) the ranking of the results of a search for a *high-cost-short-term credit* product, nor
- (2) the prominence of the display of the results of such a search, nor
- (3) whether a loan from a *lender* or *credit broker*, whose loans the *firm* arranges to compare or claims to compare, is displayed in the results of such a search,

is based (wholly or partly) on the *firm's* commercial interests or its commercial relationship with any *person*.

2.5A.7 G (1) The information displayed on the price comparison website (for example, information concerning a loan, the results of a search or claims about the market coverage of the website) will need to comply with the financial promotion *rules* in *CONC 3*. In particular, it will need to comply with the requirement for a communication or a *financial promotion* to be clear, fair and not misleading. The results of a search also need to comply with the detailed *rules* in *CONC 3.5*. In particular, the results will require a representative example. The relevant items of the representative example must be representative of what the *firm* reasonably expects, at the date on which the *financial promotion* is made, to be representative of *credit agreements* to which the *representative APR* applies and which are expected to be entered into as a result of the promotion.

- (2) The fact that a *lender* or *credit broker* pays a commission to the *firm* or pays for advertising or other marketing on the price comparison website (and the amount of any such commission or payment) should not affect the ranking or prominence of display of the results of a search. Such payment should also not affect whether information about a loan from a *lender* or *credit broker* whose loans the *firm* arranges to compare or claims to compare appears in the results of a search.
- (3) *CONC 2.5A.6R* does not require the *firm* to compare loans from a *lender* or *credit broker* where it has not arranged to do so with that *lender* or *credit broker* nor where it does not claim to compare loans from that *lender* or *credit broker*.
- (4) The *firm* should ensure that any information concerning a loan or any result of a search which relates to another *firm's credit broking* service states prominently that:
- (a) the *firm* referred to is a *credit broker* and is not a *lender*; or
 - (b) if the *firm* referred to is both a *lender* and a *credit broker*, the *firm* referred to is promoting its services as a *credit broker* and not its services as a *lender*.
- (5) *CONC 2.5A.6R* does not prevent the *firm*, once the initial results have been displayed in order of *total amount payable*, permitting a *customer* to re-sort the results of a search into a different order.

HCSTC price comparison website financial promotion

- 2.5A.8 R A *firm* must not display a *financial promotion*, other than the result of a search, in or between the results of a search.
- 2.5A.9 R A *firm* must ensure that the results of a search are clearly distinguishable from any other *financial promotion*.
- 2.5A.10 G A result of a search may include a hyperlink to the website of the *lender* or *credit broker* in question.

HCSTC price comparison website market coverage

- 2.5A.11 R A *firm* must list in one place on the price comparison website the brand names of *lenders* whose *high-cost short-term credit* products are displayed on the website.

Financial Conduct Authority



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