Financial Conduct Authority

Research Note

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Motor finance redress scheme firm-led communications: Insights from consumer and behavioural research

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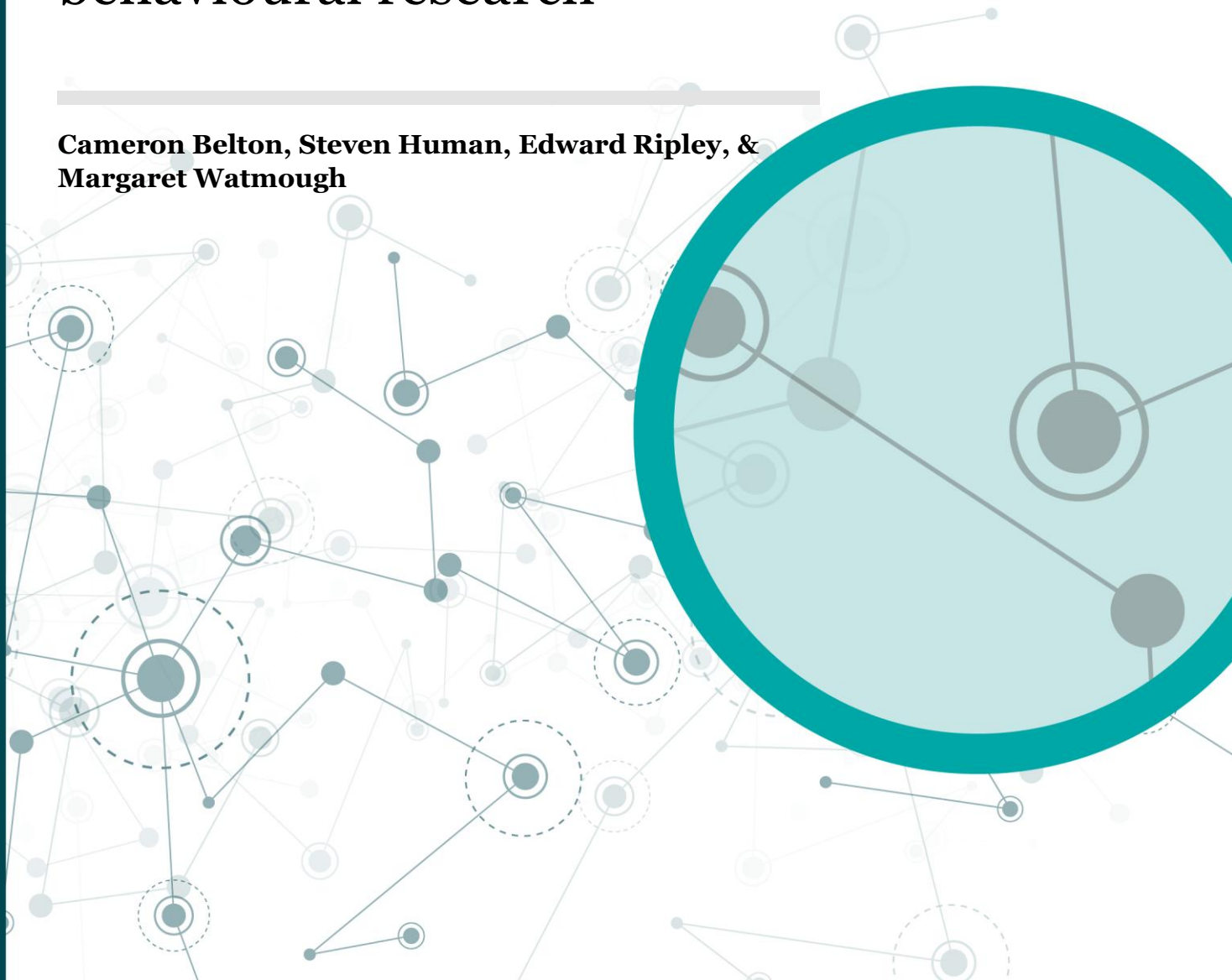

FCA research notes in financial regulation

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Summary

As part of the FCA's proposed industry-wide motor finance redress scheme, firms will be required to contact affected consumers to explain the scheme, invite eligible customers to opt in, and communicate outcomes.

It is important that these firm-led communications are effective in their intended aims in order to ensure scheme success and to generate good outcomes for consumers.

In line with consultation feedback calling for consumer testing, we have undertaken a programme of consumer and behavioural research to understand what consumers need from effective scheme communications, including specific insights about the design, content, and tone of effective communications.

The purpose was to provide evidence around consumers' attitudes towards our firm-led communications approach, as well as specific insights about what wording is likely to work best for consumers in firm-led communications.

The research, undertaken in December 2025-January 2026, combined:

- **Qualitative research**: an online bulletin board and depth interviews with 51 consumers. This explored how consumers interpret draft scheme letters, their content, and any required actions, as well as perceptions towards fraud and scam risks.
- **A large-scale behavioural experiment**: an online randomised experiment with around 10,000 participants, testing five versions of an "opt-in, eligible" letter inviting consumers to join the scheme. The versions differed in language, structure, tone, and behavioural design. The experiment measured how key consumer outcomes - intent to opt in, comprehension, and sentiment towards both the letter and the scheme, differed across the different versions tested.

The research also sought consumer input to inform other related elements, including any requirements around mode of delivery, and any necessary steps to mitigate fraud and scam concerns or risk.

Across both phases of research, the findings have provided insights about what is likely needed for effective scheme communications. They also highlight that relatively small changes in the content, tone, and design of scheme communications can materially affect consumer engagement with the communications, their content, and the actions consumers intend to take.

This research, and its findings, has helped to inform the final scheme design and our expectations around firm-led communications design.

1 Introduction

In October 2025 the FCA published consultation paper CP25/27, outlining our proposals for an industry-wide motor finance redress scheme.

As part of the proposed approach lenders would be required to contact relevant customers (e.g. CP25/27 1.16-1.19). Firms would be required to identify and contact these customers to inform them about the scheme, any actions required, or outcomes determined. Proposals about the detail that firms would be expected to include in communications sent were also included.

The design of these communications is critical to the success of the scheme. If consumers misunderstand firm communications or take no action due to concerns about the legitimacy of the communication received or the scheme itself, the scheme will not work as intended and could be perceived as unfair.

As part of the consultation, we sought views on the level of detail we should require in communications to be sent by firms. Feedback reflected a range of views (summarised in Chapter 9 of PS26/3) but included support across stakeholders for us to undertake consumer testing to inform our scheme communication decisions.

This research note reports findings from a mixed-methods programme of consumer and behavioural research. The purpose was to provide evidence directly from consumers to inform the final design of scheme communications and our expectations around firm-led communications design. It has helped us to better understand what consumers need from scheme communications, and how specific communications designs could likely work best for consumers. This includes understanding the content, tone, and format of communications that may best support consumer understanding, behaviour, and attitudes in relation to the scheme.

The research also sought consumer input to inform other related elements, including any requirements around mode of delivery, and any necessary steps to mitigate fraud and scam concerns or risk.

The research comprised a package of qualitative research alongside a large-scale online behavioural experiment with around 10,000 consumers. These two methods complement one another. While the qualitative research provided depth of insight, the behavioural experiment provided empirical robustness, helping to quantify what is likely to work and by how much.

The qualitative research, i.e. an online bulletin board and a series of depth interviews, helped us to explore consumers' attitudes, perceptions, and reasoning in depth, providing rich insight into why behaviours and attitudes occur.

In contrast, the behavioural experiment was designed to test how people may understand, feel, and behave in response to receiving scheme communications. Measuring this in the controlled setting of a behavioural experiment enabled us to generate causal evidence to quantify the impact of specific factors on consumer outcomes we would expect effective communications to deliver:

Intent to opt in: A key feature of the scheme's design is to inform eligible consumers that they may be owed redress, but that they must opt-in to the scheme in order for their agreement to be fully assessed, and for any redress that may be owed to be calculated and paid. We recognise that some consumers may wish to pursue redress outside of the scheme or pursue other routes. We nevertheless judge an effective communication designed to inform eligible consumers about the scheme as one which increases their likelihood to want to join the scheme, i.e. their 'intent to opt in'.

Comprehension: The communications are also designed to inform consumers about the scheme, what it does, and any actions consumers may need to take. An effective communication is therefore one which increases objective understanding of these issues (i.e. actually improves their comprehension, not just relying on self-reported perceptions of understanding). Consumers should make informed choices about whether to join the scheme. As such, we want to avoid an outcome in which intention to opt in increases but understanding in the scheme falls. An effective communication is therefore also one which increases the proportion of *informed intent* recipients i.e. those who intend to opt in with good objective comprehension of what doing so entails.

Sentiment: Consumer attitudes towards the communications they receive, and the scheme they describe, are likely to influence behaviours and trust in the scheme, as well as potentially towards motor finance as a product, and wider financial service markets in general. An effective communication is therefore one which increases positive sentiment towards the communication and the scheme it describes.

This work has been informed by wider behavioural science research that highlights the importance of well-designed communications in shaping consumer comprehension, attitudes, and behaviours. Indeed, previous FCA behavioural research has tested the impact of behaviourally-informed communications design on a previous redress scheme (Adams & Hunt, 2013). That research found that a behaviourally-informed approach to communications design and roll-out could increase response rates by up to 10 percentage points (ppt).

This research was conducted between December 2025 and January 2026, during a period of live policy development. It was deliberately designed to balance the need for insights relevant to specific policy decisions with broader evidence intended to inform decision-making more generally. We signpost throughout where research questions or stimuli used are materially different from the final policy position in PS26/3.

The findings of this research have provided evidence around consumers' attitudes towards our firm-led communications approach, as well as specific insights about what wording is likely to work best for consumers in firm-led communications. This has helped to inform the final scheme design and our expectations around firm-led communications design.

2 Qualitative Research – Methodology

Research objectives

The primary aim of the qualitative research was to explore consumers' understanding of, and reactions to, draft scheme communications, presented in the research in letter format. The research examined whether consumers understood who the communication was from, what it meant for them, and what actions, if any, they needed to take. It also explored perceptions of authenticity and potential scam risk.

Research design

The research was conducted for us by Critical Research, an independent market research agency, and had two phases.

Phase 1: Online bulletin board and follow-up depth interviews

Phase 1 took place in December 2025 and comprised a five-day online bulletin board with 32 participants. A bulletin board is a qualitative research tool where participants engage in an online forum to provide in-depth feedback structured around pre-scripted tasks, stimulus materials, and online polls. New stimulus materials and questions were released twice daily. Participants spent a minimum of three and a half hours engaging with the platform over the course of the 5 days. Moderators at Critical Research reviewed responses in real time and posted follow-up questions to probe emerging themes and clarify areas of interest.

Day 1 was dedicated to establishing background context. We explored participants' awareness of the industry-wide redress scheme, recall of FCA messaging, whether they thought they might be eligible for compensation, and attitudes towards making a claim.

Across Days 2 to 4, participants reviewed and compared different draft versions of the opt-in, eligible letter – a letter that will be sent to eligible consumers who have not already made a complaint, inviting them to opt in to have their agreement assessed as part of the scheme. Four versions were tested:

1. *CP Framing*: a legally precise version of the letter with consultation-style drafting
2. *Plain English*: a simplified version using clear, jargon-free language
3. *Plain English + Barriers Removed*: built on the *Plain English* version by addressing known consumer barriers to engagement with a potential redress scheme, and testing additional elements (including revised introductory text and a summary table)
4. *Supercharged*: a high-salience version designed to maximise attention and prompt immediate action

To avoid bias, participants were split so that around half reviewed *CP Framing* first and around half reviewed *Plain English* first. All participants subsequently reviewed all other versions.

Participants first scanned each letter and gave their initial reactions, before reading it in full and providing detailed feedback on its clarity, tone, layout, language, and overall ease of understanding. They were then asked to explain their understanding of key elements (such as eligibility, deadlines, and consequences of inaction), indicate what action they would take and how confident they felt doing so, and whether they would seek further information or third-party support.

On Day 5, participants reviewed a draft version of another letter – a provisional redress decision letter as proposed in CP25/27, framed in a *CP Framing*-style legally precise format. This letter was designed to notify consumers of a provisional decision to offer redress, the proposed compensation amount, and what they needed to do if they wish to challenge. Our final requirements for communicating redress outcomes have been refined since this research was undertaken to involve consumers actively accepting redress offers rather than waiting for a final determination, if they do not wish to object, as outlined in PS26/3.

Again, participants provided feedback on clarity, tone, layout, language, and whether the letter was easy to understand. Participants were asked in particular about the section of the letter that explained how compensation has been calculated: do they understand it, and what they would do if they disagreed with the compensation offer.

Following completion of the bulletin board, follow-up depth interviews (lasting 45-60 minutes) were conducted with 5 board participants selected to cover different genders, differing levels of financial capability, and a couple of previous complainants. Interviews were personalised to participants, based on the answers each had given during the bulletin board.

Phase 2: Depth interviews with new participants

Phase 2 took place in January 2026 and involved 45-60 minute depth interviews with 19 participants who had not taken part in the bulletin board.

Participants were shown an amended version of the *Plain English* opt-in, eligible letter, revised slightly based on feedback from Phase 1. As before, interviews explored comprehension, tone, layout, and intended behaviour.

However, the main focus of this phase was on perceptions of fraud and scam risks. Participants were asked whether the letter felt genuine, what elements increased or reduced their confidence about this, and whether they would opt in without carrying out further checks. The research tested potential mitigation measures, including references to an official webpage, a telephone helpline service, and a firm-checker verification tool, and explored whether these measures would increase confidence and likelihood to respond.

All letters described across Phase 1 of the qualitative research can be found in Annex 1. The opt-in, eligible letter used in Phase 2 was the same *Plain English* version used in the online experiment and can be found in Annex 7.

Research sample and quotas

All participants were recruited from consumers who took part in the FCA's Financial Lives 2024 survey and had agreed to be invited to follow-up research. In total, 51 consumers took part across the two phases. All bar 3 had held a regulated motor finance agreement (HP, PCP, or conditional sale) between 2007 and 2024. The 3 participants who had not held motor finance, included in Phase 2, strengthened the representation in the research of consumers with low financial capability.

Quotas were set to ensure a mix of more recent motor finance holders and historic holders. This distinction was felt to be important, because reactions to receiving an unexpected letter from a lender may differ depending on how recently consumers had held an agreement.

We also designed the sample to include some participants who had made, or were in the process of making, a complaint or claim about a motor finance agreement, either directly or via a claims management company (CMC) or law firm. Detailed information on the timing of complaints was not collected but it is likely that most complaints were relatively recent. Including this group allowed us to explore whether prior complaint experience influenced familiarity with the issue, trust in the communication, or likelihood to act.

Quotas also ensured broad representation by age, sex, and region. Further quotas ensured coverage of adults with low financial capability and low financial resilience, important characteristics of vulnerability. This allowed assessment of how communications were understood across a range of circumstances. We draw out differences in findings by these circumstances, where they are notable.

Table 1. Research quotas

Sex: Female	26
Sex: Male	25

Age: 18-24	4
Age: 25-34	7
Age: 35-44	8
Age: 45-54	8
Age: 55-64	10
Age: 65-74	9
Age: 75+	5

Last took out motor finance: 2018-2024	24
Last took out motor finance: 2007-2018	24
Last took out motor finance: Never held	3

Made a complaint: No	35
Made a complaint: Yes	16

Financial capability: Low	10
Financial capability: Not low	41

Financial resilience: Low	10
Financial resilience: Not low	41

Research limitations and interpretation of findings

As with all qualitative research, findings are not statistically representative of adults who held a regulated motor finance agreement between 2007 and 2024. Quotas were deliberately set to include meaningful proportions of adults with different characteristics to test whether the communications are accessible and effective for consumers in different circumstances, rather than to be fully representative of agreement holders over this period.

Participants took part in FCA commissioned research and reviewed draft letters in a hypothetical setting, which may have increased trust in the materials and levels of attention compared with real-world conditions. Stated intentions may differ from actual behaviour. Finally, the research tested draft communications that were framed as a letter format but presented digitally. Onscreen viewing may have influenced perceptions of layout and prominence compared with receiving a printed letter by post.

Taken together, these limitations mean that the results are indicative of how consumers may respond to scheme communications.

3 Qualitative Research – Summary of Findings

Overall perceptions of the four opt-in, eligible letter versions

Four different versions of the opt-in, eligible letter were tested in detail in Phase 1 of the qualitative research. As described in the research methodology, these versions are referred to as *CP Framing*, *Plain English*, *Plain English + Barriers Removed*, and *Supercharged*. In Phase 2, we tested a revised version of the *Plain English* letter, which incorporated small adjustments to the version tested in Phase 1.

Across all four versions of the letter, participants generally felt the communications were "fit for purpose." The letters were seen as clear, easy to understand, mostly professional in tone and presentation, and detailed in a helpful way. The letters' tone, language, and format generally reassured participants that they were genuine. As a couple of participants said:

"It [the Plain English version] seemed quite official… I don't think it was too formal. I think it was quite plain English." (Female, 45-54)

"It is quite a complicated issue. I think it came across as quite easy to understand, though." (Female, 65-74)

All letters successfully conveyed the key information: that a compensation scheme exists, that the FCA is overseeing it, that recipients may be owed compensation (to be determined through further assessment by the lender), and that they need to opt in within 6 months for their case to be reviewed. All versions included a clear call to action and were concise enough to encourage reading.

However, no single version met the needs of all participants, with preferences largely influenced by financial literacy and prior engagement with the compensation process. More financially literate or engaged participants, including those who had made a complaint, usually preferred more detailed content and precise language. Less engaged participants wanted concise, easy-to-read content that quickly conveyed whether they might be owned compensation and what action to take. They usually skipped the more technical sections about what the scheme covers and what is counted as unfair.

On balance, most participants favoured *Plain English* over *CP Framing*, due to its simplified structure, shorter paragraphs, more accessible language, and call-out boxes. In contrast, *CP Framing* was often described as technical or bureaucratic. Sections such as "Subject matter of the scheme" and "Relevant arrangements" were seen as difficult to understand and a few participants questioned the use of the term "redress" rather than "compensation".

Behaviourally-informed elements designed to prompt action, such as the "FOR ACTION: You May Be Owed Compensation" heading in the original *Plain English* version and the

urgency cues in *Supercharged*, were especially divisive. While they effectively captured attention, many felt they risked making the letter appear less genuine.

Several of the additions tested in *Plain English* + *Barriers Removed* and in the Phase 2 revised *Plain English* version were particularly well-received. Explicit references to FCA oversight, reassurance around data privacy and security, and the inclusion of details about the recipient's motor finance agreement (such as agreement date, vehicle details, and vehicle registration number) strengthened trust and credibility.

Table 2 summarises participant feedback on each of the four versions of opt-in, eligible letters tested in the qualitative research. Annex 2 provides more detailed feedback, with some illustrative participant comments.

Table 2. High-level summary of participant feedback on each version of the opt-in, eligible letter

1. CP Framing	**2. Plain English**
+ Clearly structured and logical sections + Concise/ not too long + Widely regarded as legitimate + "Important" box at the top of the letter grabbed attention + Clear call to action - Language often described as technical or bureaucratic, reducing accessibility - Some sections seen as overly complex or daunting - Some terminology difficult to understand (e.g. "Subject matter of the scheme" and "Relevant arrangements")	+ Simple structure and short paragraphs aid comprehension + More accessible everyday language + Call-out box grabbed attention + Step-by-step opt-in process simple and effective + Widely regarded as legitimate + Concise/ not too long + Clear call to action - "FOR ACTION" messaging particularly divisive: grabbed attention but made some doubt the letter's authenticity
3. Plain English + Barriers Removed	**4. Supercharged**
+ Explicit reference to "FCA oversight" reassuring, even if the precise meaning of this statement was not scrutinised or fully understood + "Why we are contacting you" section clearer and less ambiguous than the wording in the *Plain English* version + Box outlining data privacy and security reassuring and reinforces the letter's legitimacy - £700 average compensation figure was disliked by some (could create unrealistic expectations) - Messaging that the process is "simple and requires minimal effort" perceived by some as condescending - "FOR ACTION" messaging grabbed attention but made some doubt the letter's authenticity	+ Most accessible and appealing version for some participants, particularly those with low financial capability - Language too casual, over-simplified, or "salesy" for some, and therefore the letter was seen as less trustworthy - Emphasis on the £700 average compensation figure captured attention, but many felt it risked making the letter appear less genuine

Overall perceptions of the redress decision letter

In Phase 1 of the research, we also tested a draft version of a provisional redress decision letter, as proposed in CP25/27, and framed in a *CP Framing*-style legally precise format. While it does not reflect the revised content required for provisional redress decision in PS26/3, we summarise selected findings that are relevant for understanding how this communication is likely to be received.

Consistent with attitudes towards the *CP Framing* opt-in, eligible letter, this letter was generally perceived as genuine and trustworthy. Participants commented that the tone and language felt professional and consistent with the other letters tested, although a few noted that the language was less accessible than the *Plain English* opt-in, eligible letter they had already seen.

"I think it is a really helpful letter… It feels genuine as it has a professional tone and imparts information without anything that requires information from me." (Female, 35-44)

"Initially it appears rather formal. It appears genuine mainly because of the language." (Male, 65-74)

"My initial impressions were that the letter was very formal and it looked complicated with a lot of technical jargon…" (Female, 35-44)

The letter's structure, including boxes, bold text, and headings, helped guide readers' attention to the most important information, particularly the compensation amount and next steps. The length was generally considered appropriate, taking only a few minutes to read. The layout helped make a long and detailed letter feel manageable.

"The box at the top grabs my attention as it seems to summarise the letter… the first half of the letter is pretty clear as it seems straight to the point." (Male, 18-24)

Participants were clear on the actions required after receiving the letter. They understood that they had a defined period in which to challenge the amount if they felt it was insufficient, typically by providing supporting evidence. Some sought clarification on the term "provisional," interpreting it as meaning that the offer was conditional until accepted.

"I have one month to appeal if I am unhappy and provide reasons why." (Male, 35-44)

Participants focused primarily on the outcome of their claim and the compensation amount, often skimming the more detailed calculation sections. The calculations themselves were seen as complex and difficult to understand. While most appreciated having the calculations for transparency, some suggested that highly technical details could be moved to an appendix. Some said that the calculations should be explained more clearly, as understanding the breakdown was important for confidence in the fairness of the offer.

"I found the calculation confusing because I'm not great at maths, but I was pleased it was explained." (Female, 35-44)

"There was also a lot of technical stuff of how my compensation was worked out, that I would need a maths degree to understand, so I skipped that completely." (Female, 65-74)

Overall attitudes towards scams/fraud

Across both qualitative research phases, scam concerns were front of mind. Many participants said that, in principle, they would be suspicious of any unexpected letter relating to compensation and would initially assume it could be fraudulent. Authenticity therefore depended heavily on the presence of verifiable details. Communications would be trusted more when they:

- Clearly referenced the FCA redress scheme
- Came from a recognised finance firm, with consistent branding and logos
- Included specific, accurate details about the consumer's agreement
- Avoided "salesy" language and high-pressure calls to action
- Did not request additional personal information
- Contained information that could be independently verified

Clear reference to the FCA acted as a strong credibility cue, providing immediate reassurance that a letter was part of a formal, overseen process rather than a commercial or unsolicited approach.

"I think if you read Financial Conduct Authority, you kind of think it's a bit legit once that's mentioned in a letter." (Female, 25-34)

The presence of the lender's logo and address details also supported legitimacy, particularly for those who recalled their lender's name. For others, reassurance came from the inclusion of specific personal information relating to their agreement, such as vehicle details, agreement numbers, and dates, which signalled that the letter was based on existing records rather than being speculative or generic. Ideally this information would appear in the letter header, rather than at the end of the letter as it was in the draft version we tested.

"To have all of the details, it can only have come from your finance company unless… they've had a leak or something, but it's unlikely. It's reassuring that it's in there." (Female, 18-24)

Participants associated scam communications with urgency, pressure tactics and requests for payment or bank details. The absence of these features – alongside a clearly stated 6-month opt-in window – was reassuring. Explicit statements about what the lender would not do (e.g. never asking for payment) were seen as particularly helpful.

"There's nothing that's making me feel like I'm rushed into making a decision." (Female, 55-64)

Tone also influenced perceptions of legitimacy. A tone that participants described as professional or measured (such as in *CP Framing, Plain English*, and *Plain English + Barriers Removed*) tended to build trust, while, overly simplified, casual, or "salesy," language (such as in *Supercharged*) and strong behavioural prompts, could undermine credibility, particularly among more financially confident participants.

Overall, while initial scepticism was common, most participants indicated that they would trust both the letter and the wider scheme.

Summary of views on specific options for mitigation against scams/ fraud

Across the research, only a minority of participants described wanting to independently verify the letter before taking action (opting in). This was partly because the letter itself was seen as credible, but also probably a reflection of the research context: participants were reviewing the letter as part of a study conducted for the FCA, which may have heightened trust in the materials.

Common verification behaviours mentioned unprompted included checking their own paperwork, searching for the lender online, looking up contact details independently rather than using those printed in the letter, and confirming the lender via the FCA website. Participants were broadly supportive of including in the letter additional ways to independently verify the scheme's legitimacy, although views varied on how prominently these should feature.

In Phase 2, we tested a range of possible verification mechanisms, including an official webpage, a telephone helpline service, and a firm-checker verification tool. Participants consistently welcomed including a link to an FCA-hosted information page explaining the redress scheme. Even among those who felt the letter was already credible, the option to check further information was reassuring.

"Absolutely… somewhere where I can go in and find out more." (Female, 35-44)

Short, simple URLs were preferred over long or complex web addresses. Some participants said they would manually search online rather than type or click a full link, reinforcing the value of a clear and easily searchable FCA web presence. The FCA firm checker tool was viewed positively, particularly for those who might not recall their lender or who wished to verify the firm independently. Those unlikely to use the firm checker tool did not object to it being mentioned in the letter, provided this did not dominate the main body of the letter. A brief explanation of what it is and how it can be used was considered sufficient.

A helpline would be welcomed. While few participants indicated they would necessarily call, the availability of a contact number added reassurance that a legitimate organisation was behind the scheme. As with online resources, just the existence of this support channel was often considered as important as actually using it.

Overall attitudes towards channel preferences: letter or email?

Participants across both qualitative research phases indicated that they would respond to a posted letter, which was generally viewed as official, likely to be noticed, and less susceptible to scams.

"I would more than likely open a letter but could mistake an email for junk. It may vary if I recognised the motor finance firm name, but I would still prefer a letter." (Female, 25-34)

Emails were considered higher risk due to phishing, spam, and malware, although a minority of participants expressed a strong preference for email, particularly if their finance provider had previously communicated with them digitally. Those who preferred

email valued the speed and convenience it offered but noted they would only open messages from a recognised sender. This could be a particular issue for historic motor finance agreements they had forgotten about.

"I have been scammed in the past from clicking on emails, even though they have had my name, my date of birth. So, I'm a bit worried about anything that comes through via e-mail. While by post, if it has my details on there, it feels more legitimate." (Female, 25-34)

"I have used emails for important documents for years now... I think it speeds up the process rather than a letter, which may or may not get delayed or lost in the post. I prefer the email method because of this, with a letter to back up that information if appropriate." (Male, 55-64)

A combination of a letter and an email was welcomed by some, allowing recipients to cross-check and verify authenticity. Letters gave time to read and verify details, while an email could serve as a prompt or reminder.

Including specific agreement details, such as vehicle registration or finance terms, remained important for conveying trust. Most participants said they open almost all letters, particularly those that look official or are personally addressed. Brown envelopes or official logos drew attention, whereas generic letters addressed to "the owner-occupier" were often ignored.

4 Behavioural Experiment – Methodology

The behavioural experiment focused on testing different versions of the opt-in, eligible letter. To do this, we conducted an online experiment using Qualtrics, an online survey platform.

The experiment was designed to address a key question: how might different approaches to firm-led communications design, tone, and specific content affect consumer understanding, attitudes, and behaviours at the point that they are first invited to participate in the scheme?

Specifically, the experiment tested the following research questions:

RQ 1: How does the design of opt-in, eligible letters affect consumers' stated intention to participate in the scheme?

RQ 2: How does letter design affect consumers' comprehension of the scheme, including both key comprehension (information required to make an informed participation decision) and total comprehension (broader understanding of scheme details)?

RQ 3: Do different letter designs lead to better outcomes across stated intention and comprehension combined (i.e. do they increase *informed intent*)?

RQ 4: How do alternative letter designs affect consumer sentiment, including perceptions of the letter itself and the scheme more broadly?

Sample characteristics

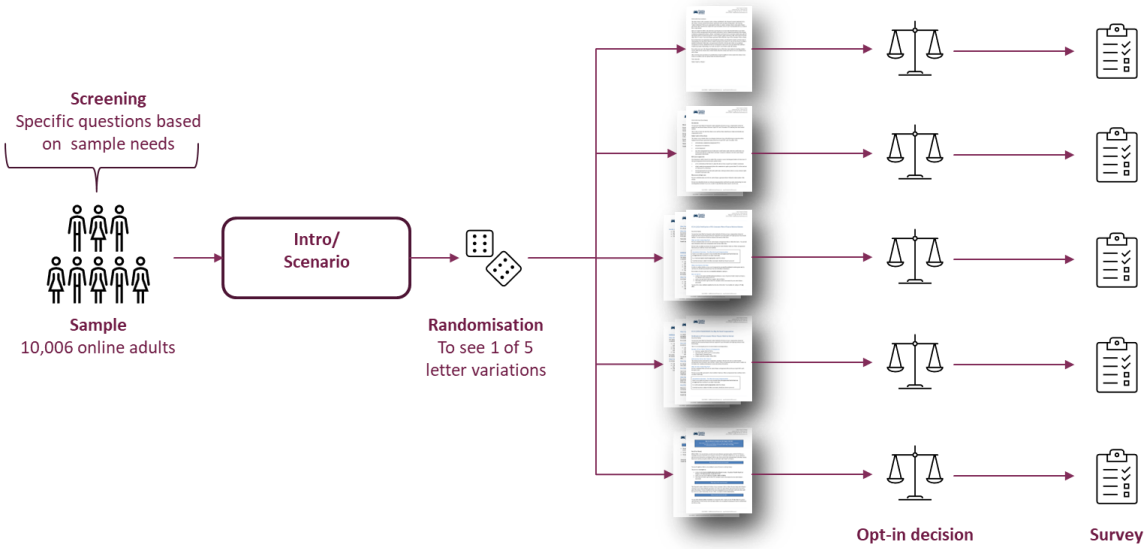
Participants were recruited via an online research panel by Critical Research, an independent market research agency. 10,006 UK adults completed the study in full. We only recruited participants who reported having previously purchased or financially committed to a car or van. In order to reach a target sample size of 10,000 participants (informed by a-priori sample size calculations), past or present motor finance usage was not a pre-requisite for participation, but we captured this in the survey itself.

Beyond this, soft quotas were set on age, gender, UK region, and household income to achieve a broadly representative sample of adults likely to have experience with motor finance. Annex 3 outlines the demographic characteristics of our sample.

Experimental design

Figure 1 presents the broad experimental flow. A full list of questions and response options in the experiment is outlined in Annex 4.

Figure 1. Experimental flow



After joining the survey and answering some general introductory questions, participants were shown one of five randomly assigned opt-in, eligible letter versions to read.

They were then asked questions to: (i) explore what they would do if they received that letter, (ii) test their understanding of what they read, and (iii) measure how they felt about the letter and the scheme described within. Beyond the differences in the letters shown, everything else throughout the experiment was kept the same for participants.

Behavioural experiments are well suited to isolating the effects of specific design features in communications, because they allow information content to be held constant while systematically varying how that information is presented. Randomisation of participants ensures that any differences in outcomes between participants who saw different letters could be attributed to differences in the letter design, rather than a result of systematic differences in participant characteristics.

By comparing differences in outcome measures between participants who saw different letters, we have identified what affects outcome measures for better, and for worse. In other words, it has helped us to understand 'what works best'.

Introduction and attention checks

Upon entering the survey, participants were given some basic information about the survey and asked to confirm their consent for participation.

They were then asked a simple question designed to ensure they were paying attention, a common quality control measure in online experiments. Participants were given two opportunities to correctly answer this question. Those who failed after two attempts exited the survey and were unable to re-enter.

"Opt-in, eligible" scenario – intent to opt in

After this, participants were asked to imagine that they had previously taken out a personal motor finance agreement. They were shown information about a hypothetical vehicle purchase, a fictitious lender, and an agreement date that fell within the scope of the scheme. Figure 2 shows the scenario participants saw.

Figure 2. Text used for experimental scenario

Please imagine yourself in the following scenario:

You previously purchased a car using 'motor finance' – a type of finance specifically for purchasing vehicles.

Imagine you bought a Vauxhall Astra (Registration number: HG68 PRT) from a local dealership. You purchased the car in January 2019 using motor finance with a lender called FRANK'S SMART CAR FINANCE.

Your policy number was XK1267FK35. You kept up with all the payments, you still have the car and you have not taken out any other motor finance since.

One day, in early 2026, you receive a letter personally addressed to you through your door. You open it up and see it is from FRANK'S SMART CAR FINANCE. Click 'Next' to read the letter.

After participants had viewed a letter, they were asked to self-report their likelihood to start the opt-in process, on an 11-point Likert scale from 0 ("Not at all") to 10 ("Definitely").

Comprehension questions

Participants were then asked a series of 13 comprehension questions about the information within the letter. Each of these had an objectively correct answer. These questions related to (i) detail proposals for opt-in, eligible letters shared in CP25/27, (ii) factors judged as important in the qualitative research, and (iii) other relevant information about the scheme that could support consumer decision-making within a communication.

Sentiment questions

Participants were then asked several questions about their sentiment towards the letter and the scheme. It was made clear to participants that there was no objectively correct answer to these.

Additional survey questions

Following this, participants were shown two further scenarios designed to explore supplementary research questions relating to motor finance communications and scheme design. Since these two scenarios were supplementary to our main research questions, we report their detail and findings in Annexes 5-6.

Lastly, participants were asked some final survey questions about their personal motor finance experience, awareness of a proposed motor finance redress scheme, and the "Big 3" financial literacy questions (Lusardi and Mitchell, 2011) designed to measure financial literacy.

Treatment design

The communication designs tested in the experiment were deliberately chosen to reflect a range of ways opt-in, eligible letters could be designed, given detail proposals shared in CP25/27.

What differed was the language, structure, emphasis, and behavioural features. This was informed by insights from the earlier stages of the qualitative research and general principles from behavioural science and communications design. It was also inspired by insights shared within the FCA's Consumer Duty Finalised Guidance, of considerations in design that can make communications more effective (FG22/5 8.13).

All letters tested in the experiment can be found in Annex 7.

At one extreme, we tested a letter that could be minimally compliant, constructed in a way that included details outlined in CP25/27 proposals, but designed without good principles of communications design in mind. This reflected our *Baseline* – a version that we expected would not necessarily optimise our intended good outcomes for consumers: intent to opt in, comprehension, and sentiment.

Our alternative letters built on this *Baseline* in various ways, but all intended to increase these consumer outcomes.

- *CP Framing* prioritised legal clarity, adding broader context of the scheme using formal language as described in CP25/27.
- *Plain English* provided this wider context using jargon free language with clearer structure.
- *Plain English + Barriers Removed* built on this further still, by adding text intended specifically to overcome known consumer barriers to engagement with a potential redress scheme.
- *Supercharged* was designed to be explicitly eye-catching, using high-salience design, very strong call-to-actions, and streamlined information.

These four versions had minor changes made from the versions presented in the earlier qualitative research, in part in light of the qualitative findings. They were also redesigned to appear like a genuine letter a consumer may receive (e.g. with fictitious lender details in the letterhead).

Further descriptions of the five letter versions, and their key design features are presented in Table 3 below. It also outlines how the different five versions were, or were not, designed to include features of communications design likely to support understanding, inspired by the FCA's Consumer Duty Finalised Guidance (FG22/5 8.13): making communications *engaging*, *relevant*, and *simple*, and considering the use of *layering*. While the Finalised Guidance also includes the feature *well-timed,* we excluded this as timing of communications would be dictated by the wider scheme design, rather than the specifics of tested variations.

Table 3. Key design features of five letter versions. * - Limited evidence of feature; ** - Moderate evidence of feature; *** - Strong evidence of feature.

Letter version	Description	Key design features	Good practice communication design features, inspired by FG22/5 8.13			
			Engaging	Relevant	Simple	Layering
Baseline	• Minimally compliant baseline • Formal, technical language; dense presentation; limited structure • No explicit accommodation to reduce behavioural barriers	• Formal, technical wording • Dense layout; limited signposting • No behavioural simplification	*	*	*	*
CP Framing	• Drafting using language from CP25/27 • Prioritising legal precision and completeness over accessibility • Limited behavioural adaptation	• Formal, legalistic phrasing • Extensive caveats	**	**	*	**
Plain English	• Simplified, jargon-free language with clearer structure • Content unchanged; improvements limited to wording and organisation	• Plain language; short sentences • Clear headings and signposting • Logical information flow	***	***	***	***
Plain English + Barriers Removed	• Plain English version plus additional text to remove behavioural frictions identified in earlier quantitative and above qualitative research • Reduced uncertainty and perceived effort	• Clear next steps and post-opt-in process • Friction-reducing cues • Reassurance of no CMC required	***	**	***	***
Supercharged	• High-salience, action-oriented design emphasising benefits and urgency • Limited detail • Strong visual and framing cues	• Prominent headlines and visual emphasis • Prominent indicative redress amounts • Strong calls to action; urgency cues	***	**	***	***

Limitations and interpretation

This behavioural experiment was designed to assess the relative performance of alternative communication designs under controlled conditions, rather than to predict real-world opt-in rates or absolute levels of understanding.

The study was conducted in an online, hypothetical setting, with participants responding immediately after viewing a single communication. Participants could not re-read the letter when answering follow-up questions.

This was a deliberate design choice. First impressions matter for subsequent decisions, and a well-designed letter should be comprehensible from a first read. However, this design choice is likely to result in lower absolute comprehension levels than would be observed in real-world settings. We have previously documented this phenomenon and

associated design considerations in other FCA behavioural experiments (e.g. Belton *et al*., 2025).

As with the qualitative research, participants were aware they were taking part in FCA-commissioned research, which may have encouraged overall attention or trust.

The above limitations are common artefacts of online behavioural experiments, especially those undertaken by, or on behalf of, public sector organisations. However, all participants faced the same context, and so this ought not affect the internal validity of comparisons between letter versions. The value of experiments lies in their ability to measure relative differences in performance between treatments (Kessler and Vesterlund, 2014).

Put simply, if one version outperforms another in a particular outcome in this setting, we have good reason to believe it would do so in the real world too.

5 Behavioural Experiment - Outcomes and Analysis

Overview

Table 4 below highlights the key outcome measures and analytical approach in line with the experimental design above. Outcomes were designed alongside FCA specialists, and were selected to assess which communication designs work best against important policy-relevant objectives.

Unless otherwise stated, all analyses estimate differences in outcomes across letters relative to a common baseline version (*Baseline*), to facilitate clear and consistent comparison of relative performance against the version we hypothesised would lead to the lowest performance against our consumer outcomes.

Econometric models run all include a common set of pre-specified controls (gender, age group, household income, motor finance experience, financial literacy) to improve precision when testing for statistically significant differences between letter versions. Robust standard errors are used throughout.

Given the large number of related outcomes, statistical inference is adjusted for multiple hypothesis testing using the Benjamini–Hochberg false discovery rate (BH) procedure (Benjamini & Hochberg, 1995). Reported significance reflects BH-adjusted p-values.

Table 4. List of outcome measures

Outcome	Description	How measured	How analysed
Intent to opt in	Stated likelihood to begin the opt-in process.	Single item on a 0 ("Not at all")–10 ("Definitely") scale.	Ordered logit regression. Proportional odds assumption tested.
Comprehension – full	Broader understanding of both key and additional relevant scheme information.	Thirteen multiple-choice questions; responses coded correct/incorrect and summed to a score.	OLS regression on comprehension score [/13]
Comprehension – key	Understanding of core information required to make an informed participation decision, inspired by details as proposed in CP25/27 and factors observed as important by consumers in the qualitative research. A subset of the full thirteen question.	Six multiple-choice questions; responses coded correct/incorrect and summed to a score.	OLS regression on comprehension score [/6]

Informed intent	Whether high stated intent to opt in is accompanied by accurate understanding of key scheme features.	Binary indicator: "intent" ≥ 6 AND "key comprehension" score strictly above the full sample median.	Logistic regression.
Letter sentiment	Perceptions of the communication (easy to understand, clarity, usefulness, supportiveness, fairness, legitimacy, trustworthiness).	Likert-type agreement items, converted to binary indicators (agree or not).	Logistic regression for each item.
Scheme sentiment	Perceptions of the redress scheme (fairness, effectiveness, easy to understand, quality of oversight, easy to participate).	Likert-type agreement items, converted to binary indicators (agree or not)	Logistic regression for each item.
Exploratory outcomes	Supporting measures used to aid interpretation, not pre-specified primary outcomes.	Subgroup differences; Alternative information channels.	Descriptive analysis where included, except where tests are reported.

6 Behavioural Experiment - Results

The final analysis sample consisted of 10,006 participants who passed our initial survey attention check and completed the online experiment in full.

Table 5 below provides a summary of the directional impact of letter viewed on our outcome measures. Green and red shading indicate statistically significant differences between *Baseline* and other letters using Benjamini–Hochberg adjusted p-values (at an equivalent p<0.05 level) from relevant econometric models.

Table 5. Summary of key results

Outcome	**CP Framing**	**Plain English**	**Plain English + Barriers Removed**	**Supercharged**
Intent to opt in				
Intent to opt in	-	↑	-	↓
Comprehension				
Total comprehension [/13]	↑	↑	↑	↑
Key comprehension [/6]	↑	↑	↑	↑
Informed intent				
Informed intent	-	↑	-	-
Letter sentiment				
Easy to understand	↑	↑	↑	↑
Clarity	↑	↑	↑	↑
Usefulness	-	-	-	-
Supportiveness	↑	↑	↑	↑
Fairness	-	↑	-	-
Legitimacy	-	-	-	↓
Trustworthiness	-	-	-	↓
Scheme sentiment				
Fairness	↑	↑	↑	-
Effectiveness	-	-	-	-
Easy to understand	↑	↑	↑	↑
Will be fairly overseen	-	-	-	-
Easy to participate	↑	↑	↑	↑

Taken in the round, this summary of findings suggests our alternative letters largely worked as intended; they mostly led to improvements in our consumer outcomes of interest relative to *Baseline*. However, it also indicates variation in effect sizes, direction, and significance levels across these alternative letters.

Treatment allocation and attrition

Within our final sample we observed a small but statistically significant differential attrition rate; that is, the number of participants who dropped out after entering the survey differed slightly depending on the letter they were randomly assigned to see. Participants who were assigned to see *Baseline* were 2.5-3.8ppt less likely to drop out at some point during the experiment than those who saw other letters.

Annex 15 outlines a series of additional analyses and robustness checks to provide reassurance that our main findings reported have not been materially influenced by this small skew in attrition rates.

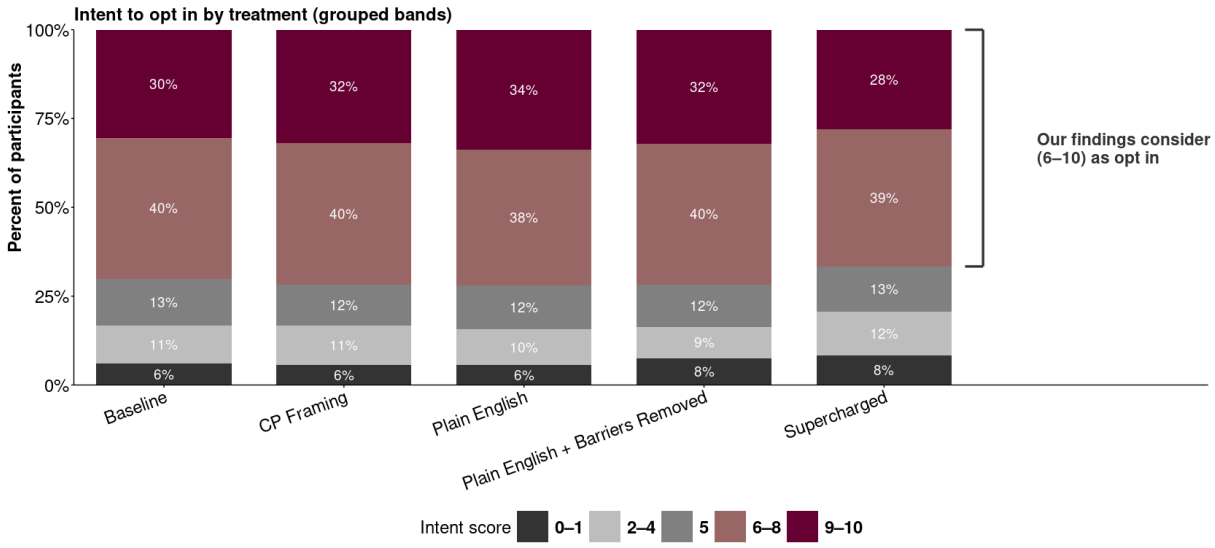
Intent to opt in

Figure 3 outlines summary statistics of participant's intent to opt in after viewing the letter.

We consider anyone who reported above the mid-point (i.e. ≥ 6) as 'likely to opt in' and anyone scoring below the mid-point (i.e. ≤ 4) 'unlikely to opt in'. 70% of participants who saw *Baseline* reported being 'likely to opt in'. Average proportions of 'likely to opt in' varied between 67-72% in all alternative letters.

On average, the letter with the greatest proportion of participants reporting being likely to opt in was *Plain English* (72%), with approximately one-third (34%) reporting a very high intent (i.e. ≥ 9).

Figure 3. - Summary statistics of intent to opt in by treatment



Contrary to our expectations, *Supercharged* had on average fewer participants 'likely to opt in' (67%) than *Baseline*. However, even in this 'worst' performing letter on average, only around 1 in 5 (21%) participants reported as actively being "unlikely to opt in".

Annex 9 reports statistical models estimating the impact of other letters on intent to opt in, relative to *Baseline*. These models show that *Plain English* led to a statistically significant increase in intent to opt in ($p<0.05$). The detrimental impact of *Supercharged* was also statistically significant ($p<0.05$), reducing intent to opt in relative to *Baseline*.

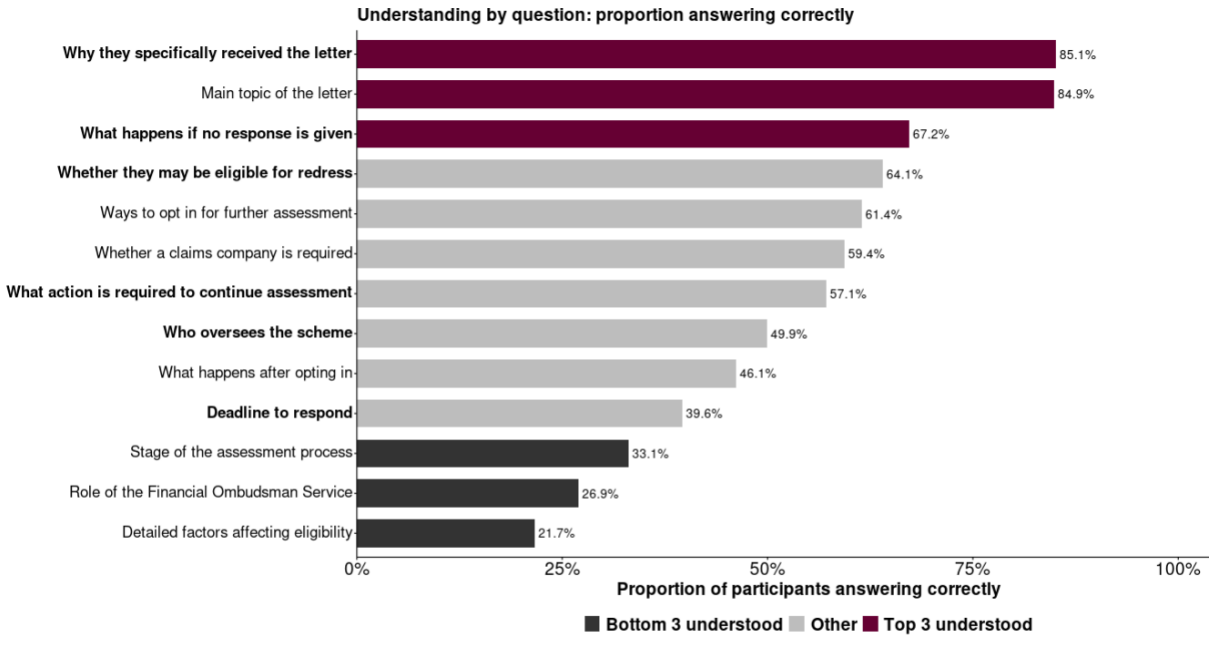
Comprehension

Total comprehension [/13]

Across all letter versions, participants answered an average of 6.97/13 questions correct. We intentionally varied the difficulty of questions, to ensure we identified a range of responses. Indeed, we saw substantial variation in understanding across individual questions.

Figure 4 reports the proportions answering each question correctly across all letter versions. It also highlights which questions were the six selected to be 'key comprehension' questions, inspired by details as proposed in CP25/27 and factors observed as important by consumers in the qualitative research.

Figure 4. Proportion answering each comprehension question correctly



Notes:
Data collected by the FCA Behavioural Data Unit (BDU), 6 January 2026–21 January 2026 (n = 10,006).
Bars show the proportion of participants answering each comprehension question correctly, pooled across treatments.
Bold items indicate the 6 key comprehension questions used in the informed choice definition.

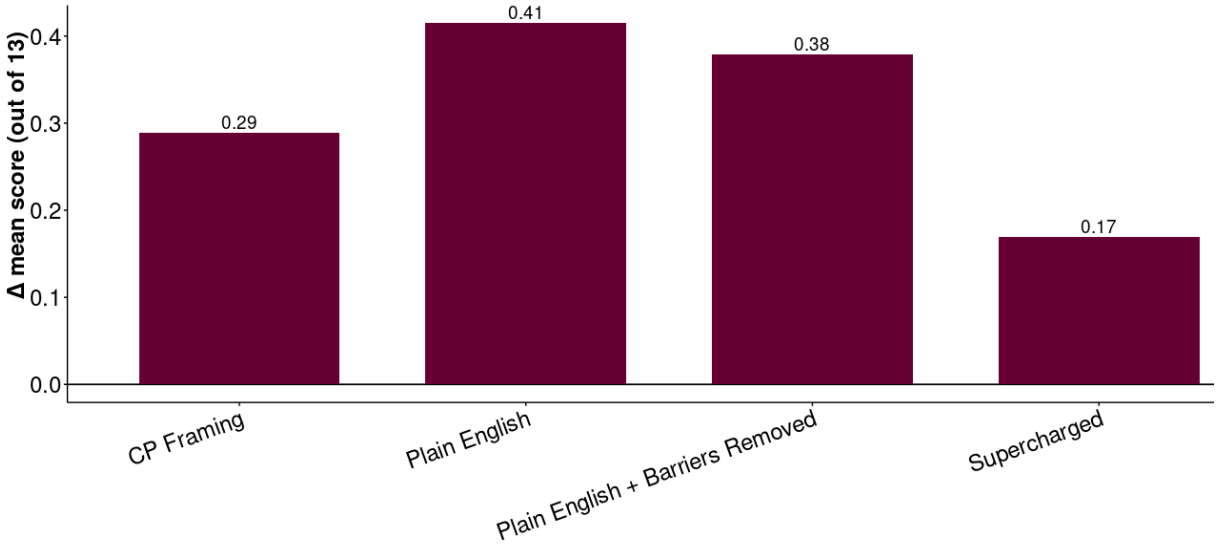
12 questions had four response options plus an option to select "I don't know". The remaining question related to awareness that the use of a Claims Management Company is not required to join the scheme ('Whether a claims company is required'), which only had response options "True"/ "False"/ "I don't know".

The three most commonly correct questions related to core understanding of the letter and an awareness that action is required. This is logically consistent, since each of these

are precursors to understanding more specific detail. The three most difficult questions related to the stage of the assessment process, the role of the Financial Ombudsman Service, and detailed factors affecting eligibility. This is not in itself surprising, since these questions related to topics that focused on specific aspects that were not necessarily worded in the main body of the letter as asked.

On average, participants who saw *Baseline* answered 6.72/13 questions correct. Figure 5 reports differences in average total comprehension scores across all alternative letters, relative to *Baseline.* All alternative letters saw higher average total comprehension scores, increasing by between 0.17-0.41 correct answers out of 13 (equivalent to a 1-3ppt increase), relative to *Baseline*.

Figure 5. Differences in average total comprehension scores [/13] of all alternative letters, relative to *Baseline*



Sample: Data collected by the FCA Behavioural Data Unit (BDU), 6 January 2026–21 January 2026 (n = 10,006).

Annex 10 reports statistical models estimating the impact of other letters on total comprehension, relative to *Baseline*. In these, all four alternative letters led to a statistically significant increase in total comprehension ($p<0.001$ for *CP Framing*, *Plain English*, and *Plain English + Barriers Removed*; $p<0.05$ for *Supercharged*).

Key comprehension [/6]

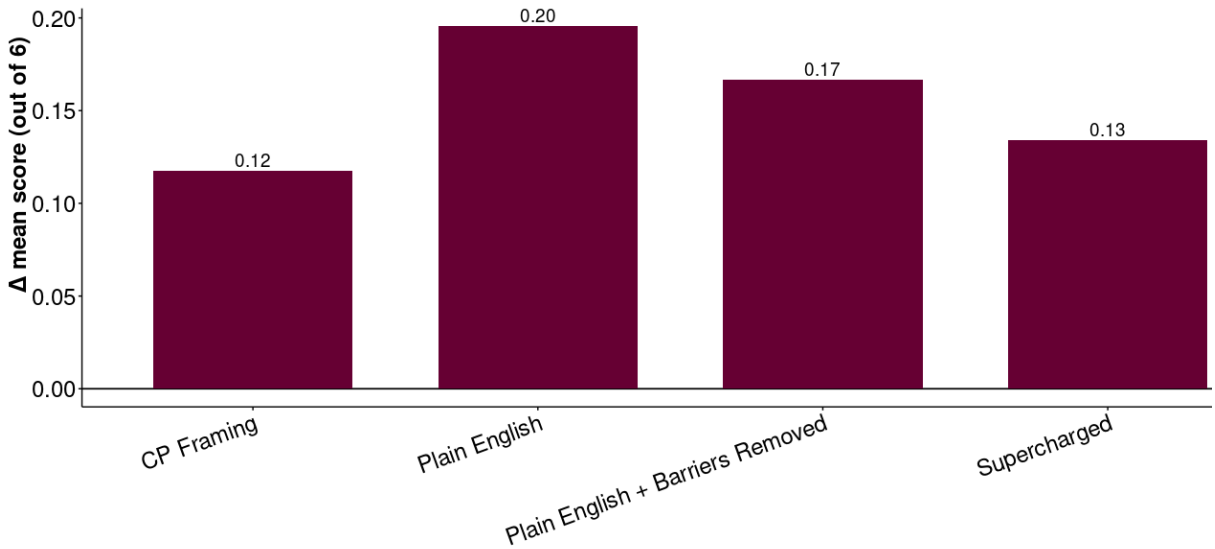
On average, participants who saw *Baseline* answered 3.51/6 key questions correct. Figure 6 reports differences in key comprehension scores across all alternative letters, relative to *Baseline.* As with total comprehension, all alternative letters saw higher average key comprehension scores, increasing by between 0.12-0.20 correct answers out of 6 (equivalent to a 2-3ppt increase), relative to *Baseline*.

Annex 11 reports statistical models estimating the impact of other letters on key comprehension, relative to *Baseline*. Again, in these, all four alternative letters led to a statistically significant increase in key comprehension ($p<0.001$ for *Plain English*; $p<0.01$ for *Plain English + Barriers Removed* and *Supercharged*; $p<0.05$ for *CP Framing*).

That the treatment effects largely mirror one another when comparing key and total comprehension is noteworthy. This gives us confidence that designing letters that

improve understanding of key comprehension questions does not need to come at the expense of broader understanding.

Figure 6. Differences in average key comprehension scores [/6] of all alternative letters, relative to *Baseline*



Sample: Data collected by the FCA Behavioural Data Unit (BDU), 6 January 2026–21 January 2026 (n = 10,006).

Informed intent

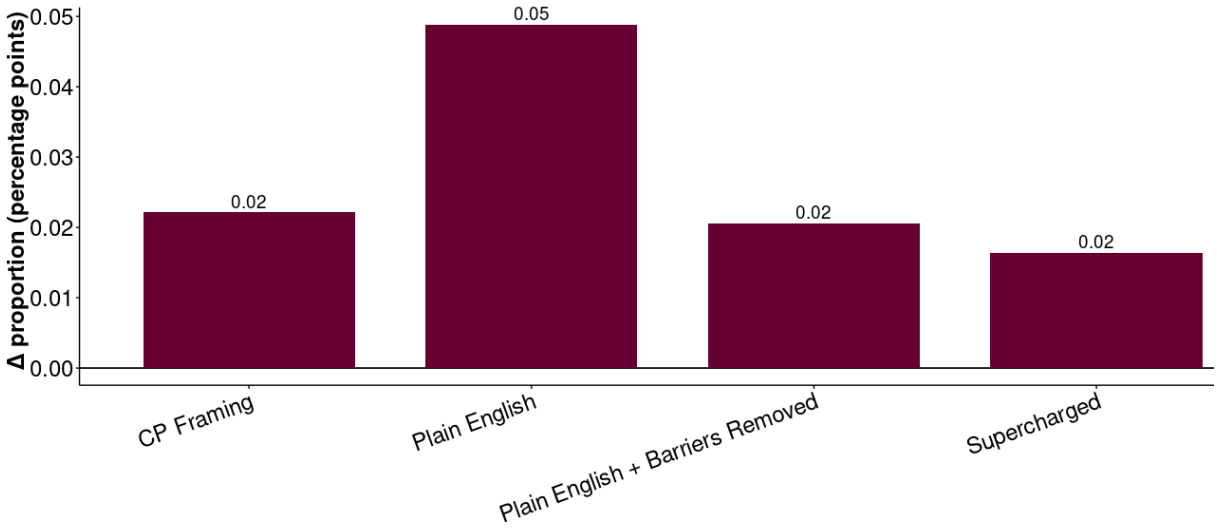
It is important that consumers do not just opt in but do so with good understanding of the scheme and the implications of joining. In isolation, our intent to opt in and comprehension measures suggest that *Plain English* in particular works well on both dimensions.

To give us confidence that this is indeed the case, we considered the impact of letter received on *informed intent*; that is, the proportion of people who *both* indicate being 'likely to opt in' (i.e. report intent above the mid-point (≥ 6)) *and* demonstrate a strong understanding of the key features of the scheme (i.e. score above the median key comprehension score, equivalent to ≥ 5/6.)

Among those who saw *Baseline*, 25% of participants exhibited *informed intent*. Figure 7 reports differences in *informed intent* across all alternative letters, relative to *Baseline.* All alternative letters saw higher average proportions of *informed intent*, increasing by between 2-5ppt, relative to *Baseline*.

Annex 12 reports statistical models estimating the impact of other letters on *informed intent*, relative to *Baseline*. In these, only *Plain English* led to a statistically significant increase in the proportion of *informed intent* participants ($p<0.01$).

Figure 7. Differences in average proportion of participants indicating *informed intent* relative to *Baseline*



Sample: Data collected by the FCA Behavioural Data Unit (BDU), 6 January 2026–21 January 2026 (n = 10,006). Informed choice is defined as intent ≥ 6 and key comprehension above the sample median.

Letter sentiment

We assessed participants' perceptions of the letters using a set of letter-level sentiment measures. These captured whether the letter was perceived as: (i) easy to understand, (ii) clearly presented, (iii) useful, (iv) supportive, (v) fair, (vi) legitimate, and (vii) trustworthy.

Tables 6-8 report the average proportion of participants who responded either "Completely Agree" or "Somewhat Agree" to the letter sentiment questions. Annexes 13A-13G report statistical models estimating the impact of other letters on letter sentiment, relative to *Baseline*.

In general, the alternative letters led to improvements in perceptions of the letter relative to *Baseline*, but there were question- and version-specific differences in the magnitude of these improvements. We also observed some noteworthy evidence of worsening perceptions for a small number of sentiment questions in *Supercharged*.

Table 6 reports findings for ease of understanding, clarity of presentation, and whether the letter contains useful information.

(i) Ease of understanding

7 in 10 participants (70%) who saw *Baseline* felt it was easy to understand. This varied between 75-78% among participants who saw the alternative letters.

Annex 13A shows that all four alternative letters led to statistically significant increases in terms of subjective ease of understanding ($p < 0.001$ for all).

These findings are consistent with the above findings from objective comprehension scores, suggesting that consumers' subjective perceptions of ease of understanding were well aligned to actual understanding levels.

(ii) Clarity of presentation

Around three-quarters (77%) of participants who saw *Baseline* felt the letter was presented clearly. This varied between 80-82% among participants who saw the alternative letters.

Annex 13B shows that all four alternative letters led to statistically significant increases in terms of perceived clarity ($p < 0.001$ for *CP Framing* and *Plain English + Barriers Removed*; $p < 0.01$ for *Plain English* and *Supercharged*).

This is consistent with the known benefits of the good communication design principles used in the alternative versions, implying that these did materially affect participants' perceptions of the letter.

(iii) Contains useful information

85% of participants who saw *Baseline* agreed that the letter contained information useful to them. This was largely unchanged (85-86%) among participants who saw the alternative letters. This is supported by a lack of statistically significant differences in Annex 13C for any alternative letter.

This implies that specific content, tone, or framing did not impede recognition that the underlying information was useful.

Table 6. Letter sentiment on measures (i) – (iii)

Do you agree the letter...	Baseline	CP Framing	Plain English	Plain English + Barriers Removed	Supercharged
...is easy to understand	70%	75%	76%	78%	76%
...is presented clearly	77%	81%	81%	82%	80%
...contains information useful to you	85%	86%	85%	86%	85%

Table 7 reports perceptions of supportiveness and fairness.

(iv) Supportive

Roughly three-quarters (77%) who saw *Baseline* felt the letter was supportive. This varied between 81-83% among participants who saw the alternative letters.

Annex 13D shows that all four alternative letters led to statistically significant increases in perceived supportiveness ($p < 0.001$ for *Plain English* and *Plain English + Barriers Removed*; $p < 0.01$ for *CP Framing* and *Supercharged*).

(v) Fair

84% of participants who saw *Baseline* felt the letter was fair. This varied between 84-87% among participants who saw the alternative letters.

Annex 13E shows that only *Plain English* led to a statistically significant increase in perceived fairness ($p<0.01$).

Table 7. Letter sentiment on measures (iv) – (v)

Do you agree the letter...	Baseline	CP Framing	Plain English	Plain English + Barriers Removed	Supercharged
...is supportive	77%	81%	83%	83%	81%
...is fair	84%	86%	87%	86%	84%

Table 8 reports perceptions of legitimacy and trustworthiness of the letter source.

(vi) Looks legitimate

85% of participants who saw *Baseline* felt the letter looked legitimate. This varied between 82-87% among participants who saw the alternative letters.

Annex 13F shows while no alternative letter led to statistically significant increases relative to *Baseline*, participants who saw *Supercharged* actually reported a statistically significant reduction in perceived legitimacy ($p<0.05$).

(vii) Is from a trustworthy source

We see similar findings on perceived trustworthiness of source. 83% of participants who saw *Baseline* felt the letter was from a trustworthy source. This varied between 80-83% among participants who saw the alternative letters.

Annex 13G shows while no alternative letter led to statistically significant increases relative to *Baseline*, participants who saw *Supercharged* also reported a statistically significant reduction in perceived trustworthiness of source ($p<0.05$).

Both findings would be consistent with insights from some participants in the earlier qualitative research. In that research some participants viewed the *Supercharged* letter as being designed in a way that a scammer might send a letter.

Since this is the only letter sentiment question in which we observe a backfire effect, this negative sentiment may have been at least in part responsible for the reduced intent to opt in observed in *Supercharged*.

Table 8. Letter sentiment on measures (vi) – (vii)

Do you agree the letter...	Baseline	CP Framing	Plain English	Plain English + Barriers Removed	Supercharged
...looks legitimate	85%	87%	87%	86%	82%
...is from a trustworthy source	83%	83%	83%	83%	80%

Scheme sentiment

We assessed participants' perceptions of the scheme using a set of scheme-level sentiment measures. These captured whether the scheme described in the letter was perceived as: (i) fair, (ii) effective, (iii) clear and easy to understand, (iv) being fairly overseen, and (v) easy to participate in.

Table 9 reports the average proportion of participants who responded either "Completely Agree" or "Somewhat Agree" to the scheme sentiment questions. Annexes 14A-14E reports statistical models estimating the impact of other letters on scheme sentiment, relative to *Baseline*.

As with letter sentiment, in general, the alternative letters led to improvements in perceptions of the scheme described in the letter relative to *Baseline*, but there were question- and version-specific differences in the magnitude of these improvements.

(i) Fair

84% of participants who saw *Baseline* felt the scheme described sounded fair. This varied between 85-88% among participants who saw the alternative letters.

Annex 14A shows that, with the exception of *Supercharged*, all alternative letters led to statistically significant increases in perceptions of scheme fairness ($p<0.01$ for *CP Framing*, $p<0.05$ for *Plain English* and *Plain English + Barriers Removed*).

(ii) Effective

8 in 10 (79%) participants who saw *Baseline* felt the scheme described sounded like it would be effective. This varied between 80-82% among participants who saw the alternative letters.

Annex 14B shows that no alternative letter led to statistically significant increases, suggesting that specific content, tone, or framing of the letter was not instrumental in affecting perceptions of the fundamental effectiveness of the scheme it described.

(iii) Clear and easy to understand

7 in 10 (71%) participants who saw *Baseline* felt the scheme described sounded clear and easy to understand. This varied between 75-79% among participants who saw the alternative letters.

Annex 14C shows that all four alternative letters led to statistically significant increases in perceived clarity and ease of understanding ($p< 0.001$ for *Plain English*, *Plain English + Barriers Removed*, and *Supercharged*; $p< 0.01$ for *CP Framing*), consistent with perceptions of ease of understanding of the letter itself and objective comprehension.

(iv) Fairly overseen

8 in 10 (80%) participants who saw *Baseline* felt the scheme described would be fairly overseen. This varied between 81-84% among participants who saw the alternative letters.

Annex 14D shows that no alternative letter led to statistically significant increases, suggesting that specific content, tone, or framing of the letter was not instrumental in affecting perceptions relating to scheme oversight.

(v) Easy to participate in

78% of participants who saw *Baseline* felt the scheme described had been made easy to participate in. This varied between 82-85% among participants who saw the alternative letters.

Annex 14E shows that all four alternative letters led to statistically significant increases in ease of participation ($p < 0.001$ for *Plain English* and *Plain English + Barriers Removed*; $p < 0.01$ for *CP Framing* and *Supercharged*).

Table 9. Scheme sentiment on measures (i) – (v)

Do you agree that the scheme...	Baseline	CP Framing	Plain English	Plain English + Barriers Removed	Supercharged
...sounds fair	84%	88%	87%	87%	85%
...will be effective	79%	81%	81%	82%	80%
...is clear and easy to understand	71%	75%	78%	79%	76%
...will be fairly overseen	80%	81%	82%	84%	82%
...has been made easy to participate in	78%	82%	83%	85%	82%

Impact of demographics and other relevant characteristics

Capturing demographic and other relevant characteristics help us to better understand potential engagement with the scheme across different consumers. This helps us to better understand the potential distributional impacts of our policy (see the "*Distributional impacts on firms and consumers*" section of the cost benefit analysis of PS26/3) and supports our equality, diversity, and inclusion obligations (see Annex 1 of PS26/3).

We also checked whether the treatment effects we observed were consistent across consumers with different demographics and other characteristics.

Of primary importance was motor finance experience. Clearly, people who have never used motor finance will not receive these letters. We allowed participants who had not used motor finance to take part in this experiment for practical considerations around timelines and sample size. 63.5% of the sample had used motor finance previously, 34.1% had not, and 2.4% did not know if they had. However, it was important to ensure that the responses of participants with and without past motor finance experience were not affected differently by the different letters tested.

Analysis of potential interaction effects in Annex 16 shows that, while, unsurprisingly, those who had previously held motor finance reported being more likely to opt in in the experiment when viewing *Baseline*, we saw no evidence of interaction effects to suggest this effect differed across treatments. That is, participants who reported having not had motor finance previously (or did not know if they had) appeared to respond to the treatments in similar ways to participants who had reported having had motor finance previously. We therefore judged it appropriate to include all participants in our final analysis, to maximise the statistical power of our full sample.

We also analysed potential interaction effects for other demographic characteristics: age, gender, self-reported household income, and financial literacy.

We found that those with low self-reported household income, equivalent to £580/week or less (relative to those with high self-reported household income, equivalent to £770/week or more) and those with low financial literacy (relative to those with medium

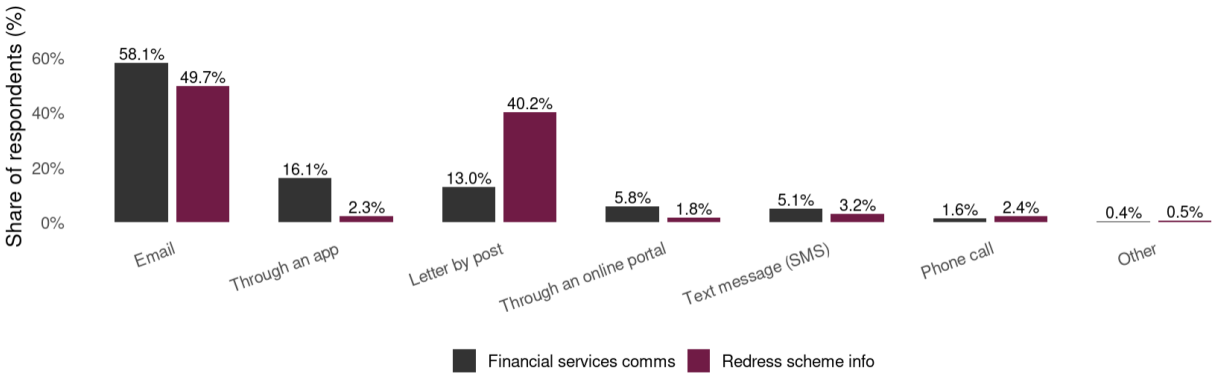
or high financial literacy), as measured by the 'Big 3' financial literacy questions, were less likely to intend to opt in when viewing *Baseline*. However, we saw no evidence of interaction effects to suggest that these effects varied across different versions of the letters seen, nor for any other demographic characteristics tested.

Communication channel preferences

Participants were also asked about their preferred communication channels in two ways: (i) general preferences for receiving financial services (FS) communications, elicited prior to the experiment, and (ii) preferences for how they would like to receive communications about the motor finance redress scheme specifically, elicited within the experiment. In both cases, treatment effects on intent to opt in did not vary materially by stated communication preferences, and no evidence of interaction effects was found, as shown in Annex 16.

However, an additional pattern emerged when comparing general financial services communication delivery preferences (elicited prior to the experiment) with preferences for receiving information about the proposed redress scheme specifically. Figure 8 shows the differences in preferences across the two measures.

Figure 8. Responses to two questions about relevant communication delivery preferences



Data collected by the FCA Behavioural Data Unit (BDU), 6 January 2026-21 January 2026 (n = 10,006).

Email was the most preferred channel to receive general financial services communications (58%), followed by app-based communications (16%) and letters (13%). When participants were asked an additional question about how they would prefer to receive communications about the proposed redress scheme specifically, *after* observing letters about the scheme, preferences shifted markedly. Preference for letters increased to around 40%, email fell to around 50%, and app-based communications declined to around 2%.

This shift suggests that participants place greater value on more formal, tangible communications when engaging with important and consequential information such as redress than for more generic financial service communications.

Evaluating *Plain English*

While our primary analysis was focused on comparing alternative letter versions against a *Baseline* control, ultimately our aim was to identify a best performing version, should one emerge.

Across many consumer outcome measures in the experiment, *Plain English* appeared to perform best on average and typically received the most positive score relative to all other versions.

To statistically test this, we re-ran statistical models with *Plain English* as the control version, enabling us to statistically evaluate its performance against that of all other versions. While *Plain English* did not statistically significantly outperform other versions on all outcomes, it did for *informed intent* (however the improvement relative to *CP Framing* was just shy of conventional ($p<0.05$) statistical significance thresholds, ($p<0.1$)).

Given this objective dominance in performance on one outcome measure, the fact that it was on average the best performing across the majority of measures, and the fact that we see categorically no evidence that it significantly underperforms against any other version on any measure, we have confidence to consider this a 'best' performing version of those tested.

This is reinforced by the qualitative research. In Phase 1, *Plain English* was seen as generally preferable to other versions giving us confidence in the *relative* preferences across tested versions. In Phase 2, where only *Plain English* was tested, the letter was viewed overwhelmingly positively by all participants, giving us confidence in its *absolute* effectiveness.

7 Summary of Key Findings

This research used a mixed-methods approach combining qualitative research with a large-scale online behavioural experiment. Together, the findings of this research have provided evidence to support outstanding policy decisions around scheme design and our approach to expectations around firm-led communications design.

The key findings, and implications of these, are:

Generally, all communications tested were perceived as working well for consumers. Insights from the qualitative research suggest that all opt-in, eligible letters tested were perceived as largely meeting consumers' self-reported needs in terms of clarity and content. In the behavioural experiment, regardless of the specific letter tested (and including *Baseline*), an overwhelming majority of participants (85-86%) recognised that the information contained within an opt-in, eligible letter would be useful to them, and that the scheme described within would be effective (79-82%) and fairly overseen (80-84%).

However, small differences in letter design resulted in substantial variation in consumer outcomes. Differences in design, specific content, and framing, led to substantial differences between most- and least-effective versions for intended opt in (5ppt), comprehension (up to 3ppt) and sentiment (up to 8ppt). Consistent with wider evidence from behavioural science, this demonstrates that small tweaks can have a big impact.

Good principles in communications design can support good consumer outcomes, but context matters. All opt-in, eligible letters tested were designed to include details proposed in CP25/27. However, they varied in their use of known good principles in communications design. All versions that were designed taking inspiration from insights outlined in the Consumer Understanding section of the FCA's Consumer Duty Finalised Guidance (8.13) led to significantly improved comprehension, when compared to the one version that was not (*Baseline*). In many cases, this also translated into improved sentiment of the letter content and scheme described within.

However, we also observed findings contrary to our prior expectations. While *Supercharged* improved objective comprehension, it performed significantly worse than *Baseline* on intent to opt in. Further investigation suggests this may have been a result of reduced perceptions of legitimacy of this letter. This highlights the importance of testing in the specific contexts in which communications are to be sent, to avoid unintended consequences.

Across the research programme, the *Plain English* version of the opt-in, eligible letter appeared to work best. Evidence from the behavioural experiment suggests that it outperformed others. This preference was largely mirrored in the qualitative research.

The qualitative research also provides additional, broader insights. For example, when probed on the location of personal details about an agreement (found at the bottom of

Plain English) some respondents indicated a preference for this to be brought further up the letter.

Evidently it would not have been feasible to test the causal impact of every combination of design variation in our experiment. We were only able to quantitatively test a small number of potential variations across our versions. As such, we have taken a holistic view of the overall research programme's findings in informing our final scheme design, and our approach to expectations around firm-led communications design. These are outlined in Chapter 9 of PS26/3.

Preference for communication channel was varied. This research built on previous evidence on consumer preferences for communications channels. Overall the evidence is quite clear; across all consumers there is no one single preferred channel (e.g. email, letter), and preferences have been shown to be sensitive to the question asked. At the individual level, however, consumers often appear to indicate a personal preference for one over another, highlighting the value of flexibility in communication approach.

Communications design, and additional tools, can help to support fraud and scam awareness and mitigation. Participants who were shown *Plain English* perceived it to be generally trustworthy across the research programme. Nevertheless, the presence of additional tools designed to mitigate fraud and scam risks (such as an FCA helpline, an FCA webpage, or an online firm checker) was viewed as being helpful in the qualitative research. Even among consumers who would not be concerned about fraud or scams, the presence of these tools (and appropriate signposting) was seen as reassuring, even if they did not feel the need to use them.

8 References

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