

Breathing Space Regulations – changes to our Handbook

Policy Statement

PS21/1

February 2021

This relates to

Consultation Paper 20/21
which is available on our website at
www.fca.org.uk/publications

Email:

cp20-21@fca.org.uk

Contents

1	Summary	3
2	Summary of feedback and our response: CONC & MCOB	5
3	Summary of feedback and our response: overarching issues	10
4	Equality and diversity considerations & what you need to do next	14
Annex 1		
	List of non-confidential respondents	15
Annex 2		
	Abbreviations used in this paper	16
Appendix 1		
	Made rules (legal instrument)	

Sign up for our
news and publications alerts

See all our latest
press releases,
consultations
and speeches.



1 Summary

- 1.1** This policy statement follows consultation paper 20/21 and sets out changes we are making to the Handbook as a result of The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium (England and Wales) Regulations 2020) ('the Regulations'), which come into force on 04 May 2021. They establish a scheme in England and Wales giving someone in problem debt the right to legal protections from creditor action for a defined period, while they receive debt advice and potentially enter an appropriate debt solution (the 'moratorium').
- 1.2** A consumer can access a 60-day moratorium after being advised and assessed as eligible by an FCA Authorised debt advice firm or a local authority. There is an alternative mechanism which a consumer receiving mental health crisis treatment may access after being certified by an Approved Mental Health Professional and confirmed as eligible by a debt adviser (the 'mental health crisis moratorium'). There is no 60-day limit to a mental health crisis moratorium period, which will usually end 30 days after mental health crisis treatment has concluded.
- 1.3** A moratorium includes protection from creditor action for most personal debts, including financial services debt, household bill arrears and most public sector debts. Protections are not extended to mortgage payments of the principal and interest, but they do extend to payment of mortgage arrears which are not capitalised, and interest, fees or any other charges on those arrears.
- 1.4** The Regulations impose obligations on debt advice firms to assess applications for and initiate the moratorium. They also impose obligations on consumer credit lenders, mortgage lenders and other regulated firms, to comply with the restrictions and obligations imposed by the moratorium on collection and enforcement of debts and application of interest and other charges.

Who this affects

- 1.5** This policy statement is relevant to regulated firms who will need to comply with the Regulations and our Handbook, in particular:
- consumer credit lenders
 - debt collection agencies
- 1.6** It will be of interest to mortgage lenders and administrators, as well as debt advice firms.
- 1.7** It will also be relevant to consumer groups who have an interest in debt advice and local authorities that give debt advice to consumers in England and Wales.

The wider context of this policy statement

- 1.8** We are making the changes to provide clarity on some specific issues where there may be duplication or uncertainty about firms' obligations under the Regulations and our rules.
- 1.9** This policy statement does not give guidance for regulated firms on the interpretation or application of the Regulations. The Government has published 'Guidance for creditors and money advisers about Breathing Space'.

What we are changing

- 1.10** We received 14 responses in total from regulated firms, consumer groups, trade associations and individuals.
- 1.11** Respondents agreed with the proposed changes to the Consumer Credit sourcebook (CONC) and most either agreed or made no comment on our proposal not to amend the Mortgages and Home Finance Conduct of Business (MCOB). There were some questions raised concerning the changes, as well requests for clarification concerning other aspects of our Handbook and the Regulations.
- 1.12** We are making the changes we proposed in our consultation to CONC. This is to clarify how our rules apply where the Regulations also apply, and to avoid duplicating the effects of the Regulations in a disproportionate way.
- 1.13** As proposed in our consultation, we are not making changes to our rules or guidance in MCOB or CONC 8 (Debt Advice).

Outcome we are seeking

- 1.14** We want to ensure firms are clear about how our rules and guidance interact with the Regulations. As a result, consumers ought to be able to benefit from the protections of both the Regulations and our rules.
- 1.15** We do not have powers under the Regulations to supervise compliance or enforce them. However, systematic non-compliance with the Regulations is likely to be of concern to us as it may call into question whether a firm is meeting the specific rules in our Handbook, the suitability requirements set out in our Threshold Conditions or breaching one of the principles, such as Principle 6, treating customers fairly.

Measuring success

- 1.16** We will monitor whether firms are clear about how our rules and the Regulations interact, via communications we receive from firms and their representatives.

2 Summary of feedback and our response: CONC & MCOB

Q1: *Do you have any comments on our proposals for the consumer credit guidance?*

2.1 Respondents were supportive of our proposals for amendments to guidance in CONC. Some requested further clarification or additional guidance.

2.2 **CONC 6.7.27R, CONC 6.7.29R, 6.7.30R Persistent debt rules**
Stakeholders welcomed the proposed additional guidance to clarify that a firm is already taking steps 'equivalent or more favourable' to the persistent debt rules where a customer is benefiting from the protections of a moratorium. Some respondents asked us to clarify how timescales would be affected if a customer is in a moratorium and action under persistent debt rules is postponed or paused, including whether a customer would have additional time to respond when persistent debt communications are restarted.

2.3 A respondent asked if a credit card provider could suspend use of a credit card, which may be part of a persistent debt strategy, during a moratorium.

2.4 **CONC 5D.3.3(5)G Repeat overdraft use rules**
Respondents agreed with the amendments and supported the approach. Some respondents asked if a lender is still permitted to reduce or cancel an overdraft limit if a customer's debt is in a moratorium and whether the wording of the proposed guidance amendment in fact prevented this.

2.5 A respondent asked for clarification of how CONC applies where a repeat overdraft use action fell due during a moratorium.

2.6 **CONC 7.3.11R Suspending recovery of a debt for a reasonable period**
Several respondents asked that it be made explicit in CONC that firms should give more time to consumers and continue to pause enforcement activity if seeking advice and putting in place a debt solution takes longer than the 60-day moratorium provided for under the Regulations. Respondents argued that this has become more likely because of high demand for debt advice due to financial difficulties caused by the pandemic.

Our response

Persistent debt

The additions we proposed to the guidance on the persistent debt rules do not reset timescales if those rules are temporarily paused because a customer is benefiting from the protections of a moratorium.

Whether the persistent debt rules apply at the end of a moratorium will depend on if the firm is taking 'equivalent or more favourable steps'. If the rules apply, the period of the moratorium will still be taken into account in the assessments firms are required to make. However, the month in which firms would have been required to undertake the assessment may have been affected by the pause in application of the persistent debt rules due to the moratorium. For timings, the effect is similar to the interaction of the persistent debt rules with payment deferrals granted under our temporary coronavirus guidance (although in that case the persistent debt rules were disapplied). The [Credit cards \(including retail revolving credit\) and coronavirus: Payment Deferral Guidance](#) issued in November 2020 has some examples of how a pause in application of the persistent debt rules can affect timings. These may also be relevant to a moratorium.

The guidance does not prevent firms from considering or implementing the suspension of credit facilities in line with our rules and s98A of the Consumer Credit Act 1974.

Repeat overdraft rules

We do not consider that the additions to guidance prevent cancellation of an overdraft facility or reduction to an overdraft limit. The guidance applies to the moratorium debt, not in relation to access to further credit.

CONC 7.3.11R Suspending recovery of a debt for a reasonable period

We do not consider it necessary to be explicit that firms should give additional time if it is taking more than the 60 days to get further debt advice and set up a debt solution. The rule already requires firms to assess what is a 'reasonable period', which would depend on the circumstances in each case. Our addition to the guidance makes clear that firms can take into account the period of time that the debt was subject to a moratorium as part of their consideration of what is reasonable. The assessment of 'reasonableness' is not limited to when a customer's debt is in a moratorium.

Q2: *Are there any other consumer credit rules or guidance that we should consider amending?*

- 2.7** A number of respondents argued that when a customer's debts are in a moratorium the customer should be considered to be in 'actual payment difficulties', or that entering a moratorium should be considered their 'entry point into forbearance' to ensure forbearance and other relevant CONC rules apply to their treatment. Some respondents felt it is unclear how to apply CONC after a moratorium has ended or to debts or parts of debt not included in a moratorium. One respondent asked for clarity where additional subsequent regulatory forbearance would be appropriate. One respondent asked how to treat customers who default on their monthly insurance premium while the debt is in a moratorium.

Our response

To be eligible for a moratorium, a customer must be unable or likely to be unable to repay some or all of their debt as it falls due (Regulation 24 and Regulation 30). These customers are clearly experiencing or anticipating financial difficulties. We expect that in practice firms would already be aware of this and treating these customers accordingly. If they are not aware, the notification that a moratorium is in place should prompt firms to treat the customer in line with our rules and guidance on customers in financial difficulty and forbearance, as applicable to their circumstances. If a customer has debts or parts of their debts which are not in a moratorium, our rules apply as usual.

With regard to how to treat a customer who defaults on an insurance premium while in a moratorium, we remind firms of their obligations under Principle 6 to pay due regard to the interests of their customers and treat them fairly and ICOBS 2.5.-1R (where applicable) to act honestly, fairly and professionally in line with the best interests of its their customer. Firms should be taking these, and any other relevant obligations, into account when considering what to do where a customer is unable to pay their ongoing insurance premium finance instalments. This means that firms should not cancel insurance policies solely because of non-payment without first considering actions to support customers who may be in financial distress. The firm should consider what options it can provide to the customer and whether there are steps that can be taken which could deliver a fair outcome for the customer. For example, in the case of car insurance, where the customer needs their car to continue to work, cancelling the insurance will have a significant impact on them and their ability to pay the outstanding insurance premium finance debt in the future, exacerbating the problems compared to exercising some form of forbearance.

Q3: *Do you agree that no changes are required to the debt advice rules or guidance in CONC 8?*

- 2.8** Several respondents requested that we should add guidance to the Handbook to spell out that a moratorium is not a debt solution.
- 2.9** Some respondents argued that advising a customer on eligibility for a moratorium is not regulated advice and therefore CONC 8 does not apply. These respondents were concerned that the application of CONC 8.3.2R could undermine the policy intention of the Regulations, that is, that a customer can quickly access a moratorium in order to give them more time and space to access full debt advice and put in a place a debt solution. These respondents argued that because CONC 8.3.2R (c) requires all advice given to be based on a 'sufficiently full assessment of the financial circumstances of the customer' that this requires a full income and expenditure assessment to be carried out when advising on eligibility for a moratorium.
- 2.10** Respondents were further concerned that there was a lack of clarity on how to apply CONC 8.6, CONC 8.3.4R and CONC 8.3.7R (2) given that a moratorium is not a debt solution and parts of those rules reference debt solutions.

Our response

In our view, advising a customer on eligibility for a moratorium clearly fall within the regulated activity of debt counselling. Among other matters, assessing whether a moratorium is an appropriate option for the customer requires a judgement about whether they would benefit from entering a debt solution in the future (Regulation 24). So this advice would be about the liquidation of a customer's debt due under a credit agreement.

We do not agree with some respondent's views that the application of CONC 8.3.2R and CONC 8.3.7R (2) to advice about eligibility for a moratorium would undermine the intent of the Regulations. We understand that a moratorium is intended to give consumers the time to seek advice on which debt solution to enter and to get that solution set up. CONC 8.3.2R (1) (c) requires that all 'advice given and action taken...is based on a sufficiently full assessment of the financial circumstances of the customer' and CONC 8.3.7R (2) requires a 'reasonable' assessment of the customer's financial position and personal circumstances. It allows the adviser discretion to judge the level of assessment required based on the individual circumstances of the customer, in order to advise the customer about entering into a moratorium. The level of assessment needed will vary depending on their circumstances.

Where parts of CONC 8.6 require certain information to be provided in relation to advice given about debt solutions, these are not relevant to advice on eligibility for a moratorium. Further, we consider it is already clear that the Handbook definition of debt solution does not include a moratorium.

Q4: *Do you agree that no changes are required to the rules or guidance in MCOB?*

- 2.11** Most respondents either agreed that no changes were required to the Mortgages and Home Finance Conduct of Business (MCOB) rules or made no comment on this. Two respondents requested clarification on the interaction between the Regulations and our rules.
- 2.12** One respondent asked for the Handbook to be amended to make clear that a customer's debt entering into a moratorium should be considered as an indication of that customer being in payment difficulties for the purposes of MCOB 13.
- 2.13** One respondent said that for joint borrowers, if one of these borrowers enters their mortgage debt into a moratorium, firms should be required to inform the other party of this.
- 2.14** The respondent also noted that MCOB 13.6.4R (2) requires notification of the intention to pursue a sale shortfall within 6 years (5 years in Scotland) and asked for clarification of how moratorium periods should be factored into this time limit. It was also asked whether any extension would apply to joint debtors where only one of the debtors had applied for the moratorium.

Our response

It is our view that no changes to our rules are needed to require that entry into a moratorium should be treated as an indicator of payment difficulties. This is something firms should take into account, but we do not consider that treating entry into a moratorium more specifically than other potential indicators would be beneficial.

Our view is that information requirements concerning joint borrowers are primarily a matter for the Regulations in this instance, and not for our Handbook. Whether a failure to contact a joint borrower would constitute a breach of our rules or Principles will depend on the circumstances, and we do not consider specific provision on this to be necessary.

We do not consider that the time limits imposed by MCOB 13.6.4R (2), being a notification rule rather than a specific cause of action, are affected by the Regulations. To the extent the notification could constitute 'enforcement action' under the Regulations, it would be of a kind expressly permitted by Regulation 11. As a result, we consider it unlikely that the time limit extension provisions in the Regulations would operate to extend the time limit for sending this notification.

3 Summary of feedback and our response: overarching issues

Overarching issues

- 3.1 A number of issues were raised which are common to both mortgages and consumer credit.

Clarifications on Regulations

- 3.2 Respondents raised numerous questions asking for our view of how the Regulations should be interpreted.

Our response

We consider that detailed questions about the meaning or application of the Regulations are better directed to the Government. The Insolvency Service has issued guidance on the Regulations for creditors and debt advisors.

Interaction with our temporary guidance on payment deferrals

- 3.3 Several respondents asked for clarity on the interaction of the Regulations with the temporary guidance for consumer credit and mortgages for consumers in financial difficulty due to circumstances arising out of coronavirus ('the temporary guidance'). A customer may have a payment deferral under the temporary guidance and then enter a moratorium.
- 3.4 Respondents asked if firms are permitted to cancel a payment deferral given under the temporary guidance when a customer's debt enters a moratorium. One respondent noted the potential for consumer confusion between payment deferrals and a moratorium, since they have different objectives, consequences and features. For example, customers should continue to make payments on ongoing liabilities and contractual payments on debts in a moratorium.

Our response

Under the temporary guidance a firm should provide an eligible customer with a payment deferral when they ask for one unless the firm concludes it is not in a customer's interest in which case they can offer a different option which is appropriate to the customer's circumstances. Firms should not unilaterally cancel a payment deferral.

We consider that, to the extent the temporary guidance and the Regulations may overlap, they do not conflict. So firms can comply with both in parallel. For example, if any deferred payment amounts were to form part of a moratorium debt, the fact that the temporary guidance does not prohibit the charging of interest does not mean the separate prohibition on interest charges in the Regulations cannot apply.

Similarly, we consider that firms can contact customers towards the end of their payment deferral in line with the temporary guidance, without acting in breach of the Regulations. This is provided the communications are clearly framed to help the customer assess their options and not to pressure the customer about or demand repayment of their debts, as explained in the [Insolvency Service's guidance for creditors](#). Debt advisors are not obliged to cancel moratorium protections if a consumer has not met one of their obligations, for example missed ongoing liability payments, where the customer's personal circumstances would make the cancellation unfair or unreasonable, or where the customer does not have the financial means to meet their ongoing liabilities.

The precise interaction between the temporary guidance and the Regulations will vary between cases, depending for example on how firms give effect to payment deferrals. Where the point at issue primarily relates to the Regulations and is not covered by the existing [guidance for creditors](#), queries are better directed to the Government. Firms may contact us for questions about the temporary guidance.

Communications required under our rules

- 3.5** Several respondents asked for us to confirm which communications required under our mortgage and consumer credit rules should, and should not, continue during a moratorium.

Our response

Any communications required by our rules should continue to be made. The Regulations do not prevent a creditor from contacting a customer where this is required under the Consumer Credit Act 1974 (CCA) or FCA rules (Regulation 11). Section 3.9 of the Insolvency Service's guidance also explains the effect of the Regulations on communications with customers. We do not consider any further clarification is necessary in our rules.

Support for customers waiting for debt advice

- 3.6** One respondent argued that consumers waiting for debt advice should receive 'pre-breathing space' support, due to potential difficulties in accessing debt advice which have been exacerbated by the pandemic. They also noted that the limitations to face-to-face debt advice caused by the pandemic have disproportionately affected consumers with disabilities and consumers using English as a second language.

Our response

We have considered carefully the protections necessary for consumers facing financial difficulties and potentially experiencing delays in accessing debt advice. We continue to treat this as a priority risk for vulnerable consumers. We have made clear in our temporary guidance – [Consumer credit and Coronavirus: Tailored Support Guidance](#) – that firms should not consider a referral to a debt advice provider to be a

substitute for working with the customer to come to an appropriate arrangement in relation to the customer's agreement, including a forbearance arrangement.

We also set out our expectation that firms should try to make any debt advice referrals as effective as possible and help their customers understand the different types of advice available and take the full range of delivery channels into account when making referrals. We continue to closely monitor firms' approach in these areas.

Information for customers

- 3.7** One response, concerning mortgages, indicated a view that there may be a duty in MCOB for firms to inform customers about breathing space. One respondent suggested that we add a requirement that lenders notify their customers about the existence of the breathing space scheme.

Our response

Our MCOB rules do not require firms to inform customers about breathing space specifically, but a firm may choose to do so. MCOB 13.4.1 requires a firm to provide a particular Money Advice Service information sheet. Our [temporary guidance](#) requires firms to help customers understand what types of debt help or money guidance are available by either signposting or referring them to appropriate sources.

The Regulations do not require lenders to inform customers about the possibility of applying for a moratorium and we do not consider it appropriate for us to amend our rules to require it. We do not require firms to inform customers about other possible statutory schemes such as bankruptcy. Firms may choose to inform customers about the possibility of applying for a moratorium if they wish. We will also consider adding a reference to the Breathing Space scheme in the arrears and default sheets required to be sent under the CCA, when we next update those sheets.

Our supervisory approach

- 3.8** Respondents made several observations about areas we should monitor when the Regulations are in force:
- the activities of lead generator and debt advice firms in relation to advertising and charging for breathing space
 - creditor practices – in particular applications to court to cancel a moratorium
- 3.9** Some respondents raised concerns that we do not have supervisory powers under the Regulations and that this meant the burden of seeking compliance from creditors with the Regulations would fall on the debt advice sector. One respondent asked that we set up a mechanism to report non-compliance to us and that we should commit to acting quickly.

- 3.10** Some respondents noted that there were unavoidable operational problems in complying with Regulations due to their prescriptive nature, including if a moratorium starts on a non-working day. They felt we should take this into account when considering systemic non-compliance with the Regulations.

Our response

As we noted in our [Consultation Paper 20/21](#), we do not have powers under the Regulations to supervise compliance or enforce the Regulations. However, systematic non-compliance with the Regulations is likely to be of concern to us as it may call into question whether a firm is meeting Handbook requirements, the suitability requirements set out in our Threshold Conditions or breaching one of the principles, such as Principle 6, treating customers fairly.

We will address this through our established supervisory mechanisms and in line with the principles set out in our publication [FCA Mission: Approach to Supervision](#).

The Insolvency Service [guidance](#) also explains what steps debt advisers may take to support their clients if creditors do not comply with the moratorium protections.

4 Equality and diversity considerations & what you need to do next

Equality and diversity considerations

- 4.1** We have considered the equality and diversity issues that may arise from the proposals in this policy statement. We do not think they will adversely impact any of the groups with protected characteristics under the Equality Act 2010 ie age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment.

What you need to do next

- 4.2** If your firm is affected by the Regulations, you need to assess the need for any changes to your systems and processes and implement any necessary changes as soon as possible ahead of the Regulations coming into force.

Annex 1

List of non-confidential respondents

Admiral Group Plc

Christians Against Poverty

Finance and Leasing Association

Financial Services Consumer Panel

Gregory Pennington Limited

Lloyds Banking Group

Money Advice Trust

118 118 Money

Natwest Group

StepChange

UK Finance

Responses from individuals have been treated in confidence.

Annex 2

Abbreviations used in this paper

CONC	Consumer Credit Sourcebook
CP	Consultation Paper
FSMA	The Financial Services and Markets Act 2000
MCOB	Mortgages and Home Finance: Conduct of Business Sourcebook
moratorium	A Breathing Space Moratorium or Mental Health Crisis Moratorium
the Regulations	The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020



Sign up for our **news and publications** alerts

All our publications are available to download from www.fca.org.uk. If you would like to receive this paper in an alternative format, please call 020 7066 7948 or email: publications_graphics@fca.org.uk or write to: Editorial and Digital team, Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN

Appendix 1

Made rules (legal instrument)

CONSUMER CREDIT (DEBT RESPITE MORATORIUM) INSTRUMENT 2021

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the power in section 139A (Power of the FCA to give guidance) of the Financial Services and Markets Act 2000 (“the Act”).

Commencement

- B. This instrument comes into force on 4 May 2021.

Amendments to the Handbook

- C. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- D. The Consumer Credit sourcebook (CONC) is amended in accordance with Annex B to this instrument.

Citation

- E. This instrument may be cited as the Consumer Credit (Debt Respite Moratorium) Instrument 2021.

By order of the Board
25 February 2021

Annex A**Amendment to the Glossary of definitions**

Insert the following new definition in the appropriate alphabetical position. The text is not underlined.

<i>Debt Respite moratorium</i>	means a breathing space moratorium or mental health crisis moratorium under The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020.
<i>moratorium debt</i>	means a moratorium debt for the purposes of The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020.

Annex B

Amendments to the Consumer Credit sourcebook (CONC)

In this Annex, underlining indicates new text and striking through indicates deleted text.

5D Overdraft repeat use

...

5D.3 Interventions to be taken in the case of repeat users

...

5D.3.3 G (1) ...

...

- (5) (a) If an overdraft *customer* has already been identified by a *firm* as being in financial difficulties, and is already being treated with appropriate forbearance by the *firm*, the *rules* in this section do not require the *firm* to do anything which is inconsistent with the treatment that it has already adopted in respect of that *customer*.

- (b) Where a *Debt Respite moratorium* is in effect for a *customer's* overdraft and a *firm* is complying with its obligations pursuant to that moratorium, the *firm* is treating the *customer* with appropriate forbearance with respect to the portion of the overdraft that is subject to the moratorium. The *firm* is not required to take the steps in relation to that *moratorium debt* under this section during the moratorium, as these steps would be inconsistent with the treatment currently being adopted in respect of that *customer*.

...

...

6 Post contractual requirements

...

6.7 Post contract: business practices

Application

- 6.7.1 R (1) This section applies to a *firm* with respect to *consumer credit lending*.

(2) ...

Business practices

- 6.7.2 R (1) A *firm* must monitor a *customer's* repayment record and take appropriate action where there are signs of actual or possible repayment difficulties.
- (2) This *rule* does not apply in relation to a credit card unless the card is a business credit card (see *CONC* 6.7.1R(3)).

[**Note:** paragraph 6.2 of *ILG*]

- 6.7.3 G The action referred to in *CONC* 6.7.2R should generally include:
- (1) notifying the *customer* of the risk of escalating debt, additional interest or charges and of potential financial difficulties; and
- [**Note:** paragraph 6.16 of *ILG*]
- (2) providing contact details for *not-for-profit-debt advice bodies*.
- [**Note:** paragraph 6.2 (box) of *ILG*]; or
- (3) where a *Debt Respite moratorium* is in effect for the *customer's* debt for the purposes of *CONC* 6.7.2R, complying with its obligations pursuant to the moratorium, with respect to that *moratorium debt*.

Business practices: credit cards and retail revolving credit

- 6.7.3A R A *firm* must monitor a *retail revolving credit customer's* or a credit card *customer's* repayment record and any other relevant information held by the *firm* and take appropriate action where there are signs of actual or possible financial difficulties.

6.7.3B G ...

(2A) Where a *Debt Respite moratorium* is in effect for the *customer's* *retail revolving credit* or credit card debt and a *firm* is complying with its obligations pursuant to the moratorium, this is likely to constitute appropriate action in relation to that *moratorium debt* for the purposes of *CONC* 6.7.3AR.

...

...

Credit cards and retail revolving credit: persistent debt

- 6.7.27 R (1) This *rule* applies to a *firm* with respect to communicating with a *customer* about, and receiving payments or exercising rights under, a *regulated credit agreement* for a credit card or *retail revolving credit*, if the *firm* assesses that the amount the *customer* has paid to

the *firm* towards the credit card balance or *retail revolving credit* balance over the immediately preceding 18-month period comprises a lower amount in principal than in interest, fees and charges.

...

(3) The *rule* in paragraph (1) does not apply:

...

(c) where the *firm* is taking steps to treat the *customer* with forbearance under *CONC* 6.7.37R, is otherwise taking equivalent or more favourable steps in relation to the *customer's* account, or *CONC* 6.7.39R applies.

...

6.7.28 G (1) For the purposes of:

(a) *CONC* 6.7.27R, *CONC* 6.7.30R, *CONC* 6.7.34G, *CONC* 6.7.39R and *CONC* TP 8, “principal” comprises only the amount of *credit* drawn down by the *customer* under the credit card agreement or *retail revolving credit* agreement, and does not include any interest, fees or charges added to the account; and

(b) *CONC* 6.7.27R(3)(c), *CONC* 6.7.29R(5) and *CONC* 6.7.30R(4), where a *Debt Respite moratorium* is in effect for the *customer's* *retail revolving credit* or credit card debt, and a *firm* is complying with its obligations pursuant to the moratorium, the *firm* will be taking steps equivalent to, or more favourable than, those required under *CONC* 6.7.37R with respect to that *moratorium debt*, for as long as the moratorium is in effect.

...

...

7 Arrears, default and recovery (including repossessions)

...

7.3 Treatment of customers in default or arrears (including repossessions): lenders, owners and debt collectors

...

7.3.11 R A *firm* must suspend the active pursuit of recovery of a debt from a *customer* for a reasonable period where the *customer* informs the *firm* that a *debt counsellor* or another *person* acting on the *customer's* behalf or the *customer* is developing a repayment plan.

[Note: paragraphs 7.12 of *ILG* and 3.7m of *DCG*]

- 7.3.12 G A “reasonable period” in *CONC* 7.3.11R should generally be for thirty days where there is evidence of a genuine intention to develop a plan and the *firm* should consider extending the period for a further thirty days where there is reasonable evidence demonstrating progress to agreeing a plan. Where appropriate, a *firm* can take into account the period of time that the debt was subject to a *Debt Respite moratorium* when determining what is a reasonable period.

[Note: paragraphs 7.12 (box) *ILG* and 3.7m of *DCG*]

