

Stop-gap measures – certain consumer credit products

The Building Societies Association (BSA) responds to the FCA's consultation of 2nd April on proposed temporary measures relevant to certain consumer credit products.

The BSA supports the FCA's objective to help provide affected customers with the temporary financial support they need given the unprecedented financial shock that the coronavirus pandemic has caused. Our members are continuing to work to ensure that their own members are supported as much as possible through this national crisis.

We comment here on key aspects of the proposals that impact our members, on the basis that only a very small number of UK building societies are directly affected. We have seen a near final response from UKF and based on what we have seen, support their response.

Proposed Commencement from 9 April 2020:

- Customer contact: Firms are already receiving higher than normal volumes of customer contact in light of other measures announced, as well as the situation generally, at a time when their own staffing levels are being impacted by the virus. Firms should be afforded the time needed to ensure that they are able to respond as effectively as possible to requests from customers to use the measures being proposed.
- Timing of measures: While we support the desire to introduce the measures as soon as possible, the timing of their introduction should be carefully considered, and clarity provided as to the FCA's intent around commencement and end of the three month period.

Consumer Credit Act 1974:

- Compliance with the Act: In applying the support for customers envisaged in the proposed measures, our members are concerned at their ability to do so, and at the same time meet the technical legal requirements of the Consumer Credit Act 1974.
- Practicalities of compliance: For some of our members, the terms of their consumer credit agreements do not permit them to defer payments in this way.

Given this, and the wider risks to firms of non-compliance with that Act (including potential for agreements to be rendered unenforceable), we urge the FCA to liaise with HM Treasury to quickly introduce legislative change to address this.

End of the "freeze" period:

- Treatment of customers: Clarity is sought on the FCA's expectations as to the fair treatment of customers who have taken advantage of these measures at the end of the freeze period.
-