



Regulatory Priorities

Consumer
Finance

March 2026

This Regulatory Priorities report is for:

Lenders (including debt
purchasers)

Hire Firms

Credit Brokers

Debt Advice providers

Debt Collectors

Credit Reference Agencies
and Credit Information
Service Providers

Claims Management
Companies

Credit Unions



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Regulatory Priorities
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Foreword



We're committed to being a smarter regulator – predictable, purposeful and proportionate.

Central to that is how we communicate to the firms we regulate what's important to us.

These new Regulatory Priorities reports replace more than 40 portfolio letters. Published annually, they set out our areas of focus by industry sector. They attempt to pull together all that we're doing – whether by supervisors or in policy development. A clear, succinct one-stop shop.

They should act as a guide for firms' boards and chief executives. You should read these reports carefully, review the priorities within them – and act where you need to.

This is the latest example of how we're transforming the way we supervise. This year we'll go further, expanding dedicated supervisory contacts, applying a more risk-based approach for our largest firms, and making data collection more targeted and efficient. Our goal is simple: less intensive attention on firms doing the right thing, and stronger, faster action where harm is greatest.

Importantly, we also want you to engage with us. We welcome your feedback on these reports and our approach to supervision. Share your insights, challenge our thinking, and work with us as we refine this new model.

Together, we can build a regulatory system that deepens trust and rebalances risk, to support growth and improve lives.

Sarah Pritchard

Deputy CEO

Alison Walters

Director of Consumer Finance

Executive summary

The credit sector is one of the UK's most varied markets, with over 45 million people in the UK using credit. How well this market works has been particularly important post-pandemic and due to the higher cost of living. Consumer credit fuels consumption, which can spur growth. It helps consumers manage incomes and smooth the cost of otherwise unaffordable purchases.

Data indicates sustained growth of around 8% in consumer credit lending across 2025, with consumers generally able to meet their repayments. Although interest rates have slightly eased, household budgets remain stretched, reinforcing the need for responsible lending and early, appropriate support for those in financial difficulty.

We want a competitive market that encourages greater access to credit for everyone who can afford it. Keeping pace with evolving consumer needs, maintaining high standards and embracing innovation is vital for the future sustainable growth of the credit market. We want to support firms via our [Innovate function](#) where possible.

Our consumer finance priorities for the next year

Consumers can access credit that meets their needs

We expect firms to lend responsibly, providing well-designed credit that offers fair value and meets consumers' needs. We want to see firms continue to help those currently excluded from credit and will support firms who want to innovate. Previous innovations include products such as debt consolidation loans with automatic settlement of existing debts. Firms have also employed budgeting tools, eligibility checkers for grants and benefits and referrals to other lenders. Additional data sources, such as open banking and improvements to credit reporting, may help with lending decisions for consumers with limited or no credit histories.

Firms support consumers who struggle with debt

We expect firms to ensure consumers can easily get suitable support without unnecessary barriers. We're working with firms to make it easier for borrowers in financial difficulty to find and get help, improve lender forbearance and support and drive up the quality of debt advice so it is appropriate to consumers' circumstances. This advice needs to include clear communications so consumers can make timely, well-informed decisions that deliver good outcomes.

Consumers can complain when things go wrong and get appropriate redress

We expect firms to properly identify and deal with complaints. Firms should keep adequate records, undertake root cause analysis and hold sufficient funds to meet potential and actual liabilities. Motor finance firms should prepare to work constructively with us on a potential redress scheme as the most efficient way to address liabilities for consumers treated unfairly and bring certainty for all affected. Claims management companies (CMCs) should deliver high-quality, fair-value services that help consumers pursue legitimate claims for redress.

Underpinning our approach, we will continue our work to ensure the Consumer Duty (the Duty) is integral to how regulated firms treat their consumers. We will undertake risk-led reviews of emerging high-impact topics, such as whether fees and charges represent fair value. We will also consult on our rules in Chapter 3 of the Consumer Credit Sourcebook (CONC), covering financial promotions and communications, to remove unnecessary prescription, update requirements

and improve alignment with the Duty. This will increase consumers' confidence when seeking products and services that meet their needs and match their capacity for risk.

As we progress with our work, we will ensure that we take the most appropriate and proportionate action. Where we identify serious misconduct, we'll use our most suitable tools to act, including supervisory intervention or enforcement.

What we've done in the market

We've continued our shift towards data-driven oversight including rolling out enhanced Product Sales Data (PSD) returns ([PS24/3](#)). We have also introduced a regulatory return (CCR009) replacing existing reporting requirements for credit brokers, debt adjusters, debt counsellors and credit information service providers ([PS25/3](#)).

We have strengthened protections for borrowers in financial difficulty by introducing new rules in CONC through [PS24/2](#).

We reviewed how a range of credit builder products operate and worked with firms and credit reference agencies (CRAs) to drive improvements across the market. Our [assessment](#) found little evidence that many of these products deliver meaningful benefits for most consumers.

We have worked closely with significant firms on their operational and cyber resilience. Alongside the Prudential Regulation Authority (PRA), we'll introduce new rules for reporting operational incidents and information on material third parties following [CP24/28](#). We will engage with firms during the implementation period.

Over 800 promotions about motor finance claims were amended/withdrawn, including where CMCs had not prominently made clear that consumers can make a claim for free themselves.

Following government legislation to bring interest free Buy Now Pay Later products from third party lenders into our regulation, we published [PS26/1](#), setting out the final rules which take effect on 15 July 2026. Where possible, we have relied on existing parts of the Handbook, including the Duty.

Our support for firms as they embed the Duty includes publishing [our findings](#) on the design of digital acquisition journeys and the resulting outcomes for consumers.

We brought stakeholders together to encourage the supply of affordable credit, strengthened the case for wider access and established the [Mutual Societies Development Unit](#).

Our priorities:

Consumers can access credit that meets their needs

All lenders, credit brokers, credit reference agencies, credit information service providers.

What we expect firms to do

- **Lend responsibly:** Continue to offer well-designed credit products that are fair value and meet consumers' needs.
- **Consider how to help currently excluded consumers:** Whether through innovation and new products, budgeting tools, checking eligibility for grants and benefits or by making referrals. Firms may also find alternative data sources (eg open banking data) helpful in lending decisions for consumers with limited or thin credit histories.

We want a credit market that works well, helps consumers and supports economic growth. We know that most consumers get the credit they need. However, some consumers still struggle to access affordable credit. We want to work with others to help address this.

What we'll do this year

- **Review our regulatory framework, alongside government reform of the Consumer Credit Act,** to make sure it delivers a modern, outcomes-focused regime that supports innovation and good consumer outcomes.
- **Deliver on priorities that underpin access:** We have consulted on remedies under the Credit Information Market Study to improve the quality, coverage and consistency of credit information. These remedies will support better consumer outcomes, more effective competition and better credit decision-making, particularly for those with thin credit files.
- **We will review the high-cost short-term credit price cap.**
- **Support innovation with a particular focus on financial inclusion:** We will help firms deliver the potential benefits of open banking and support growth of the mutuals sector. We'll work with the government and other stakeholders to support the commitments in the [Financial Inclusion Strategy](#).



Our [Financial Lives](#) 2024 survey (FLS) reported that

79% of UK adults

held at least 1 regulated credit agreement in May 2024. But 3.2 million adults had applications for regulated credit agreements declined in the 2 years to May 2024. 45% of those declined (1.4m) couldn't get the credit they needed at all.



Our priorities:

Firms support consumers who struggle with debt

All firms with consumer credit permissions.

What we expect firms to do

Provide appropriate and accessible support for consumers

- Firms should make sure consumers can access support without unnecessary barriers, acting proactively to help borrowers in financial difficulty.
- Debt advice must be appropriate to consumers' circumstances. It also needs to include clear communications so consumers can make well-informed decisions, at the right time, and get good outcomes.

Despite more people seeking debt advice, many others remain financially vulnerable and feel burdened by debt. Not all consumers are getting the support they need. We still have concerns about whether current support is as clear and helpful as it needs to be.

We are prioritising better outcomes for these consumers by working with firms to improve their forbearance, support and the quality of debt advice. While firms have made progress, we'll continue to prioritise higher standards and use the Duty to deliver improvements.

What we'll do this year

- **Work with firms to improve outcomes:** We'll continue encouraging firms to improve support for consumers in financial difficulty, particularly to drive improvements in creditor behaviour and the quality of advice from debt advice firms.
- **Work with other bodies:** We'll also continue our work with the Insolvency Service and Recognised Professional Bodies to raise standards and tackle consumer harm in the debt advice market.



FLS data shows that of the

1.3m credit holders

who received support to help with their payments from one or more of their lenders in the 2 years to May 2024, 23% disagreed that they were able to select a support option that suited their needs.

While demand for debt advice has generally risen amid sector capacity and funding pressures, recent anecdotal evidence indicates this may now be reducing slightly.



Our priorities:

Consumers can complain when things go wrong and get appropriate redress

All firms with consumer credit permissions

What we expect firms to do

- **Handle complaints properly:** Firms must properly identify and deal with complaints. They should keep adequate records, undertake root cause analysis and hold sufficient financial resources to meet potential and actual liabilities.
- **Prepare for a potential motor finance redress scheme:** Firms should prepare to work with us on a potential motor finance redress scheme to address the liabilities for those treated unfairly and bring certainty to consumers, the market and investors.
- **Provide fair value claims management services:** CMCs should deliver high-quality, fair-value services that help consumers pursue legitimate claims for redress. This includes ensuring robust client-sourcing and onboarding processes, avoiding misleading financial promotions and progressing only complaints with genuine merit.

Trust and confidence that the redress system is fair and consistent is vital. Markets and firms need clarity and predictability to build confidence.

What we'll do this year

- **Modernise the redress system:** We will continue our work with the Financial Ombudsman Service and the government to implement reforms to modernise the redress system. We [published](#) a statement confirming initial rule changes pending any broader changes possible through any government legislation.
- **Address harm in the CMC sector:** We will monitor financial promotions to ensure they are clear, fair and not misleading. We will tackle unfair exit fees, misleading advertising and sign-ups, and multiple representation.
- **Bring certainty on motor finance:** We have consulted on implementing a motor finance redress scheme to bring certainty for all affected. If we proceed with a scheme, we expect to publish final rules in late [March](#). This will help maintain a well-functioning motor finance market for the millions who rely on it.

Other areas of focus

Deferred Payment Credit (unregulated Buy Now Pay Later)

DPC lenders

Firms will need to operate to high standards and deliver good consumer outcomes. Ahead of Regulation Day, they must review our [final rules](#) and update their systems and controls. Firms without current consumer credit permissions must notify us for the [Temporary Permissions Regime](#) (TPR).

Consumer Duty

Principal firms

The appointed representative (AR) population in consumer finance has grown more than other sectors. We remind firms that weak oversight could risk principals failing in their Duty obligations.

We are using data to target our resources on the highest risk principals and their ARs, helping to reduce actual or potential harm to consumers.

Monitoring strategic harms through data

All firms

We will analyse our improved credit regulatory returns data to make quicker, more targeted interventions and to better assess how the market is functioning. Where data indicates that firms are doing the right thing, we will supervise less intensively. However, we will also use data to identify outliers and will take appropriate supervisory or other action where harm is identified. We will continue to cancel firms' permissions when they no longer need or use them.

We will continue to use a wide range of data to identify firms at risk of avoiding redress liabilities. We are focused on detecting indicators of [phoenixing](#) and will take appropriate supervisory action or intervention where we see harm.

Setting clearer expectations

All firms

We are committed to supporting smaller firms in applying outcomes-based regulation, in particular the Duty. We will be piloting a new approach to help smaller firms in this market understand our regulatory expectations that will launch this year.

Impact of AI

All firms

We encourage firms to experiment with AI, use our [sandbox services](#), and look at our [Innovation Pathways](#). We have specific services open to smaller market participants, including our [Supercharged Sandbox](#). We'll publish an evaluation report from AI Live Testing by the end of this year.

Senior Managers and Certification Regime

All firms

Working with the Treasury and the PRA, we're reviewing the efficiency and effectiveness of the Senior Managers and Certification Regime to halve its regulatory burden.

Product reviews

Credit unions

We will review specific closed book products to test whether they are delivering good outcomes for consumers. In the next year, this will include Child Trust Funds.

Key publications and speeches

Recent key publications:

CP25/27: Motor Finance Consumer Redress Scheme: This is our consultation on a proposed motor finance scheme.

PS25/18: Changes to handling rules for motor finance complaints: This policy statement sets new deadlines for handling motor finance complaints, pausing most commission-related complaints (PCP/HP) until May 31, 2026, but requiring firms to resume handling leasing complaints from December 5, 2025, with consumers having the standard 6 months to go to the Financial Ombudsman Service.

Dear CEO letter: Motor finance commission complaints pause consultation outcome: This letter confirms the pause on motor finance commission complaints will lift on May 31, 2026.

MS24/2.2: Premium Finance Market Study Final Report: This report summarises our final findings.

Regulation of Deferred Payment Credit (unregulated Buy Now Pay Later): Feedback to CP25/23 and final rules: We published our Policy Statement and final rules on February 11, 2026.

CP26/7: Credit Information Market Study - Proposed approach to implementing FCA remedies: This consultation on FCA requirements includes the cost benefit analysis, competition assessment and details of the proposed rules.

CP26/9: Modernising the redress system: Joint FCA/FOS document focused on improving how the redress system works in practice.

Appointed Representatives Regime: Treasury consultation on the overall legislative framework for ARs and the changes needed to better prevent misconduct involving ARs, to ensure consumers of ARs are appropriately protected and to bring conduct and accountability standards in line with directly authorised firms.

Redress liabilities: the polluter pays: This publication is about learning how to identify and report polluting behaviour.

Digital design in customers' online journeys: good practice and areas for improvement: This webpage outlines our findings on the design of digital acquisition journeys and customer outcomes under the Consumer Duty.

Statement on firms working together to manufacture products or services: This document outlines our views on firms working together to manufacture products or services under the Consumer Duty.

FCA and SRA issue joint warning to firms representing motor finance commission claims: A joint warning urging CMCs and law firms to prevent multiple representation on the same motor finance claim and avoid charging excessive termination fees.

FCA opens investigation into The Claims Protection Agency Limited (TCPA) following concerns about its advertising and sales tactics in relation to potential motor finance claims.

Mills Review to consider how AI will reshape retail financial services: This is a review into the implications of advanced AI on consumers, retail financial markets and regulators and builds on our existing work on AI.

Regulatory Initiatives Grid (December 2025)

Our Consumer Duty webpage for the latest Consumer Duty updates

FCA letter to the Prime Minister updating on our approach to growth (December 2025)

Recent FCA speeches:

Financial wellbeing goes beyond one size fits all: speech about the diverse and evolving needs of consumers and how this may reshape regulation

Resilient futures: strengthening financial capability and inclusion for all: about financial inclusion and capability going hand in hand

Supercharging the digital sandbox: how we're collaborating with Nvidia to accelerate AI innovation: about using innovative tool and resources to support users of the Supercharged Sandbox – accelerating AI innovation and development.

The FCA's long term review into AI and retail financial services: designing for the unknown

Timeline

Our indicative timelines of key dates are set out below. Plans may change if we have new priorities or existing priorities change scope.

Priority: Consumers can access credit that meets their needs

H2 2026 **High-Cost Short Term Credit Price Cap Review:** We plan to publish findings from this review.

Statutory instrument for open banking: expected to be laid in Q4 2026, with the FCA consulting on new rules for the long-term regulatory framework.

Credit Information Market Study: We plan to publish a policy statement with final rules.

Priority: Firms support consumers who struggle with debt

H2 2026 Publish the **evaluation of the persistent debt intervention**.

Priority: Consumers can complain when things go wrong and get appropriate redress

Q1 2026 **Motor Finance commission review:** Our consultation on the redress scheme closed on 12 December. If we decide to introduce a redress scheme, a Policy Statement with final rules is expected to be published in March.

H2 2026 **Modernising the redress system:** We aim to publish another joint FCA/FOS Policy Statement on the proposals consulted on in CP26/9.

Other areas of focus

Ongoing **Reform of the Consumer Credit Act 1974:** The Treasury's consultation on information requirements, sanctions and offences has closed. The Treasury is considering feedback and will set out next steps in due course.

H1 2026 **Consumer Duty consultation** on the Duty's application and requirements, including through distribution chains.

H2 2026 Publishing the **findings from the Mills Review** into AI's longer-term impact on retail financial services and market regulation.

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