

Transcript of a conference call led by Nikhil Rathi between the FCA and market analysts on motor finance, 5pm 3 August 2025

FCA attendees:

- Nikhil Rathi, chief executive
- Stephen Braviner Roman, general counsel
- Kate Collyer, chief economist
- Jon Pearson, policy
- Naomi Evers, supervision
- Mario Theodosiou, supervision

Nikhil Rathi

Welcome to this call everyone. Good evening. Thanks for joining us on an August Sunday afternoon.

For those of you who don't know me, I'm Nikhil Rathi, chief executive of the Financial Conduct Authority. I'm joined by a range of colleagues from here at the FCA: Stephen Braviner Roman, our general counsel; Kate Collyer, our chief economist; Jon Pearson from our policy team, and Naomi Evers and Mario Theodosiou from our supervision teams. As we've done previously, we'll be recording this session. We'll publish a transcript on our website in the usual way later this evening, in good time before the markets open tomorrow. We plan to publish the names of those who ask questions, so please let us know after the call if you don't want to be named. And when you ask a question, please state your name and company.

I would just underline before I get into the detail of the call how important we see, and I see, our relationship with this community. You know, we've been talking about this issue on motor finance a few times over the last couple of years and I've really appreciated your engagement and your feedback. And also your sense of the market understanding of what we're doing, and we want to use these calls to make sure you understand the context for our significant announcements as well.

We have, a few hours ago, published a statement as to how we are responding following the Supreme Court ruling on Friday and overall throughout all of this, we have wanted to ensure that where customers have been treated unfairly and laws and rules have been broken, that there's appropriate compensation, dealt with efficiently. But we also do that in a way which ensures a healthy, functioning motor finance market for the future - and we think we can achieve that.

And we're going to achieve that through our announcement today to consult on an industry wide redress scheme to compensate motor finance customers who were treated unfairly. We are going to launch that consultation by early October. It will run for six weeks.

And we hope, following that, we'll be able to get a scheme up and running in 2026 so that customers who are owed money can start getting payments by then. There will naturally be limits to what we can say at this stage. We have tried to cover in our statement the kinds of issues that we are working through, where we are clearer on the direction of travel, where we are going to do some more work, engaging very widely in the coming weeks. But the reason for coming out within 48 hours of the Supreme Court judgement was so that we can start to provide as much clarity as soon as we could. And we understand from previous feedback you've given us on these sessions that you found that helpful. And in that spirit - if, after this, you would like to give us any feedback about this session, please feel free to do so. We do find that helpful.

Ben, I will go straight to you. Given you were so hot off the press, as it were, to take your question.

Benjamin Toms

Thank you and thanks for the session. It's really useful for us. The first thing, it looks like one of the things you've already decided is the redress scheme will go back to 2007. Just wanted to check whether that's set in stone. You mentioned that a key driver of that is to stop a large number of disputes going to court. But wouldn't the statute of limitations actually mean that no cases before 2014 would go to court anyway, and is it potentially because you're worried that the court might find that the statute of limitations doesn't apply because there's been concealment? And secondly, the Supreme Court ruled

that the whole commission should be repaid. Seems a bit harsh that approach, as no reasonable commission is allowed for, and I think it sounds like you might actually agree with that, as you state in your statement that you'll consider alternative approaches. Is that the right way to read into your statement? Thank you.

Nikhil Rathi

So we want to provide clarity, certainty and have a scheme that's dealt with efficiently. And we want to provide that for consumers, firms and the market. That's driving what we have signalled here, in terms of wanting to consult on a scheme going back to 2007.

To your point around is this set in stone, nothing is set in stone. In the last paragraph of our statement, we say no final decisions on the consultation have been taken, so obviously there's going to be a period where we'll be engaging widely and we'll be hearing a very wide range of views.

I'll come back to your point around the remedy in a moment, but I'm going to turn to Stephen to deal with the point on statute of limitations.

Stephen Braviner Roman

Thanks. The short point is that we can only include within a redress scheme something that wouldn't be timed out from the courts anyway. So if something is timed out from the courts, we can't capture it in our redress scheme. So it's not that we are using the redress scheme to, as it were, catch things which otherwise wouldn't be able to be brought to court. That's the first point.

Secondly, as you say, when the time runs for the normal six years limitation period, it doesn't run if the material facts are not known to the individual complainant. And until the complainant knows about the nature of the commission arrangements, it's probably safe to assume the time hasn't run, so lots of cases which are older than six years will still be in time.

Nikhil Rathi

Thanks. I hope that addresses that point. And then on the remedy, the Supreme Court very helpfully determined the remedy in the one case they upheld. As they noted in their judgement, we had asked them to take a decision on that rather than remit it back to the District Court because we felt that at this point in time, certainty is important rather than having thousands of cases go back to the lower courts. They say in their judgement that they have discretion, and the courts have discretion, as to the range of the remedy.

And you know, we also have discretion as to the redress methodology that we use, which is why we have said we will, of course, consider carefully what the Supreme Court have said in that case. We'll also look at alternative approaches too, which we've also said would be lower than the remedy they chose in that case. And in doing that, we'll think about the degree of harm to the consumer, the different criteria around fairness and of course the market impact as well.

Can we go to the second Benjamin, please.

Benjamin Caven-Roberts

Good afternoon. Thank you very much for taking the question. Ben Caven-Roberts from Goldman Sachs. Two questions for me please. The first, just a follow up to Ben's question on the litigation: based on past redress events, do you already have a sense of how much of the total volume of complaints you'd be able to absorb through the FCA controlled channels, and how much might end up spilling over and progressing through the law courts instead at a later date? And then secondly, again just on variance between different types of banks, do you have any sense of whether there was much divergence in practice between the larger banks and the smaller banks? And for instance, if you observed different disclosure standards or dealer relationships with some of the more specialist players as opposed to some of the high street names. Thank you.

Nikhil Rathi

Thank you. So, clearly the whole point of us consulting on a proposed scheme is to try to bring clarity and certainty and finality.

The consumers involved, of course, will always have rights before the courts, should they choose to pursue those rights. But I think we have tended to find that when we have considered such schemes in the past, we have succeeded in our objective of providing overall certainty, clarity, and a good degree of finality. We think that's important for consumers, firms and the markets. But I can't give you a sort of percentage estimate of what other litigation might continue.

I would draw your attention to one part of the statement where we have particularly highlighted with the work we're doing on claims management companies, and that builds on an announcement we made last week jointly with the Solicitors Regulation Authority who regulate law firms who run motor finance claims. We've been very clear about the fact that customers don't need to use those firms and pay up to 30% of their compensation. Any scheme that we seek to put in place will be free for consumers to use.

On the differentiation between firms, I don't think at this point we're in a position to guide you into sort of typologies here, and I think you know I'm going to be quite careful not to start saying something that might lead to identification of any sort of institution specific practices, but this is a highly heterogeneous market and there are very different practices across the market. And one of the reasons we also included in our statement the point around firms looking at their estimates, looking at their liability in light of the judgement and what we've said this afternoon is so that they can just be satisfied that they've been communicating effectively their best judgement of what the impact of any next stage of compensation might be for them.

Benjamin Caven-Roberts

Very clear. Thank you.

Sheel Shah

Thanks for the call. I've just got a question on your statement where you say

that we're discussing with the government the best way of doing this with regards to the timeframe. It's within the 'time frame' paragraph. I'd like to get a better understanding of what parts of the scheme may require changes to government legislation or government input, as opposed to parts where you may have more direct control over concerning the input of stakeholders. Thanks.

Nikhil Rathi

So I'd also point to the statement the government put out on Friday evening where they said they're talking about the impact on consumers and the market. And I will go to Stephen just to add a bit more colour on that point.

Stephen Braviner Roman

Sure. Thanks very much. On the specific question about 2007, there are different ways we can seek to achieve that kind of comprehensive cover that Nikhil referred to, and that's what we're discussing with the government. As you can imagine, it ties in with the question about how many claims will squeeze out and go into the courts. One of our objectives is to try and offer a comprehensive scheme, so that's why we want to go back to 2007. The shape of the scheme that we've described is actually within our gift. It's something that is an independent decision for us and it's a matter that we are consulting on and we'll share with the government, obviously in appropriate ways. But the details of the scheme as we've set out and the choices that we are going to frame in the consultation don't require the government to make decisions for us.

Sheel Shah

Thanks. If I could just have a follow up with regards to the interest rate - would that require a change in legislation because I know that the FOS has proposed changes to that from next year. But would this require government changes?

Nikhil Rathi

Thank you. Go ahead Jonathan.

Jonathan Pierce

Hello again. As others have said, thank you for doing this. I've got two actually. Can I ask firstly on the test for unfairness on non- discretionary commissions, obviously the size of the commission is going to be a very relevant factor, I guess. With PPI and Plevin, you set the tipping point was 50%, and I think in part that was because in Plevin's case the Commission was 72% and the Supreme Court described that as being quite a bit above any reasonable level of fairness. With Johnson the Commission was 55% and they described that as being so high as to indicate unfairness as well. Do you think that renders a level at 50%, which some of us on our side may have been using given the Plevin precedent, as actually too high. Can you give us any early colour on that, because for you to set 50 when the Supreme Court was very clear, 55 was so high, it feels maybe inconsistent.

The second question is on the CMCs. How are you going to handle the CMCs that have already signed up a lot of customers that might now want to go through your redress scheme, but potentially will get told that to exit the CMC process, it's going to cost them money. And I wonder whether Lord Reed's comments on Friday touching on the CMCs were relevant at all in this context. So how are thinking about that? Thank you.

Nikhil Rathi

On your first question, I'm very impressed with your knowledge of the judicial precedent on all of this. I think you're on to a point which is indicative of complexity in the Supreme Court judgement. In particular, while they indicate the level of commission, particularly undisclosed commission, is obviously a very relevant factor in determining whether there has been an unfair relationship, it needs to be assessed in the round, drawing on the impact of other factors too.

So this is a question we are going to have to grapple with during the consultation, and I can't give you a crystal clear steer on a single number because so much will depend on the context of each agreement overall. You know there are some deals that were done which were 0% APR for example for a period, and there are various other things that were done during this period where the cost of credit varied quite considerably. So it's not totally straightforward and we're going to have to work through it. Stephen, do you want to add something on that? And then I'll go to the CMC point.

Stephen Braviner Roman

I think that the courts, obviously the Supreme Court, sets a sort of a high watermark that's a high commission. It hasn't, as you say, Jonathan, said where the tipping point is, nor has it really absolutely determined what are the range of factors as Nikhil describes. The simple approach of saying in Plevin this was the answer and then we translate it across - I think the Supreme Court itself is clear that that simple mechanistic approach is not right, but being more helpful than that is something that we'll have to work through and share with the consultation.

On CMCs, you'll note we've been advising for some time now that consumers do not need to sign up to CMCs and we are looking at, along with the Solicitors Regulation Authority, some of these claims around exit charges. Obviously for those firms that are regulated by us, CMCs, they must comply with our rules, including the Consumer Duty. So that's one issue which we are looking at actively.

Nikhil Rathi

If I go to Jason now, please.

Jason Napier

Thank you again for hosting the call. Nikhil, the FCA statement makes clear that you also aim to have a functioning market for vehicle financing, and that's important. It's not just the government preoccupation, but it's also one for the FCA. I wonder, could you give us some of the numbers that sit behind the average claim values and the aggregate numbers and so on. Off and on, I guess the FCA has been looking at this area of finance for 17 years.

Can you give us better stats on how much underwriting has gone on since 2007? And I appreciate not all banks operated the same way and interest rate regimes have changed and so on. But is there more that you could provide in terms of clarity around how big the pool is and your understanding of it, given the information that you've been gathering from the banks since the Court of Appeal's judgement?

Nikhil Rathi

Now, obviously, we're going to set out a lot more when we launch our consultation, and when you propose a redress scheme, you must set out the evidence for the intervention, which is a significant intervention to propose an industry-wide redress scheme.

We've shared figures previously that approximately 2 million customers a year rely on motor finance and there's lending of around £40 billion a year. I think we've said previously publicly that between 2007 to 2020 that there were 25.9 million motor finance agreements, of which 14.6 million operated with a discretionary commission arrangement with around £8.1 billion estimated commission paid during that period.

We are doing some further work on the non DCA element, given some aspects of the Supreme Court judgement and we'll look to share in due course more data around that. We note how the market's been preparing for this and we also have been doing broader work on the overall functioning of the market, and we're confident that with this clarity from the Court, we can deliver the fairness for consumers who have dealt with lenders who've breached the law or our rules, but also ensure that the market for new and used cars, the financing market for new and used cars, continues to function well and healthily. These are competitive markets and we'll make sure that, with anything we propose, continues to ensure that happens.

Jason Napier

Thank you. That's useful. I guess just as a follow up, one doesn't want to anchor around 9 billion too much, but it's there, is there any colour that you can provide on proportion of affected balances that would go through redress and so on and getting to that? That part of your statement, if there's anything you could share on that?

Nikhil Rathi

What I would first say on the numbers we've put out, they are highly indicative. As we say in our statement, they're highly susceptible to change. But we also recognise the significant interest you have, the wider market has, the public has, Parliament has, in understanding the broad ballpark that we are looking at here.

In any assessment of total cost there are two components. One is the administrative cost of running a scheme, and clearly with something of this scale, that could run into several billion pounds, and then there is the compensation liability and interest. So if we're going to intervene with some kind of remedy, plus interest, we thought it was worth just making clear what the lower band roughly would be. Kate might want to say a little bit more about that.

What I'd say about the other figure we put out is we put that out because if you want to add up, those numbers I just gave you, add interest, do an estimate around non-DCA, do an estimate around admin costs, you can get to numbers like that, but what I think we're also guiding you is we don't think numbers of that top end, that 18, are particularly likely, although we recognise that some of you will model plausible scenarios in that vein, but that's not something we think is particularly likely and we wanted to guide you on that as well. Kate, who's our chief economist might want to say just a bit more.

Kate Collyer

Thanks, Nikhil. I think you've covered it very well. The numbers that we put out cover a range of different assumptions, including about how the scheme might work in practice. It's obviously being done on a best endeavours basis, recognising the wider interest in providing that broader ballpark. So the key assumptions going into that are, as you'd expect, obviously factors like the number of eligible cases will matter, the redress calculation method and the cost of running the scheme, which Nikhil has set out. All of those factors will influence where this ends up.

Nikhil Rathi

Also the other number we've put out was in the vast majority of cases, if we think a scheme goes ahead, we think that the compensation will be lower than £950 per agreement. Obviously we're communicating to millions of consumers this evening and into next week as well. And there's a lot of interest in what it might mean if they have been affected. There's a broader context, as you'll know. I was asked about CMCs earlier, where numbers of many thousands of pounds have been put out there, which we believe are exaggerated. That's the reason that we've wanted to provide a bit more context, also for the public, as to the kind of ballpark we're looking at here. Obviously, those numbers could be different in individual cases and they could be lower than what we have signalled but we want to give some kind of indication given the interest in this.

Jason Napier

Thanks very much. Thank you.

Nikhil Rathi

Amit, can I come to you next, please?

Amit Goel

Thank you. Some clarifications and questions. So just to double-check, the 9 to 18, is the 9 a minimum or a best case —, sorry, not a best case but your main assumption, and 18 is the worst case? Because I see the commentary about 13.5 being a reasonable number, so is it a best and worst or is the 9 just the main case?

Secondly, in terms of the fairness or the unfairness test, I was reading some bits about there's the commission, but then there's also potentially discount on the vehicle. But if you start to try and factor in things like how much discount was applied that starts to become quite complicated and the data may or may not be there. I was just curious how you're thinking about that?

And then also on the sophistication of the customer, how you measure whether someone is sophisticated or could understand or read the docs or not, is that based on the total amount of credit, total value of car? Just curious how you're approaching or how you're thinking about the fairness component?

And then lastly just maybe a basic question, but in terms of the process, so there's the consultation, how do you actually then finally arrive at what the parameters will be? Do you do you sit down as a committee? You know, once, twice, three times. Do you sit down as a committee once, twice, three times, do you meet the government beforehand? How do you finalise what exactly is going to be within the scope of the scheme?

Nikhil Rathi

On the ranges, what we have said, first of all, no final decisions taken yet. We will continue to hear all the feedback around all the components that might impact the cost of the scheme, including administrative cost, what cases are included in the scheme, the methodology for redress, estimates about the take-up rate, the question of opt out, opt, in all of those things are variables that impact those total numbers.

What we're saying is our highly indicative view at this point, and it's highly indicative because I think I hope you're getting the sense from what I'm saying is that there's just a huge amount more to work through as we in the coming weeks refine all this. We think it's unlikely that we're going to see something materially lower than 9 billion.

We also said that we recognise that some of you will go out there and add everything up, and it's plausible if you take the most out-there position on each of those items, you can get to figures like 18 billion. But we also say that we don't see those as most likely and that those of you who've been modelling on things that are more in the middle of the range are modelling things that are more plausible than some of those outer estimates.

On the sophisticated customer and what we do about data, Stephen, do you want to pick up?

Stephen Braviner Roman

On both the discount on the vehicles and sophisticated nature of the consumer, or lack of sophistication, those are, as you say, in the normal course of events, on an unfair relationship they're all part of the complex factual matrix which we'd have to consider. At the moment we're just signalling that we're going to need

to work through before we launch our consultation exactly how we're going to deal with some of these issues. So yes, good points but I can't give you any answer yet on exactly how we will deal with them.

Nikhil Rathi

And then on how do we make a decision? These will be independent decisions ultimately for the board of the Financial Conduct Authority. The consultation will close, we're anticipating a very significant and wide range of responses. We'll be engaging very extensively with all interested parties between now and the end of the consultation, and indeed beyond that, as we figure out what our response will be. Obviously, firms, the trade bodies, parliament, the governments, consumer groups, law firms all have an interest and we will be undertaking a systematic programme of engagement, bringing in all the feedback, working through the numbers, refining the numbers, working through the costs and benefits, including the market impact. All that will feature in our final decisions that we as the executive recommend to the board and then it's up to our board, of which I'm a member, to take the final

judgement. And we'll of course also as part of that think about what the operationalise-ability of any scheme might look like too.

Amit Goel

Thank you.

Nikhil Rathi

But I'm not offering you observer status to watch all of our board discussions, although maybe at some point in the future. Aman?

Aman Rakkar

Hi Nikhil. Hi team. Thanks very much for making yourself available, I do really appreciate it.

I'm going to try with one quick follow on, and there's two additional questions. I just want to check, this range of around 9 to 18 billion - thanks very much for putting the number out there. It sounds like DCAs is 9 billion and then it's the inclusion of non-DCA that gets you to 18 billion, which even at that bottom end 9 billion on DCAs is basically concluding that everything that was a DCA was incorrect. You've thrown numbers out there — you've told us the cumulative commission rate as part of this call, right, but I know that we're factoring interest rates and admin costs, but it really does sound like we're trending towards as a lower case that basically anything with the DCA was problematic. So if you're able to comment on that, I'd appreciate it.

The 2nd question is around the treatment of non-DCA. I get the Supreme Court's opened up this idea that many non-DCAs were not fair. But I want to just understand your philosophy and approach to remedying unfairness in this case. By the very nature the flex on the interest rate is much lower. The idea that the overwhelming majority of the credit cost is made up by some kind of commission here is probably not the case.

So how are you going to calibrate for unfairness? And how you are going to remedy it in a non-DCA setting is really not clear to me.

And then the 3rd one was just around dealer participation in redress. I think most of the discussion has been on banks and financial services companies. Could you lift the lid there in terms of how you're thinking about that, please? Thank you very much.

Nikhil Rathi

On the numbers, I don't think your assessment's quite accurate there, Aman. There will be potentially several billion of admin costs. As I think we've said today, the issue on DCAs before 2021 was that they were permitted but there were rules around disclosure, and then you have to think about what the implication of any breach of those rules would be, and then the interaction with that with other factors that may contribute to an unfair relationship, and then there'll be whatever assumptions you make around non-DCAs too. I don't think at that lower end we're assuming 100% of all agreements. And then you have interest rates as well, by the way, of course which is relevant when you're looking at the total amount.

Kate, do you want to come in with any more on that?

Kate Collyer

No, I think it's just worth emphasising the point that you've already made, which is of course the analysis that we've done is using different factors in different combinations in order to try and test out what the estimates might be, so you shouldn't interpret them as being in the way that you described then.

Nikhil Rathi

I'd also repeat what I said earlier on the 18 bn is that we've built a good relationship and engagement with you all I think, and we've also valued the fact you share with us your estimates. I recognise that some of you have been modelling some of those scenarios but the reason we've

said that we don't think they're likely is we want to guide you that we don't think they're likely but we recognise that some of you have been putting some of those kinds of numbers out there.

The question on non-DCA and remedy. The Supreme Court's given in the particular circumstances of the Johnson case, their assessment of the remedy, and I don't think we've got a clear answer for you on our philosophy there beyond what I've said, which is we're going to look at the harm, we're going to look at the market impact. We will obviously give due regard to what the Supreme Court has said, and we will weigh all this up in the round and consult on the methodology we reach.

And it is complicated working this through, and we need to turn something that's potentially complicated into something that is operationalizable and ideally as easy as possible for consumers to understand.

Stephen, do you want to add any more on that?

Stephen Braviner Roman

No, I think that's covered it. The Supreme Court has come up with one answer to the question. The Supreme Court recognises itself the courts have a wide discretion in how they do it. That answer is a beguilingly simple one because there's a number that's already out there, that it pointed to; it said that is the remedy, the size of the commission. But as Nikhil says, that's not the only possible way to analyse this and we'll look at the options and consult on them.

Nikhil Rathi

The question around the motor dealers, obviously the Supreme Court case itself was focused on lenders, and that is where the focus of our redress discussions have been but we recognise there are other parties involved, and some of the lenders have commercial relationships with the brokers as well.

Mario, do you want to add anything more on that point?

Mario Theodosiou

Just to say that if there is a scheme there's a really big role for brokers to play because a lot of the information that lenders might need to assess a claim will be in the hands of the broker and it's really important that the brokers play their part in the smooth operational operation of the scheme.

Nikhil Rathi

Thank you.

The other point I'd just underlined as well, just going back to your first question, if I might, because we've talked about this a few times on these calls, is sometimes there's been a suggestion that we've heard from one or two of the banks that what we've been doing is somehow retrospective. Actually I think one thing that's important for to underline on this call, and I think the Supreme Court has been crystal clear on this in their judgement, that what

we're looking at here is compliance with the laws and rules in place at the time and it's in that context that we'll also think about the remedy. So there is no retrospective application of rules since 2021 to situations before 2021. The way we think about the remedy is the laws and rules that were in place at that time. Because I've always.

found that retrospectivity argument quite unconvincing, and I think the Supreme Court has been really clear what the position is there.

Alvaro?

Alvaro Serrano

Hopefully you can hear me OK and thanks for doing this. Extremely useful. I had a couple of questions around the take up. I don't know if you can offer any colour on sort of the 9 to 18 billion or the 13.5 billion.

What kind of take up you're assuming, or maybe asking the same question a different way, if this ended up being a firm-led sort of process by which firms have to proactively reach to consumers, do you have any examples in the past of in other industries of what kind of take up rate it could be?

I'm also conscious that £950 is not in a huge amount of money. I don't know if in those examples you can come up with, is the average compensation also comparable because in some scenarios I can see the take up being pretty low. Would love your comments on your assumptions and past examples. Thank you.

Nikhil Rathi

OK, I don't have the past detailed examples to hand. Obviously at the higher end of some of those scenarios, you're assuming potentially very high participation rates, which might be associated with a very wide-ranging opt-out scheme where you can contact everybody or very large numbers of people and address any issues that might arise. As I said, we're not seeing that as the most likely scenario we're going to be in, but we know that you can model some of those kinds of numbers. I'd say on the point around lender-led, we have said that in any scheme we'd expect the lenders to engage with their customers and really seek to make good efforts to contact their customers. We think whether we go for opt out or opt in, we think that's going to be important and there's going to be a really important choice, here for the industry, now that the Supreme Court has given clarity and there's been a lot of requests for us from consumers, firms, the market, to give clarity.

And bringing this to a conclusion, how extensively and how proactively are they going to engage during the consultation process and in the development and operationalization of the scheme and we will be looking to the industry now for leadership as we work on this because

I think that will help address some of the questions you've raised and bring clarity for everyone.

Alvaro Serrano

Thank you. Thanks.

Nikhil Rathi

Yeah, Jonathan.

Jonathan Pierce

Yeah. Thanks for letting me come back. Three very quick ones if I can.

Firstly, are you likely to distinguish the remedies or anything else between the DCAs and the non discretionary? So could we end up with DCAs all of it needs to be repaid, flat commissions only some of it needs to be paid or is it basically going to be broadly the same for both?

Are you assuming within your numbers as well that these support payments and head office costs are also repaid to the customers. In the FOS's decisions last year, they excluded those, but those can often be, you know, relatively large in the scheme of the overall commission number.

And finally, can you give us a sense how many lenders were actually paying commissions that were over 50% of the total cost of credit post the Plevin judgement, I was slightly surprised to see that First Rand had been at 55%. Given your approach, post Plevin was so clear.

I think in the Clydesdale case it was disclosed that Barclays actually limited the commission to 50% of the total cost of credit, presumably again because of Plevin. So was that pretty rare that post Plevin motor commissions were above 50% of the total cost of credit? Thank you.

Nikhil Rathi

We currently don't rule out a different approach to remedy for DCA and non DCA agreements. I'd just refer you to again I'm afraid rather repetitively what we said we're going to look at: the degree of consumer harm, the market impact.

And all those are the factors that we've set out in our statement. There is a degree of flexibility we have in considering the remedy in different situations, based on all the different factors that might have contributed to the unfairness and the nature of the commission agreement is obviously one of the factors that we would consider and what implication they had for any unfairness. So it's quite possible that we might take a distinct approach there.

On support payments and head office costs, I'm going to see if any of my colleagues can help me on that one.

Just one point. I would just point you to again is we have said that when it comes to any remedy we don't see that we would go above the commission payment, so any alternative approaches we look at would be below that plus whatever we decide on interest rate.

The on the number of lenders, I don't think I have that data to hand in terms of commissions, but I can give you an estimate we currently have, I think for the for the pre 2021 period on non DCA. I think we had an estimate of around 500,000 non DCA agreements where the Commission was above both 40% of the cost of credit and 20% of the loan amount, to just give you some sense of some of the shape, but don't read anything into that 40-20 number. That's just data we have. We've got to do some work around what these different percentages really mean but that that just helps maybe a little bit with your question.

So, support payments and head office costs, you can help me, team.

While someone's trying to help on that, on your question, Jonathan, on the Plevin analogy, as well just highlights the point I was trying to make that it isn't as simple as saying 50% Plevin, therefore that must be unfair or must be bad in a motor finance commission context because as Mario was saying before, in some instances the APR could be 0 and you would have a distorted figure if you just looked at the relationship between the two, so that may explain why some of the figures you've seen suggest a higher than played in level.

Please repeat your question on head office and support cost because I'm looking at my colleagues around the room and all little bit unsure what you're asking us.

Jonathan Pierce

Yeah. So as well as the commissions that may have directly related to the customer agreements, there were often a sort of fixed percentage in addition that were described as support costs, broker support costs, head office costs.

In the FOS two test cases on the DCAs last year, those were excluded in terms of the refunds to the customers and they were discussed as well as part of the Clydesdale Judicial Review.

And our estimates certainly suggest those numbers are not immaterial in terms of the amount of money that changed hands between lenders and car dealers.

Nikhil Rathi

OK. Kate, do you want to come in on that if you can. Or Naomi, if you're on the call. And Kate, maybe you could also on the data I gave. Just give a bit of additional context too.

Kate Collyer

Yes, and Naomi may be able to provide more context as well. I just wanted to clarify on the 40 and the 20 that you mentioned, that's an "and" so both conditions have to be met for the base in the analysis.

Nikhil Rathi

And Naomi on "support costs".

Naomi Evers

Yes. We're still working that through. But if there's substantial undisclosed costs being paid by lenders to brokers that might cause a conflict of interest, that might have impacted a customer's decision had they known about it. So that's one of the factors that we might need to look at in terms of the unfair relationship.

But we're still working through that.

Jonathan Pierce

OK, great. Thank you. It's really useful.

Nikhil Rathi

Thanks for raising it. OK, I'm not seeing any other hands? So I think we can all let you get back to your Sunday evenings. Let me just repeat. Thank you for joining the short notice.

And the value we place on our engagement with you, please do give us the feedback coming out of this. And if you have further follow-ups or further questions. Do let Tim and the team know and we're always interested to read your reports.

Thanks very much everyone. Have a good evening.