FINANCIAL CONDUCT AUTHORITY

Policy Statement

PS26/24

Financial promotions rules for consumer credit: feedback to CP26/15 and final rules

November 2026

This relates to

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Contents

Chapter 1 Summary . . . . . Page 4
Chapter 2 Simplification of CONC 3 – final rules . . . . . Page 8
Chapter 3 Feedback on cost disclosure discussion paper . . . . . Page 16
Chapter 4 Cost benefit analysis (CBA). . . . . Page 27
Annex 1 List of respondents . . . . . Page 32
Annex 2 Abbreviations used in this paper . . . . . Page 34
Appendix 1 Made rules (legal instrument)

Chapter 1

Summary

1.1 In CP26/15 we consulted on streamlining the financial promotion rules in the Consumer Credit Sourcebook (CONC) 3 by removing or amending provisions that are overly prescriptive, outdated, or duplicative of the Consumer Duty (the Duty). This was to give firms more flexibility in how they communicate with customers while maintaining consumer protections.

1.2 CP26/15 had two parts:

- A Consultation Paper (CP) setting out our proposals to simplify the financial promotion and communication rules in CONC 3.
- A Discussion Paper (DP) seeking views on the future of Annual Percentage Rates (APR) and other cost disclosures in financial promotions.

1.3 We received 80 responses from firms, the wider consumer credit industry, consumer organisations, trade bodies, individuals, and charities. Some of those responses only provided feedback to the consultation or the discussion paper.

1.4 This Policy Statement (PS) summarises the feedback to our questions on simplifying CONC 3 and our responses, alongside our final rules. We also summarise responses to the discussion on APR and cost disclosures, and our next steps.

Feedback to our consultation

1.5 Respondents generally supported our proposals to simplify CONC 3. However, some raised concerns about removing detailed requirements for presenting information in financial promotions and asked that we retain them or clarify our expectations through guidance. Consequently, in some areas there was no clear consensus as to the appropriate balance between prescriptive and flexible requirements.

1.6 We consider that a proportionate regulatory framework for consumer credit financial promotions should be one that gives firms sufficient flexibility to tailor customer-facing communications to their target market while promoting consumer understanding.

1.7 Our proposals do not remove or reduce existing consumer protection. The framework combines specific CONC provisions, where they provide clarity or important protections (including a private right of action), with outcomes under the Duty. Consequently, we intend to make final rules as consulted on but with two small amendments:

- CONC 3.5.11R Securities – clarifying that the obligation to provide disclosure about security will only be triggered where a security is or is likely to be required by a customer.
- Existing communications – we are removing the proposed implementation period (other than for the change on securities (CONC 3.5.11R)) as these changes remove

prescriptive or duplicative requirements and provide firms with greater flexibility, rather than impose new obligations. Existing financial communications, apart from those relating to securities, will still be compliant once changes come into effect.

1.8 In the DP, we sought views on whether the term 'representative' should appear before the APR if a firm only offers one APR to which the financial promotion relates. There was wide support for removing 'representative' in such a case, so we intend to proceed with this. While we did not formally consult on this change, and because of the feedback received, we have decided to amend the rule accordingly.

1.9 In Chapter 2, we confirm our final rules with further detail on the feedback we received and the amendments we are making. We do not consider that these alter the compatibility statement or success measures set out in CP26/15.

Feedback to our discussion paper

1.10 Our DP sought views on 3 key areas in the financial promotion rules for cost disclosure:

- The extent to which disclosure of the Representative APR (and its triggers) helps consumers understand the cost of the credit, and what alternatives might be considered.
- Whether the mandatory inclusion of a representative example, when triggered, supports consumer understanding.
- Whether the current 51% threshold for determining a Representative APR remains appropriate.

Alternatives to APR

1.11 Respondents welcomed the discussion on cost disclosure and exploration of alternatives to APR in credit advertising. They recognised APR's limitations and generally agreed that the current approach does not always support consumer understanding and decision making. Nonetheless, many also recognised its value as a standardised metric for comparing products.

1.12 Views diverged significantly on appropriate alternative cost disclosures, APR triggers and the extent to which relying on the Duty itself to provide firms with flexibility was desirable, as it could lead to inconsistent outcomes.

1.13 There was not sufficient consensus to inform our policy approach on alternative cost disclosures and APRs. In addition, although they welcomed the behavioural research we had undertaken, a number of stakeholders felt that we should do more extensive consumer research to support alternative options. We are therefore not consulting on alternative cost disclosures at this stage but in the meantime, we are publishing feedback on the views we received to each of the questions we posed. We will continue to explore alternative cost disclosure options, engage further with stakeholders, and gather more evidence.

Representative examples

1.14 Most respondents questioned the value of Representative examples as a comparative tool, given they require extensive information that is usually generic in nature and often in space-constrained media, such as digital ads with limited characters. They also argued Representative examples are becoming less relevant as the market moves towards personalised illustrations and pricing for customers.

51% threshold

1.15 We suggested several policy options, including adjusting the 51% threshold, which requires the advertised Representative APR to be the rate that at least 51% (the majority) of successful applicants receive when taking out credit. Other options include firms providing a range of APRs that might be offered or disclosing the maximum rate. Many respondents agreed that an incremental increase in the 51% threshold will not have a significant impact on customer outcomes. There was also no consensus among respondents on a viable alternative or whether the current approach should be changed.

1.16 In Chapter 3, we set out the feedback we received to the DP and explain how this will inform our next steps.

Digital Markets Competition and Consumers Act 2024 (DMCCA)

1.17 Several trade bodies asked about how our powers to enforce provisions in the Digital Markets Competition and Consumers Act 2024 (DMCCA) in relation to unfair trading would operate alongside our Financial Services and Markets Act 2000 (FSMA) powers. Specifically, how the rules on price transparency in section 230 of the DMCCA may also be applicable to financial promotions that involve an 'invitation to purchase' (as defined in the DMCCA). Although the Competition and Markets Authority is the lead regulator under the DMCCA, we also have powers to enforce against breaches of these provisions.

1.18 Like our broader supervisory approach, we will consider the circumstances of each case and use the most appropriate regulatory tool to respond swiftly and proportionately when deciding what action, if any, to take. This may involve using our powers under the FSMA or the DMCCA.

What we are changing

1.19 After carefully considering feedback, we are broadly amending rules and guidance as consulted on. However, we have made some minor changes to the draft instrument. We do not consider the changes to the rules and guidance as consulted on are significant for the purposes of s.138I(5) FSMA. We also do not consider that they have an impact on the compatibility statement in CP26/15.

1.20 As our latest data shows that there are a small number of Gibraltar-based consumer credit lenders with permission to lend in the UK, we will add a rule to clarify that these changes will apply to any Gibraltar-based consumer credit firms to which CONC 3 applies.

What you need to do next

1.21 If your firm is affected by our final rules, you will need to consider making any necessary changes. With the exception of the change to CONC 3.5.11R, these changes are permissive, as they remove prescriptive or duplicative requirements to provide firms greater flexibility in their communications, rather than impose new obligations. We would encourage firms to utilise this flexibility to tailor consumer-facing communications in a way to promote consumer understanding and support evolving consumer journeys, including through digital channels.

1.22 The final Handbook text is in Appendix 1.

Our next steps

1.23 We plan to further refine the options on cost of credit disclosures outlined in the DP chapter. This will include stakeholder engagement and exploring further testing. Should we decide to take some policy options forward, we will consider how best to align this with forthcoming Consumer Credit Act (CCA) reform.

Chapter 2

Simplification of CONC 3 – final rules

2.1 This chapter summarises stakeholder feedback to the provisions in CONC 3 where we proposed to remove, consolidate, relocate, or amend rules and guidance and rely on the Duty, as set out in Chapter 3 of CP26/15.

2.2 Many respondents generally agreed the changes would make our rules easier to navigate and apply. However, some suggested we retain various provisions in the form of guidance, best practice examples, or supervisory communications to clarify our expectations. Consumer groups were concerned about how we can supervise and enforce against the Duty.

2.3 While we note stakeholders' calls for greater certainty in applying the Duty, providing prescriptive requirements risks limiting the flexibility that an outcomes-based approach under the Duty is designed to achieve. The Duty allows firms to adopt a reasonable approach and to exercise sound judgement based on their specific business models, products and customers, and enables them to focus on delivering good consumer outcomes rather than taking a tick-box approach to compliance.

2.4 Furthermore, firms can use the Duty to not only improve customer journeys but also to innovate and develop new products that better meet the needs of their target markets.

2.5 We therefore consider that retaining the current level of prescription or providing further guidance would not achieve these aims.

2.6 We are pragmatic in our supervision, working with firms to support compliance with the Duty and where necessary we will take enforcement action to address harm. Our Enforcement Watch from July 2026 gives an insight into our approach.

Revising CONC 3.3.10G

2.7 We proposed removing the guidance in CONC 3.3.10G(1) to (5) on practices likely to contravene the clear, fair and not misleading rule because the Duty addresses the underlying consumer understanding outcomes that those provisions were designed to achieve.

2.8 We also proposed to relocate the guidance in CONC 3.3.10G(6) to (8) relating to debt solutions to CONC 3.9 in order to make our rules more coherent and easier to navigate.

2.9 We asked:

Question 1: **Do you agree with our proposal to remove the guidance in CONC 3.3.10G(1) to (5) and to move the guidance in CONC 3.3.10G(6) to (8) relating to debt solutions to CONC 3.9?**

2.10 Most respondents supported removing the guidance in CONC 3.3.10G(1) to (5). However, some consumer groups and a small number of industry respondents (including a trade body) preferred we retain it, as they considered it gave firms useful clarity and examples of unfair practices. One stakeholder also reasoned that retaining the guidance would make clear where a customer has private right of action for breaches of these provisions. Many respondents suggested that if we remove this guidance, we should provide it in alternative non-Handbook guidance or communications.

2.11 Respondents supported relocating the guidance in CONC 3.3.10G(6) to (8) to CONC 3.9.

Our response:

We will remove CONC 3.3.10G(1) to (5) as proposed. We still believe there is significant overlap between CONC 3.3.10G and the consumer understanding outcome of the Duty which largely addresses these types of issues, and we don't consider separate guidance to be necessary in addition to the Duty.

The clear, fair and not misleading rule in CONC 3.3.1R(1) remains the overarching requirement on firms and retaining it ensures consumers have a private right of action for breaches. The guidance on this rule in CONC 3.3.6G to 3.3.9AG is retained and explains how firms can meet the requirements of this rule.

We also intend, as proposed, to relocate CONC 3.3.10G(6) to (8) relating to unfair business practices in respect of debt solutions to CONC 3.9 alongside other debt counselling and debt adjusting provisions to help firms better navigate these complementary provisions.

Amendments to CONC 3.5.11R

2.12 We initially proposed to amend CONC 3.5.11R so that financial promotions must disclose a security or guarantor only where this is always required. This removed the requirement to disclose a security that may be required depending on the customer's circumstances. We acknowledge the importance of consumers being aware that a security is required where this is the case but also want to make it clear that firms do not need to include this information in a financial promotion where it is not applicable to customers' circumstances.

2.13 We asked:

Question 2: **Do you agree with our proposed amendment to CONC 3.5.11R?**

2.14 Most stakeholders supported our amendment. They agreed it would avoid confusion from requiring disclosures that are contingent on customers' circumstances. A few were concerned that if we are not requiring disclosure of a security for all products that *may*

require a security, firms could disclose a security or guarantor too late in the customer journey. By that point, customers may feel pressured to proceed with the purchase given time spent and impact on their credit file from a credit check.

Our response:

We want to ensure financial communications are not diluted with unnecessary information that, in some circumstances, can mislead or confuse customers rather than support their understanding.

Firms failing to disclose the need for a security or guarantee could contravene their consumer understanding obligations under the Duty. Therefore, firms will still need to consider whether providing this information in a financial promotion is helpful.

Some stakeholders raised concerns that firms could circumvent our requirement if it only applied where a security is required in all cases – e.g. a firm could opt not to require a security or guarantee from a very small number of customers even where it is otherwise integral to the product. To address this, we are amending the rule wording in CONC 3.5.11R(1) to 'is or is *likely* to be required' (instead of 'is' required as was consulted on). This will ensure firms disclose the need for a security (including a guarantee) only where it is most relevant and where it is a common feature of the product. Firms should keep the need for a security statement under review should their requirements change.

Removing CONC 3.5.12R – restricted expressions

2.15 We proposed removing CONC 3.5.12R, which restricts the use of certain expressions in consumer credit financial promotions, because we consider it provides unnecessary prescription that duplicates requirements under the Duty.

2.16 We asked:

Question 3: **Do you agree with our proposal to remove CONC 3.5.12R?**

2.17 Generally, stakeholders agreed that the Duty sufficiently captures these protections and our expectations. However, some were concerned that removing this guidance could lower standards and removing this specificity could mean firms interpret the Duty inconsistently, potentially affecting consumer understanding. We heard concerns that removing the requirement for firms to use the expression 'weekly equivalent' only when the agreement provides for weekly payments might mislead consumers. A research body also felt we should consider how to ensure firms remain clear that terminology should not obscure risks, overstate availability or imply guaranteed acceptance.

Our response:

We will remove CONC 3.5.12R - Restricted Expressions as proposed.

As laid out in CP26/15, we still expect firms to meet their obligations under PRIN 2A.5.3R. We are of the view that these changes will give firms more flexibility while maintaining appropriate consumer protections.

Under the Duty, firms are required to act in good faith (PRIN 2A.2.1R and PRIN 2A.2.2R) and communicate information in a way which is clear, fair, and not misleading (in PRIN 2A.5.3R as well as our rule in CONC 3.3.1R). Therefore, firms would still need to ensure any terminology they use meets the information needs of their customers, is likely to be understood by customers and equips them to make decisions that are properly informed. We want firms to consider the outcomes for their customers rather than issuing promotions based on tick-box compliance. This should support high standards.

CONC 3.6 – Financial promotions about credit agreements secured on land

2.18 We consulted on removing CONC 3.6 - Financial promotions about credit agreements secured on land. We noted that these prescriptive requirements relate to lending that we considered to be extremely rare.

2.19 We asked:

Question 4: **Do you have information or data you can share about the extent to which regulated credit agreements secured on land are used in the market?**

Question 5: **Do you agree with our proposal to remove CONC 3.6 from the Handbook?**

2.20 Credit agreements secured on land were not applicable to most respondents' activities and therefore they did not share relevant data. As a result, the majority of respondents that responded to this question supported removing CONC 3.6, although most did not comment.

2.21 The few stakeholders that favoured retaining CONC 3.6 said that if removing this information could lead to consumer harm for this rare form of lending, then there is no harm in retaining it.

Our response:

We will remove CONC 3.6 as consulted on.

Since we do not have evidence that this form of lending is commonplace, the risk of harm from removing these provisions is very small. Furthermore, firms must have regard to the clear, fair, and not misleading rule together with the Duty outcomes, including meeting the information needs of customers and equipping them to make effective decisions. We think that the warning about the risk of repossession is less significant here because these loans will rarely be secured on a residential dwelling. Most will fall under the regulated mortgages regime where different requirements apply.

Other provisions to be removed – overlap with the Duty

2.22 We proposed removing several CONC 3 provisions, which we listed in a table at 3.24, where we considered reliance on the Duty's consumer understanding requirement may be sufficient. This intended to simplify our requirements in the Handbook while continuing to protect consumers through the Duty.

2.23 We asked:

Question 6: **Do you agree with our proposals to remove the provisions in the table above from CONC 3, and rely on the Consumer Duty?**

2.24 Most respondents broadly supported our proposals to simplify the Handbook in this way.

2.25 However, some suggested retaining some of the prescriptive provisions as they provided useful clarity. A few respondents suggested retaining our guidance on the meaning of prominence (CONC 3.2.3G). Some wanted to retain CONC 3.3.1R(1B) to ensure the information lenders present in their promotions remain consistent, thereby supporting comparability.

Our response:

We will remove the provisions set out in the table as consulted on.

We remain of the view that the Duty, together with our requirement that communications be clear, fair and not misleading (CONC 3.3.1R), provides a sufficient framework for firms to design communications that support consumer understanding. It also provides the basis for us to take action if non-compliant financial promotions result in poor consumer outcomes.

PRIN 2A.5.7G clarifies our expectations of how firms' communications should support consumers, including presenting key information prominently and with an appropriate level of detail. Additionally, firms

may refer to FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty, which already provides examples of good and poor practice to help firms comply with the Duty, including making key information prominent, using clear language, and avoiding information overload.

Removing outdated requirements

2.26 We proposed removing CONC 3.2.2G because the Privacy and Electronic Communications Regulations apply regardless of whether we signpost them in CONC. We also proposed removing CONC 3.3.9G because firms are generally prohibited from using premium-rate telephone numbers for customer service calls under consumer contract regulations. We therefore considered that these references were no longer necessary.

2.27 We asked:

Question 7: **Do you agree with our proposals to remove the provisions in the table above?**

2.28 The majority of respondents agreed with our rationale and supported removing the duplicative provisions, particularly as doing so streamlines the Handbook without affecting the underlying protections. Two respondents suggested retaining CONC 3.3.9G to reinforce that premium-rate numbers should not be used for customer service calls.

Our response:

We will remove CONC 3.2.2G and CONC 3.3.9G.

As these protections will continue to apply through provisions outside CONC, we do not consider their removal will result in any loss of consumer protection.

One APR and use of the term 'representative'

2.29 We sought views in the DP chapter on removing the requirement for firms to use the term 'representative' where a credit product only offers a single APR. We have decided to take this forward now as we consider this change to be permissive, and stakeholders overwhelmingly supported our proposal.

2.30 We asked:

Question 21: **Do you agree that the term 'representative' can be omitted where the firm only offers a single APR in respect of the financial promotion?**

2.31 Almost all respondents supported removing the term 'representative' in this circumstance, agreeing that it adds little value when customers will receive the advertised rate.

2.32 Two respondents favoured retaining the term to maintain consistency and comparability. A few supported removing it but warned that these changes should not imply that the advertised rate is guaranteed or available without underwriting. They suggested firms should clearly explain that rates remain subject to conditions and eligibility criteria.

Our response:

Although Question 21 was included in the DP, we have decided to proceed with removing the term 'representative' where a firm offers only a single APR to which the financial promotion relates, given respondents' strong support and the benefits this change will provide for consumers and firms alike.

The changes will give consumers greater clarity on advertised rates without reducing protection and will allow firms to communicate pricing more clearly. This should improve consumer understanding and engagement with firms' offerings. But they will need to consider how best to communicate APR in a way that will not mislead customers into believing they will automatically be eligible for the product.

Firms are not obliged to use this flexibility in our rules. They can continue to use existing compliant promotions if they wish, provided they are satisfied that they meet the informational needs of their customers. We therefore do not expect firms to incur material compliance costs.

Implementation period

2.33 We proposed that the final rules take effect 3 months after they are made. This gives firms enough time to familiarise themselves with and implement the final rules.

2.34 We asked:

Question 8: **Do stakeholders agree with our proposals in respect of implementation and transitional periods?**

2.35 Most respondents supported a 3-month implementation period for the CONC 3 simplification changes, although some sought clarity that existing financial promotions would not need to be amended immediately. Some respondents called for a longer implementation period, arguing that changes to governance processes, operational system changes, and third-party dependencies required further time to adopt the changes.

Our response:

We are removing the proposed implementation period (other than for the change to CONC 3.5.11R on securities, where a 3-month implementation period will apply). These changes remove prescriptive or duplicative requirements to give firms greater flexibility in their communications, rather than imposing new obligations on them. Therefore, existing compliant promotions and communications will still be compliant once changes come into effect.

Chapter 3

Feedback on cost disclosure discussion paper

3.1 This chapter summarises respondents' feedback to the discussion in Chapter 4 on the future role of APR and other cost of credit disclosures. We have collated feedback into the following themes:

- Representative APR triggers
- Alternative cost disclosures and potential benefits
- Representative examples
- Representative APR thresholds
- Representative APR – other points

3.2 Two overarching themes emerged from stakeholder feedback, impacting our next steps.

3.3 First, respondents noted that a number of the DP issues are linked to wider CCA reforms. They noted the impact on consumer understanding from layering information. Firms may present key information upfront, with further detail later in the customer journey to reduce customers' cognitive overload. Respondents suggested that any changes to cost of credit disclosures in financial promotions should be introduced at the same time as wider CCA reforms to information requirements. This would minimise the regulatory burden on firms.

3.4 Second, respondents wanted us to do more research before making any changes to the disclosure requirements. They felt that we didn't currently have enough evidence to determine which measures would best balance consumer understanding with comparability. Given the lack of consensus on APRs and suitable metrics, we are considering further research, including testing the effectiveness of alternative disclosures, combinations of metrics, and how relevant they are for different credit products.

3.5 Many specifically requested testing of *pounds-and-pence disclosures, total repayment measures, repayment examples and product-specific metrics*. Respondents also highlighted the need to understand the effects on comparability, consumer understanding, vulnerable consumers and competition before deciding on any future regime.

3.6 At this stage, we do not intend to consult on specific proposals while we determine what policy options to take forward. We explain our reasoning in more detail below.

The Duty

3.7 Those who supported a stronger reliance on the Duty typically argued that firms should have greater flexibility to present information in ways that improve customer understanding, particularly in digital and space-constrained channels, but still wanted us to provide guidance, examples or high-level disclosure expectations. Even among respondents who favoured an outcomes-based approach, there was a consistent view that some form of guardrails, supervisory clarity or minimum disclosure framework would remain necessary. Several respondents suggested retaining Representative APR as a core comparison metric while allowing firms greater flexibility over how and when to present supporting cost information.

Representative APR triggers

3.8 We asked:

Question 9: **Are the 3 triggers as set out in CONC 3.5.7R appropriate, or should they be changed or removed entirely?**

Question 10: **If the triggers are removed, would the Duty's principles-based good consumer outcomes-led approach to disclosing the APR (or alternative cost information) suffice?**

3.9 There was significantly less consensus on the triggers for disclosing a Representative APR than on some of the other cost-disclosure issues. Although stakeholders acknowledged that the current requirements have shortcomings, there was substantial disagreement on alternative options.

3.10 Many industry respondents argued that the existing triggers are overly prescriptive, generate lengthy disclosures in digital and space-constrained channels, and encourage compliance that focuses on technical trigger words rather than consumer understanding. These respondents often supported a principles-based approach under the Duty, although many still wanted us to set guardrails around this. One respondent argued that the text appearing on search engines such as Google should not be considered part of the financial promotion.

Incentive trigger

3.11 The strongest criticism was directed at the incentive trigger. There was widespread industry concern that its scope is unclear and difficult to apply consistently. Respondents argued that references to speed, ease of application, product branding, promotional features or customer benefits can inadvertently trigger Representative APR disclosures. Several considered this trigger excessively broad and believed it creates information overload without necessarily improving consumer understanding. Some supported removing the incentive trigger altogether, while others suggested

restricting it to financial incentives such as discounts, cashback or rewards. Consumer group respondents were generally less supportive of removal, warning that firms may increasingly rely on incentive-based messaging if disclosure obligations are weakened.

Comparison trigger

3.12 Views on the comparison trigger were more aligned. A number of respondents argued that comparisons are precisely the circumstances in which standardised cost information is most valuable and that the trigger should therefore be retained. Others accepted the rationale for a comparison trigger but argued that its scope could be clarified. Some industry respondents suggested that explicit comparative claims such as 'best', 'lowest' or 'cheapest' should continue to trigger disclosure requirements, while broader or implied comparisons could be treated more flexibly. There was relatively little support for removing the comparison trigger entirely.

Access to credit trigger

3.13 The access to credit trigger generated more disagreement. Some industry and fintech respondents considered it too broad and argued that references to eligibility, acceptance or credit history often trigger disclosures that add little value. Several respondents supported narrowing or removing it, particularly where references to creditworthiness already overlap with other triggers. By contrast, consumer groups and some lenders argued that claims about obtaining credit with high APRs should continue to attract standardised cost disclosures. This is because they are particularly relevant to financially vulnerable consumers and those with limited access to mainstream credit.

3.14 We asked stakeholders whether relying on the Duty and removing the triggers would suffice in producing good consumer outcomes. There was very little support for abandoning the trigger framework altogether and relying solely on Duty requirements to determine when cost information should be disclosed. Respondents expressed concern that firms could frame disclosures without sufficient balance in ways that make products appear more attractive. Several also highlighted risks for supervision, redress and Financial Ombudsman Service alignment if the regime became entirely principles based.

Alternative cost disclosures

3.15 We asked:

Question 12: **Do you have suggestions on alternatives to APR?**

Question 13: **If firms are permitted to use alternative cost disclosures to APRs, how might this impact on consumers' ability to compare products and shop around?**

Question 14: What are your views on retaining mandatory Representative APR disclosure, while allowing flexibility for additional cost of credit disclosures alongside it?

Question 15: What are your views on removing the requirement to display a Representative APR without prescribing an alternative cost metric, and instead allowing firms flexibility to provide the cost information they consider best supports their consumers' understanding?

Question 16: What are your views on maintaining the current approach under which Representative APR is the sole prescribed cost metric?

3.16 Respondents broadly agreed that APR remains an important and widely used benchmark for comparing credit products. However, many considered that APR alone does not provide consumers with the information they find most useful when understanding the actual cost of a credit product. Consequently, there was widespread support for retaining APRs and supplementing them with disclosures that could improve consumer understanding, particularly where APR is perceived as less meaningful such as in the cases of reward credit cards with high annual fees and high-cost short-term credit.

3.17 However, there was no consensus on what additional disclosures firms should provide or the circumstances in which they should apply. Suggestions included total amount repayable, total cost of credit in pounds and pence, monthly repayment amounts, interest and fees shown separately, repayment timelines and cost-per-£100 borrowed measures. Respondents argued that these disclosures may be more intuitive than an annualised percentage and could help consumers better understand the impact of repayments and the actual cost of borrowing.

3.18 While there was some coalescence around supplementing APR with total cost/total amount repayable, respondents diverged on the circumstances in which it should be used, noting that it may be less suitable for running account products where total costs depend on future borrowing and repayment behaviour.

3.19 A small number of respondents supported scenario-based repayment examples, whereby borrowing costs are illustrated using personalised borrowing scenarios, and pounds-and-pence borrowing illustrations to help consumers understand the actual cost of credit. However, respondents noted that such disclosures could reduce comparability if firms use different assumptions.

Prescribing alternative cost disclosures

3.20 We sought views on whether we should prescribe any alternative metrics or whether firms should have flexibility to select the metrics they consider best support their customers.

3.21 Some respondents favoured a prescribed and standardised disclosure framework across firms and products, arguing that consistency is essential for comparability, effective supervision and consumer protection. They expressed concerns that allowing firms to choose their own metrics would fragment the market and make comparisons harder. Some warned that firms may select metrics that make their products more attractive rather than those that best support customer understanding or decision-making. However, several respondents questioned the extent to which the framework should be prescribed, including whether certain disclosures should be mandatory in particular circumstances and applied consistently across products, channels, and stages of the customer journey.

3.22 By contrast, others favoured a more flexible approach, arguing that firms are best placed to understand their customers' information needs and that prescribing disclosures risks repeating the shortcomings of the existing regime. These respondents generally supported allowing firms discretion to select disclosures most relevant to their products and customers, particularly within digital and layered customer journeys. However, even among these respondents, many sought our guidance or guardrails on how flexibility should be exercised.

3.23 Views also differed on when additional disclosures should be presented. Some respondents favoured including additional cost information prominently in financial promotions, while others considered them more effective later in the customer journey, when consumers are considering a specific product or customising an offer. Many supported a layered approach, in which different information is presented at different stages, particularly in space-constrained channels. However, some warned layering could increase complexity, reduce transparency or make important information harder to access.

Replacing APRs

3.24 A minority of respondents were concerned that presenting APR alongside additional metrics could overwhelm consumers with too much information, making the journey more complex and reducing understanding. They supported replacing APRs, either generally or for particular products, arguing that APR can distort perceptions of cost, particularly for short term loans where annualisation can produce very high figures that do not reflect the borrowing experience. Alternatives proposed included pounds-and-pence disclosures, total repayment amounts, cost-per-£100 borrowed, monthly percentage rates, repayment schedules and other cash-based metrics. However, these views were not uniformly shared, and many respondents cautioned against removing APR without testing its replacement.

Product-specific disclosures

3.25 A recurring theme was that different products may require different disclosures to meet consumers' information needs. Several respondents argued that disclosure requirements should be tailored to product characteristics rather than applied uniformly across products. Some suggested product-specific disclosure frameworks, while others proposed a common comparator supplemented by tailored metrics depending on product features. We heard from stakeholders in the insurance sector that APRs can be

unhelpful when a customer adjusts their policy mid-term. The APR balloons because of the short period remaining on their policy, which can be misleading and potentially distressing.

3.26 Respondents broadly agreed that consumer understanding of the cost of credit should be improved and that APR has limitations. High-cost short term credit and credit cards with high annual fees were examples given of where APR can hinder consumer understanding.

3.27 Several respondents emphasised that disclosures should reflect actual customer usage, including borrowing patterns and repayment behaviour. This related to running account credit products where the current rules require assumptions to be made about the drawdown and repayment of credit.

Potential benefits of alternative cost disclosures

3.28 We asked:

Question 11: **Do you have evidence that using alternative cost disclosures to APRs would increase competition and supply of higher cost credit?**

Question 17: **If our rules enabled firms to present alternative cost disclosures to APRs, which products would benefit from these alternatives and how should the criteria be defined (for example, based on interest rate or length of term)? Are there any products that might see disbenefits, and how might providers of credit products respond in these cases?**

Improve competition and supply of higher cost credit

3.29 Several respondents suggested that alternative cost disclosures could improve competition and increase the supply of higher-cost credit by communicating costs more accurately and contextualising very high APRs. They argued that high APRs can create reputational concerns for providers as annualised APRs can make products appear more expensive than the actual cost to consumers, particularly for products with short terms or fixed fees. This can deter investment and funding, which may restrict consumers' access to affordable credit products and limit market growth. They suggested that cost disclosures based on total repayment or similar measures could present such products more accurately and make it easier for providers to attract investment and funding.

3.30 Other respondents were more cautious. They contended that there was little or no evidence to suggest that changes to disclosure requirements would materially increase competition or the availability of credit. Some stakeholders questioned whether facilitating the increase in supply of higher cost credit through APR reforms was desirable at all.

Some customers better served by alternative disclosures

3.31 On the type of customers that could be better served by alternative cost disclosures, respondents identified short-term lending, fixed-sum instalment products, community finance products and other forms of credit. There was a recurring view that annualising relatively small charges over a short borrowing period can produce APR figures that appear distorted.

3.32 A common theme was the difficulty of defining appropriate eligibility criteria for presenting alternative disclosures. Some respondents suggested loan terms, loan amount, fee structures and repayment characteristics. However, some also cautioned against creating a rigid criterial that could lead to similar products being subject to different disclosure requirements. Several stakeholders favoured a framework that would preserve comparability across products while allowing consumers to see information presented in a way that is easier to understand.

3.33 There were differing views on the balance between consumer understanding and comparability. Supporters of alternative disclosures argued that product-specific measures would better reflect the actual costs consumers face and could improve comprehension. Others warned that allowing different products to use different metrics could make it hard to compare competing credit products and increase the risk of firms selecting the disclosure that presents their product most favourably. Some also noted that comparability was less important for those with limited credit choices due to their credit status and so were less likely to shop around.

Representative examples

3.34 We asked:

Question 18: **Should 'Representative examples' continue to be required in financial promotions based on the current triggers, or at all?**

3.35 There was no strong consensus among respondents on the fundamental purpose of representative examples. Some viewed them as an important consistency and consumer protection tool, while others considered them confusing, outdated and unsuitable for modern, personalised credit journeys. There was stronger support for reforming or removing the current representative example requirements than for retaining them unchanged. The feedback showed broad concern about the usefulness of representative examples in modern credit journeys, particularly where communications are digital, personalised, or space constrained.

3.36 A minority of respondents supported retaining representative examples. They argued that they promote consistency in when and how cost information is presented. Some consumer-focused respondents considered them an important safeguard and were concerned that removing them from channels such as social media or video advertising could reduce the visibility of credit cost information.

3.37 Many respondents argued that representative examples should be removed altogether or substantially reformed. Common criticisms were that they are confusing, clutter communications and are of limited relevance to consumers. Respondents highlighted issues such as the coexistence of 0% promotional offers and Representative APRs, the use of a £1,200 assumed credit limit and other assumptions for running account credit, and the burden of updating examples through a product's lifecycle. Several firms said representative examples can discourage firms from including potentially useful information if doing so would trigger additional disclosure requirements. Others argued that representative examples are particularly problematic in audio, social media and other space-constrained channels.

3.38 Stakeholders representing the radio sector have researched the usefulness of representative examples which we outlined in CP26/15. They described the full representative example as difficult for audio listeners to process and decode, causing them to tune out and in fact undermines comprehension.

3.39 Many respondents favoured a more personalised or layered approach. They argued that cost information is more useful when presented later in the customer journey, once firms know more about the customer and the credit they are considering. In their view, personalised calculations, dynamic tools and clearer product-specific information would be more meaningful than standardised representative examples shown at the promotion stage. Several respondents said any move away from representative examples should be accompanied by guidance on disclosure expectations, sequencing, layering, testing and monitoring.

3.40 Some respondents took a different position. They accepted that certain elements of representative examples, such as monthly repayments and total amount payable, could be valuable, but felt they should be shown later in the journey and tailored to the customer. A small number suggested simplifying representative examples rather than abolishing them. These respondents generally favoured standardised formats, but with greater flexibility to reflect different products and more realistic customer scenarios.

3.41 There were also calls to redesign representative examples around alternative disclosure metrics. Some respondents suggested basing examples on measures such as total repayable amount, total interest and charges, instalment amounts or repayment terms rather than APR. However, views on replacement metrics varied significantly and no clear consensus emerged over a single alternative.

3.42 Running-account credit generated particular concern. Respondents argued that mandatory representative examples are less meaningful where pricing is personalised, credit limits vary, or products use dynamic pricing. Several suggested replacing the £1,200 assumption, using average credit limits, or allowing firms to use digital tools such as calculators to communicate costs more effectively. Many of these respondents still saw a role for APR as a comparison metric, while questioning the usefulness of the representative example format itself.

Representative APR thresholds

3.43 We asked:

Question 19: **What is your view as to whether the current 51% threshold for presenting the Representative APR is appropriate, and do you have views on the alternative options stated or other suggestions?**

3.44 There was little consensus that simply changing the threshold to determine the value of the Representative APR would resolve respondents' underlying concerns. Many industry respondents argued that the existing 51% threshold is increasingly disconnected from modern lending models that rely on personalised pricing, soft searches and risk-based underwriting. Many industry respondents said that moving the threshold back to the previous 66% level would not materially improve consumer decision-making, because customers would still not know what rate they would personally receive once they had applied for the credit. Several suggested that the main issue is that possible outcomes are uncertain rather than the precise percentage used for advertising the representative APR.

3.45 We heard some resistance to increasing the threshold. Some respondents, including lenders and industry groups, argued that a higher threshold could distort risk-based pricing, incentivise firms either to tighten lending criteria or suppress advertised rates, and could ultimately reduce access to credit for higher-risk borrowers. Some respondents were concerned that higher thresholds could reduce product availability or push firms towards more uniform pricing models. A number of these respondents therefore favoured retaining the 51% threshold, even while acknowledging its shortcomings.

3.46 Consumer groups, debt advisers and some firms were more receptive to increasing the threshold. These respondents argued that a higher threshold, commonly 66% and in some cases 75%, would reduce the number of consumers who are disappointed after discovering they will not receive the advertised rate. Some linked this to concerns about consumers undergoing hard credit searches only to be offered materially worse terms than those promoted. However, there was recognition that raising the percentage alone would not fully address wider weaknesses.

3.47 Across respondents, there was support for providing additional information alongside the Representative APR. Consumer groups, research bodies, credit reference agencies, some lenders and consultancies frequently favoured disclosure of the maximum APR, an APR range, or both. They said ranges would give consumers a better sense of possible outcomes. Some suggested additional disclosures such as minimum and maximum rates, or likelihood of receiving the advertised rate. In contrast, a smaller group of industry respondents argued that ranges or maximum rates could reduce comparability, confuse consumers, create issues in space-constrained advertising or worsen access to credit by discouraging firms from serving riskier customers.

3.48 There was also strong support, particularly from consumer groups, for improving transparency around how Representative APRs operate in practice. They asked for firms to explain more clearly that customers may not receive the advertised rate, when they will learn their actual rate, and the implications of progressing through an application. Some also supported greater use of soft searches or indicative pricing to help consumers understand likely borrowing costs earlier in the customer journey.

Representative APR – other points

3.49 We asked:

Question 20: **Would providing guidance to encourage firms to fully explain the Representative APR be helpful?**

Question 22: **Do stakeholders have views as to an alternative term to 'representative' when denoting the APR?**

3.50 There was some divergence between respondents who believed clearer terminology and guidance around APR and what it means could improve consumer understanding, and those who believed that the issue lies with APR itself.

3.51 Some trade associations, lenders and others wanted more guidance from us to help firms explain APR consistently while helping consumers understand they may not get the advertised rate, and any impacts on their credit files. Some favoured practical, concise guidance, layered explanations and examples delivered at appropriate stages of the customer journey rather than in all promotions. Consumer groups that supported guidance generally saw it as a useful supplement to wider reform, particularly where it helps address unrealistic consumer expectations.

3.52 However, a significant number of respondents argued that explaining APR more fully would not solve the underlying problem. These respondents said APR itself is poorly understood or does not help consumers identify the cheapest product. Some lenders, fintechs and consultancies opposed additional guidance on the basis that it could add clutter, increase complexity or distract from more meaningful disclosures such as total cost, repayments or personalised pricing information. Several respondents suggested firms should instead focus on alternative cost metrics or clearer cost disclosures.

3.53 There was no clear consensus on whether an alternative term for 'Representative' would be helpful for consumers. The most commonly suggested alternatives were 'typical APR', 'illustrative APR', 'average APR', 'expected APR', 'guide APR' and 'example APR'. Respondents supporting alternative terminology generally argued that 'representative' is not intuitive and can confuse consumers. Several recommended consumer testing before adopting any replacement term.

3.54 Others questioned whether relabelling would improve understanding at all. Several lenders and trade bodies argued that changing terminology would not address the underlying issues with representative APR and could create further confusion. Some

preferred retaining 'Representative', particularly for comparability purposes, while others suggested terminology should depend on the context, such as where a rate is personalised, guaranteed or fixed.

Next steps for our work on cost disclosure

3.55 Overall, respondents broadly agreed that the current disclosure regime warrants review. They recognised the limitations of APRs either as a clear total cost indicator or price comparison. Most respondents preferred to retain a standardised comparator metric, generally in favour of retaining APR, but with supplementary disclosures, particularly for certain products where APR alone might be less meaningful. However, stakeholder views diverged on what these alternative cost disclosures should be. We intend to explore what further research and consumer testing might be helpful to inform further policy approaches and options, and to undertake further stakeholder engagement.

3.56 We have also noted the impact layering information can have on consumer understanding. We can see merit in sequencing changes to credit disclosures with information requirements across the customer journey, as part of CCA reform.

3.57 The feedback did provide some clearer views in other areas. This has helped us refine our policy thinking and narrow our options.

3.58 The main points were that:

- it would be undesirable to rely entirely on the Duty to determine when the cost of credit should be disclosed. It could risk firms using a metric that might underplay cost and so distort competition, lead to inconsistent outcomes and hinder comparability. Stakeholders preferred us to prescribe a primary metric.
- if APR were to be retained, there should be prescribed requirements that would trigger its disclosure rather than relying on firms to judge when disclosure was appropriate under the Duty outcomes. There was overall support for retaining all or some of the current APR triggers but with some refinement to address questions over interpretation.
- the current representative example requirements should be reformed or entirely removed. The feedback showed broad concern about their usefulness and limited relevance due to their generic nature. Stakeholders supported consumers being provided with more personalised information or illustrations at more appropriate points in the customer journey.

Chapter 4

Cost benefit analysis (CBA)

4.1 In CP26/15, we published a CBA of our proposed changes to the consumer credit financial promotions rules in CONC 3. It assessed the expected costs and benefits of simplifying the regime by removing or amending provisions that are outdated, unnecessarily prescriptive or duplicative of the Consumer Duty.

4.2 We asked:

Question 23: **Do you have any views on the cost benefit analysis?**

4.3 Respondents expressed a range of views. Several considered that the CBA was broadly proportionate to the limited and primarily permissive nature of the proposals and that implementation costs would be manageable. Others questioned particular assumptions or impacts in the analysis. The principal concerns were:

- Whether implementation costs had been fully captured
- Whether smaller firms could face proportionately greater costs because they have fewer compliance resources
- Whether greater reliance on the Duty could increase ongoing compliance costs and interpretive uncertainty
- Whether the expected benefits and causal chain were sufficiently evidenced
- Whether the CBA sufficiently reflected possible wider impacts

4.4 Although some respondents considered that these matters could affect the assessment, they did not provide quantified evidence or alternative cost estimates. We have nevertheless considered whether the points raised affect the assumptions, estimates or conclusions in the CBA.

Implementation costs and impacts on smaller firms

Feedback received

4.5 Respondents expressed mixed views on the costs of the proposals. Several broadly agreed with our assessment that implementation costs would be limited, while a similar number considered that we may have underestimated the costs set out in the CBA.

4.6 Around a quarter of those who responded to Question 23 considered that implementation costs could be higher than estimated, particularly where firms operate through complex distribution chains or undertake detailed reviews of existing promotions, compliance processes and governance arrangements.

4.7 Around a quarter of those who responded to Question 23 raised concerns regarding the impact on smaller firms. They considered that smaller firms may face proportionately higher costs because of their more limited compliance resources and reduced capacity to interpret and apply less prescriptive requirements.

Our response

We recognise that the cost of reviewing the changes will vary between firms, including according to their size, business model and distribution arrangements. The CBA takes account of differences by firm size through the Standardised Cost Model. The estimates use different assumptions for the number of compliance and legal staff involved, and the time required, at small, medium and large firms. The estimated familiarisation and gap analysis costs therefore already reflect differences in the resources firms may need to understand and assess the changes. We did not receive any quantitative evidence to suggest that smaller firms face higher costs relative to their size or resources. Most of the changes remove prescription or overlap with the Duty and do not require firms to amend existing compliant promotions. The exception is the change to CONC 3.5.11R, under which affected firms will need to review promotions that refer to security or a guarantee, assess whether this is or is likely to be required for the relevant product, and make any necessary amendments.

In the CP, we proposed a 3-month implementation period for all the changes. In the final rules, this period applies only to the change to CONC 3.5.11R on securities; the remaining changes take effect immediately because they are permissive and do not require firms to amend existing compliant promotions. Affected firms will need to review promotions that refer to security or a guarantee and make any necessary changes to comply with CONC 3.5.11R. This does not change our estimate of familiarisation and gap analysis costs. These costs were estimated using the Standardised Cost Model, based on the length of the legal instrument and the resources firms may need to read, understand and assess the rule changes. As the length of the instrument and the need for firms to undertake this assessment are unchanged, we have retained the cost estimate set out in the CP.

We have also considered respondents' concerns about complex distribution arrangements and the possible need to review existing promotions, compliance processes and governance arrangements. Other than for the change to CONC 3.5.11R, the final rules do not require firms to alter existing compliant promotions, systems or processes. For CONC 3.5.11R, affected firms will need to review relevant promotions and make any necessary amendments during the 3-month implementation period. We consider that this activity is captured by the familiarisation and gap analysis costs estimated in the CP. Respondents did not provide quantitative evidence demonstrating that these or other factors would materially alter our estimates. We therefore continue to consider that the CBA provides a reasonable assessment of the likely implementation costs.

Ongoing compliance costs and interpretive uncertainty

Feedback received

4.8 A small number of respondents considered that greater reliance on outcomes-based regulation could increase ongoing legal, compliance, assurance and governance costs. They argued that firms may need to exercise more judgement, obtain advice, and produce additional evidence to demonstrate compliance. They raised concerns about possible regulatory, legal and Financial Ombudsman Service risks, particularly for smaller firms.

Our response

We agree that moving away from detailed prescription may require firms to exercise greater judgement. The CBA expressly identifies the possibility that some firms may initially devote additional time and resources to interpretation, internal analysis and governance. As set out in paragraph 38 of the CP, because we did not have data on the number of firms that would undertake this assessment, we did not quantify this cost. The CBA also recognises that some firms may retain established processes in the short term, meaning that reductions in administrative burden may take time to emerge.

However, we do not consider that the changes create material new ongoing compliance costs. Firms are already required to comply with the Consumer Duty and may continue to use existing compliance processes and promotions. With the exception of CONC 3.5.11R, firms can choose whether and how to use the additional flexibility and can therefore decide whether the anticipated benefits justify the associated costs. We do not expect the review and any amendments required under CONC 3.5.11R to create material ongoing compliance costs.

Expected benefits and causal chain

Feedback received

4.9 A small number of respondents questioned whether reducing prescription would lead to the expected benefits. They argued that firms might continue to use their existing approaches, meaning administrative savings could be limited. Others considered that reduced prescription could result in inconsistent practices, create uncertainty or make supervision more difficult. One respondent more fundamentally challenged the causal chain between simplification, lower regulatory burden, better communications and improved consumer outcomes.

4.10 A small number of respondents also noted that the expected benefits had not been quantified and questioned whether they were sufficient to justify the estimated implementation costs.

Our response

We continue to consider that the proposals are likely to generate benefits for firms and consumers. Removing duplication and unnecessary prescription will give firms greater flexibility to tailor communications. They will remain subject to the Consumer Duty, including its consumer understanding outcome. Separately, CONC 3.3.1R will continue to require relevant communications and financial promotions to be clear, fair and not misleading.

We recognise that the benefits will depend on how, and how quickly, firms use the additional flexibility. The CBA does not assume that all firms will immediately redesign their promotions or realise administrative savings (although this benefit was not quantified). It acknowledges that some firms may initially retain existing practices and that benefits may emerge over time as firms gain experience of and confidence in applying the revised framework.

We nevertheless consider that the causal chain remains reasonable. Removing duplicative, outdated or unnecessarily prescriptive provisions reduces the number of overlapping requirements firms need to interpret and maintain. It also gives firms the option to tailor communications to their products, customers and communication channels where they believe it would improve consumer understanding. Firms that do not identify a benefit from changing their approach may retain their existing compliant communications.

We quantified impacts where it was reasonably practicable to do so. We described the expected benefits qualitatively because we did not have sufficiently robust evidence to estimate how many firms would change their practices or the resulting effects on administrative burdens and consumer understanding. Respondents did not provide evidence that would enable those benefits to be quantified reliably.

Wider consumer impacts

Feedback received

4.11 Some respondents considered that increased flexibility could support innovation, financial inclusion and more effective communication across different channels.

4.12 A small number raised concerns about potential unintended consequences. These included greater inconsistency between firms, increased supervisory difficulty and poorer outcomes for some consumers if communications are not designed effectively. Individual respondents also raised concerns about accessibility, the potential for increased financial difficulty among some consumers, and possible additional pressure on debt advice services.

Our response

We recognise the concerns about inconsistent practices and possible impacts on particular groups of consumers. The CBA identifies the risk that reduced prescription may initially result in different interpretations and require firms to exercise greater judgement. However, respondents did not provide evidence that would enable us to estimate the likelihood or scale of these potential consumer impacts or demonstrate that they would materially alter the CBA's conclusions.

Firms will continue to be subject to the Duty, including the consumer understanding outcome and the requirement to consider the characteristics of the intended recipients of a communication. Separately, CONC 3.3.1R will continue to require relevant communications and financial promotions to be clear, fair and not misleading.

The responses did not provide evidence that the changes themselves are likely to increase problematic debt or demand for debt advice. The changes simplify requirements governing communications but do not remove firms' substantive obligations to support consumer understanding or avoid foreseeable harm. We have therefore considered these matters as potential risks but have not estimated an associated indirect cost to consumers or debt advice services.

We recognise that uncertainty remains about how firms will use the additional flexibility. However, because the proposed approach builds on firms' existing obligations under the Duty, we do not expect the changes themselves to make supervision materially more challenging. We will continue to monitor implementation, financial promotions and consumer outcomes through our existing supervisory activity and consider any emerging risks or unintended consequences.

Annex 1

List of respondents

We are obliged to include a list of the names of respondents to our consultation who have consented to the publication of their name. That list is as follows:

Action Deafness

AFS Compliance Ltd

Amazon EU S.a.r.l

Association of Mortgage Intermediaries and Association of Finance Brokers

Behavioural Insights Team (BIT)

British Insurers Brokers' Association (BIBA)

CCTA

Christians Against Poverty

Clearscore

Duncan McKellar

Fair4You

Fair for You and Fair Credit Charity

Financial Inclusion and Markets Centre

Finspector

Gracombex Ltd t/a Money Platform

Ian Stuart

Innovate Finance

Lendable Ltd

Money Advice Trust

Moneyline

MONY Group Financial Limited

Mutual Clothing and Supply co. Ltd

NewDay

Peter Goodman, T H March & Co. Limited

Responsible Finance

Salad Holdings Limited by Alex Marsh

Shenzu Spending

Shop Direct Finance Company Ltd

Stefan Bucher

The Compliance Guys

TransUnion

UK Finance

Yonder Technology Ltd

Zilch

Zopa Bank

We received 80 responses in total, which included responses from consumer groups, trade bodies and lenders.

Annex 2

Abbreviations used in this paper

Abbreviation	Description
APR	Annual Percentage Rate
CBA	Cost Benefit Analysis
CCA	Consumer Credit Act
CONC	Consumer Credit Sourcebook
CP	Consultation Paper
DMCCA	Digital Markets Competition and Consumers Act 2024
DP	Discussion Paper
The Duty	Consumer Duty
FCA	Financial Conduct Authority
FSMA	Financial Services and Markets Act 2000
PS	Policy Statement

Appendix 1

Made rules (legal instrument)

CONSUMER CREDIT (FINANCIAL PROMOTIONS AND COMMUNICATIONS WITH CUSTOMERS) INSTRUMENT 2026

Powers exercised

A. The Financial Conduct Authority ("the FCA") 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 (Power of the FCA to give guidance).

B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on 23 November 2026, except for Part 2 of Annex B, which comes into force on 23 February 2027.

Amendments to the Handbook

D. The General Provisions (GEN) are amended in accordance with Annex A to this instrument.

E. The Consumer Credit sourcebook (CONC) is amended in accordance with Annex B to this instrument.

Notes

F. In the Annexes to this instrument, the notes (indicated by "**Note:**" or "*Editor's note*:") are included for the convenience of readers but do not form part of the legislative text.

Citation

G. This instrument may be cited as the Consumer Credit (Financial Promotions and Communications with Customers) Instrument 2026.

By order of the Board
19 November 2026

Annex A

Amendments to the General Provisions (GEN)

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

7 Charging consumers for telephone calls

7.1 Application

…

Related consumer credit rules

7.1.8 G The following provisions of *CONC* continue to apply where a *firm* operates a telephone line in respect of the relevant credit-related regulated activities but the *call charges rule* does not apply (for example, where a telephone line is operated for the purpose of enabling a consumer to contact the *firm* before a contract has been entered into):

…

(3) ~~*CONC* 3.3.9G (financial promotions and communications);~~ [deleted]

…

…

Annex B

Amendments to the Consumer Credit sourcebook (CONC)

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

Part 1: Comes into force on 23 November 2026

3 Financial promotions and communications with customers

3.1 Application

Who? What?

3.1.1 R …

3.1.1A R To the extent that a *rule* in this chapter does not already apply to *Gibraltar-based firm*s as a result of *GEN* 2.3.1R, it applies to them so far as the *rule* would have applied were it in effect before *IP completion day*.

…

3.1.4 R The clear fair and not misleading *rule* in *CONC* 3.3.1R ~~and~~, the general requirements *rule* in *CONC* 3.3.2R and the *guidance* in ~~*CONC* 3.3.5G~~ *CONC* 3.3.6G to ~~*CONC* 3.3.11G~~ *CONC* 3.3.11AG also, unless a *rule* or *guidance* in those paragraphs specifies differently, apply to:

…

…

3.1.7 R …

(2) The provisions in *CONC* 3 which apply to a *financial promotion* or communication which falls within (1) are:

(a) *CONC* 3.1~~,~~ and *CONC* 3.5.1R ~~and *CONC* 3.6.1R~~ (application);

…

(d) *CONC* 3.5.3R~~,~~ and *CONC* 3.5.5R~~, *CONC* 3.6.6R~~ (requirement for representative example ~~or typical APR etc~~);

(e) *CONC* 3.5.7R (other financial promotions requiring a representative APR); and

(f) ~~*CONC* 3.5.12R (restricted expressions) and *CONC* 3.6.8R (restricted expressions); and~~ [deleted]

(g) any other *rules* in *CONC* which are necessary or expedient to apply the ~~rules~~ *rules* in (a) to ~~(f)~~ (e).

…

3.2 Financial promotion general guidance

…

3.2.2 G ~~The Privacy and Electronic Communications (EC Directive) Regulations 2003 apply to unsolicited telephone calls, fax messages and electronic mail messages for direct marketing purposes. The Information Commissioner's Office has produced guidance on the Regulations.~~ [deleted]

~~Meaning of "prominent"~~

3.2.3 G ~~For the purposes of this chapter, information or a statement included in a *financial promotion* or communication will not be treated as prominent unless it is presented, in relation to the other content of the *financial promotion* or communication, in such a way that it is likely that the attention of the average *customer* to whom the *financial promotion* or communication is directed would be drawn to it.~~ [deleted]

…

3.3 The clear fair and not misleading rule and general requirements

3.3.1 R …

(1A) A *firm* must ensure that each communication and each *financial promotion*:

…

(b) is accurate; and

(c) is balanced and, in particular, does not emphasise any potential benefits of a product or service without also giving a fair and prominent indication of any relevant risks~~;~~.

(d) ~~is sufficient for, and presented in a way that is likely to be understood by, the average member of the group to which it is directed, or by which it is likely to be received; and~~ [deleted]

(e) ~~does not disguise, omit, diminish or obscure important information, statements or warnings.~~ [deleted]

(1B) ~~A *firm* must ensure that, where a communication or *financial promotion* contains a comparison or contrast, the comparison or~~

~~contrast is presented in a fair and balanced way and is meaningful.~~ [deleted]

(2) If, for a particular communication or *financial promotion*, a *firm* takes reasonable steps to ensure it complies with (1)~~,~~ and (1A) ~~and (1B)~~, a contravention does not give rise to a right of action under section 138D of the *Act*.

General requirements

3.3.2 R A *firm* must ensure that a communication or a *financial promotion*:

(1) ~~uses plain and intelligible language;~~ [deleted]

(2) ~~is easily legible (or, in the case of any information given orally, clearly audible);~~ [deleted]

…

~~[**Note**: regulation 3 of *CCAR 2004* and regulation 3 of *CCAR 2010*]~~

…

Guidance on clear, fair and not misleading

…

3.3.7 G ~~When *communicating* information, a *firm* should consider whether omission of any relevant fact will result in information given to the *customer* being insufficient, unclear, unfair or misleading.~~ [deleted]

3.3.8 G ~~A comparison or contrast to which *CONC* 3.3.1R(1B) applies may be a comparison or contrast with another *person*, or with another product or service, whether offered by the *firm* or by another *person*.~~ [deleted]

3.3.9 G ~~A *firm* should in a *financial promotion* or other communication which includes a premium rate telephone number indicate in a prominent way the likely total cost of a premium rate call including the price per minute of a call, the likely duration of calls and the total cost a *customer* would incur if the *customer* calls for the full estimated duration. *Firms* should note the effect of the *call charges rule* in *GEN* 7.~~ [deleted]

~~[**Note**: paragraphs 3.9h of *CBG* and 3.18x (box) of *DMG*]~~

…

Unfair business practices: financial promotions and communications

3.3.10 G ~~Examples~~ An example of ~~practices~~ a practice that ~~are~~ is likely to contravene the clear, fair and not misleading *rule* in *CONC* 3.3.1R ~~include:~~ is

~~(1) stating or implying that a *firm* is a *lender* (where this is not the case);~~

~~[**Note**: paragraph 3.7e (box) of *CBG*]~~

~~(2) misleading a *customer* as to the availability of a particular *credit* product;~~

~~[**Note**: paragraph 3.9p of *CBG*~~

~~(3) concealing or misrepresenting the identity or name of the *firm*;~~

~~[**Note**: paragraph 3.7g (box) of *CBG*~~

~~(4) using false testimonials, endorsements or case studies;~~

~~[**Note**: paragraph 3.18s of *DMG*]~~

~~(5) using false or unsubstantiated claims as to the *firm's* size or experience or pre-eminence;~~

~~[**Note**: paragraph 3.18t of *DMG*]~~

~~(6) in relation to *debt solutions*, claiming or implying that a *customer* will be free of debt in a specified period of time or making statements emphasising a debt-free life or that a *debt solution* is a stress free or immediate solution;~~

~~[**Note**: paragraphs 3.18u and 3.18v of *DMG*]~~

~~(7) providing online tools, which recommend a particular *debt solution* as suitable for a *customer*, such as, budget calculators or advice websites:~~

~~(a) which do not carry out a sufficiently full assessment of a *customer's* financial position; or~~

~~(b) which fail to provide clear warnings to a *customer* that financial data entered into a tool has to be accurate;~~

~~[**Note**: paragraph 3.20c of *DMG*]~~

~~(8) emphasising any savings available to a *customer* by proposing to reschedule a *customer's* debts, without explaining that a *lender* is not obliged to accept less in settlement of the *customer's* debts than it is entitled to, nor to freeze interest and charges and that the result may be to increase the *total amount payable* or the period over which it is to be paid and to impair the *customer's* credit rating;~~

~~[**Note**: paragraph 3.18l of *DMG*]~~

~~(9)~~ suggesting that a *customer's repayments* will be lower under a proposed agreement without also mentioning (where applicable) that

the duration of the agreement will be longer or that the *total amount payable* will be higher.

[**Note**: paragraph 5.13 of *ILG*]

[*Editor's note*: The text that was formerly located at CONC 3.3.10G(6) to (8) has been relocated with non-substantive changes to CONC 3.9.2G as it applies to financial promotions and communications by debt counsellors and debt adjusters. The text that was formerly located at CONC 3.3.10G(9) is moved up so that it directly follows on from the text at CONC 3.3.10G.]

~~Guidance on misleading introductions~~

3.3.11 G ~~Misleading a *customer* as to the availability of a particular *credit* product is likely to include stating or implying that the *firm* will introduce the *customer* to a provider of a standard personal loan based on repayment by instalments or of an overdraft facility on a current account (for example, a bank or building society) or of a credit card, but instead introducing the *customer* to a provider of *high-cost short-term credit*.~~ [deleted]

~~[**Note**: paragraph 3.9p (box) of *CBG*]~~

"Buy now pay later" or similar offers

3.3.11A G (1) *Firms* are reminded that the ~~Consumer Protection from Unfair Trading Regulations 2008 (SI 2008/1277)~~ *DMCCA*, as well as *Principle* 7 or the *Consumer Duty* (as applicable) and *CONC* 3.3.1R, apply to communications and *financial promotions* in relation to *BNPL agreements*, including communications with *borrowers* under existing agreements.

(2) A communication or *financial promotion* in relation to a *BNPL agreement* is likely to be unfair or misleading ~~by omission~~ if it:

…

(3) A *firm* should also consider whether other communications or *financial promotions* in connection with *BNPL agreements* could be unfair or misleading ~~by omission~~ if those communications or *financial promotions* do not also include in a fair and prominent manner material information about relevant risks.

…

~~Non-business overdraft agreements~~

3.3.12 G ~~A communication or a *financial promotion* that refers to sums available by way of an *authorised non-business overdraft agreement* should make clear that such sums constitute borrowing or credit.~~ [deleted]

…

3.5 Financial promotions about credit agreements not secured on land

…

Representative example

3.5.5 R …

(5) The information required by (1) must be:

…

(d) given no less prominence than:

(i) any other information relating to the *cost of credit* in the *financial promotion*~~, except for any statement relating to an obligation to enter into a contract for an *ancillary service* referred to in *CONC* 3.5.10 R~~; and

…

…

…

Annual percentage rate of charge

3.5.9 R In a *financial promotion*:

…

(3) the *representative APR* must be accompanied by the word "representative", except where the *APR* stated is the *APR* that would apply to all *credit agreements* entered into as a result of the *financial promotion*; and

…

3.5.9-A G The *rules* and *guidance* in this chapter relating to *representative APRs* apply even where the *representative APR* is not required to be accompanied by the word "representative" under *CONC* 3.5.9R(3).

…

~~Ancillary services~~

3.5.10 R ~~(1) A *financial promotion* must include a clear, concise and prominent statement in respect of any obligation to enter into a contract for an *ancillary service* where:~~ [deleted]

~~(a) the conclusion of that contract is compulsory in order to obtain the *credit* or to obtain it on the terms and conditions promoted; and~~

~~(b) the cost of that *ancillary service* cannot be determined in advance.~~

~~[**Note**: regulation 8 of *CCAR 2010*]~~

~~(2) The statement in (1) must be presented together with any *representative APR* included in the *financial promotion*.~~

~~(3) This *rule* does not apply to a *financial promotion* for an *authorised non-business overdraft agreement*.~~

Part 2: Comes into force on 23 February 2027

Security

3.5.11 R Where a *financial promotion* concerns a facility for which *security* is or ~~may~~ is likely to be required, the promotion must:

(1) state that *security* is or ~~may~~ is likely to be required; and

(2) specify the nature of the *security*.

~~[**Note**: regulation 9 of *CCAR 2010*]~~

Part 3: Comes into force on 23 November 2026

~~Restricted expressions~~

3.5.12 R ~~(1)~~ ~~A *financial promotion* must not include:~~ [deleted]

~~(a) the word "overdraft" or any similar expression as describing any agreement for *running-account credit*, except where an agreement enables a *customer* to overdraw on a current account;~~

~~(b) the expression "interest free" or any similar expression indicating that a *customer* is liable to pay no greater amount in respect of a transaction financed by *credit* than he would be liable to pay as a cash purchaser for the like transaction, except where the *total amount payable* does not exceed the *cash price*;~~

~~(c) the expression "no deposit" or any similar expression, except where no *advance payments* are to be made; or~~

~~(d) [deleted];~~

~~(e) the expression "gift", "present" or any similar expression, except where there are no conditions which would require the *customer* to repay the *credit* or to return the item that is the subject of the claim.~~

~~[**Note**: regulation 10 of *CCAR 2010*]~~

~~(2) A *financial promotion* must not include for a *repayment* of *credit* the expression "weekly equivalent" or any expression to like effect or any expression of any other periodical equivalent, unless weekly *repayments* or the other periodical payments are provided for under the agreement.~~

~~(3) In this *rule*, "cash purchaser" means a *person* who, for money consideration, acquires *goods*, *land* or other things or is provided with services under a transaction which is not financed by *credit*.~~

…

CONC 3.6 is deleted in its entirety. The deleted text is not shown but the section is marked [deleted] as shown below.

3.6 ~~Financial promotions about credit agreements secured on land~~ [deleted]

Amend the following as shown.

3.8 Financial promotions and communications: lenders

…

Unfair business practices

3.8.2 R A *firm* must not in a *financial promotion* or a communication with a *customer*:

…

(2) ~~state or imply that providing *credit* is dependent solely upon the value of the equity in property on which the agreement is to be secured; or~~ [deleted]

~~[**Note**: paragraph 5.4 of *ILG*]~~

…

3.8.3 G ~~An agreement is likely to be unsuitable for the purposes of *CONC* 3.8.2R(3) including in the following situations where a *firm*:~~ [deleted]

~~(1) promotes, suggests or advises taking out a secured loan or to take out a secured loan to replace or convert an unsecured loan when it is clearly not in that *person's* best interests to do so at that time; or~~

~~(2) promotes, suggests or advises taking out *high-cost short-term credit* which would be expensive as a means of longer term borrowing, as being suitable for sustained borrowing over a longer period.~~

~~[**Note**: paragraph 5.5 (box) of *ILG*]~~

3.8.4 G ~~For the purposes of *CONC* 3.8.2R(3) the unsuitability of an agreement does not apply to the question of whether a *customer* should enter into a *regulated credit agreement* at all.~~ [deleted]

~~[**Note**: paragraph 5.5 (box) of *ILG*]~~

3.9 Financial promotions and communications: debt counsellors and debt adjusters

…

Financial promotions and communications

3.9.2 G …

(2) …

(3) Examples of practices that are likely to contravene the clear, fair and not misleading *rule* in *CONC* 3.3.1R include:

(a) in relation to *debt solutions*, claiming or implying that a *customer* will be free of debt in a specified period of time or making statements emphasising a debt-free life or that a *debt solution* is a stress-free or immediate solution;

[**Note**: paragraphs 3.18u and 3.18v of *DMG*]

(b) providing online tools, such as budget calculators or advice websites, which recommend a particular *debt solution* as suitable for a *customer* and which:

(i) do not sufficiently assess a *customer's* financial position; or

(ii) fail to provide clear warnings to a *customer* that the financial data they enter into the tool has to be accurate; or

[**Note**: paragraph 3.20c of *DMG*]

(c) emphasising any savings available to a *customer* by proposing to reschedule a *customer's* debts, without

explaining that a *lender* is not obliged to accept less in settlement of the *customer's* debts than it is entitled to, nor to freeze interest and charges, and that the result may be to increase the *total amount payable* or the period over which it is to be paid and to impair the *customer's* credit rating.

[**Note**: paragraph 3.18l of *DMG*]

…

3.9.4A G *Firms* are reminded of~~:~~

~~(1)~~ ~~the *guidance* in *CONC* 3.3.10G(6) to (8) in relation to *debt solutions*; and~~

~~(2)~~ the *rule* in *CONC* 8.2.4R which requires *firms* to notify the *customer* that free *debt counselling*, *debt adjusting* and *providing of credit information services* is available and that the *customer* can find out more by contacting *MoneyHelper*.

…

8 Debt advice

…

8.3 ~~Pre contract~~ Pre-contract information and advice requirements

…

8.3.8 G (1) The information and advice referred to in *CONC* 8.3 should be provided in a manner which is clear, fair and not misleading to comply with *Principle* 7 or the *Consumer Duty* (as applicable), and *CONC* 3.3.1R~~, and should be in plain and intelligible language in accordance with *CONC* 3.3.2R~~. A *firm* should encourage a *customer* to read the information and allow sufficient time between providing the information and entering into the contract to enable the *customer* to seek independent advice if so desired.

…

…

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