

## **Changes to remedies following consultation on the Proposed Remedies Paper**

### **Introduction**

1. We published a Proposed Remedies Paper (PRP) on 18 August 2006 which set out our provisional decisions on remedies together with our supporting reasoning. A copy of the PRP is displayed on the CC website. We subsequently consulted with parties on a number of more detailed issues relating to our proposed remedies.
2. This paper sets out the material changes to the proposed remedies we are considering in the light of the recent consultation.
3. The CC requests that the parties to this inquiry, and other interested persons, should provide any views in writing on the following by 5pm on **9 November 2006**.

### **Data sharing**

4. Paragraph 43 of the PRP indicated that the data sharing remedy would apply to lenders with over 50 agents. We are now proposing to make the remedy apply to home credit lenders with over 60 agents or over £2 million in home credit related turnover.
5. We discussed the timing of the data sharing arrangements in paragraph 51 of the PRP, but did not make any firm proposals. We are now proposing to require the agreements to be in place within six months, with data sharing beginning within nine months, of the date of the order or acceptance of the undertaking.

### **Price information**

6. In paragraph 72 of the PRP we indicated that only large and medium lenders would be charged by the website operator and that there would be a sliding scale of

charges based on size. We are now proposing to change the proposal so that the home credit lenders to be charged would be those with over 200 agents or over £10 million in home-credit-related turnover. Payment would still be in proportion to the size of the lender (ie home-credit-related turnover).

7. We are now proposing to require all lenders contributing to the website (as outlined in the PRP) to provide such information as is needed to enable a website operator to carry out any appropriate checks (such as the accurateness of the pricing data and details of the credit licence).
8. In footnote 17 of the PRP we indicated that the requirement to provide information would apply to products of a description that had been taken out more than 100 times in the last year or could reasonably be expected to be taken out 100 times in the following year. We are now proposing to confine the requirement to currently available products taken out more than 100 times in the previous 12 months.
9. We are now proposing to confine the website operator (as outlined in the PRP) to collecting revenue in the manner and from the persons described in paragraph 6 and from any non-home-collected credit lenders that input data on to the website but not from any other source such as advertising on the website.
10. We said in paragraph 79 of the PRP that it seemed likely that the website could be operational in three to six months. Our current thinking is that it will take six to nine months for the website to become operational from the date of the order or acceptance of the undertaking and we are now proposing to require home credit lenders to provide information as proposed in the PRP as soon as the website becomes operational.

11. We are now proposing to give effect to the requirements of this remedy by prohibiting a lender from entering into a home credit agreement regarding a product unless they have supplied the information about the product to the website operator in accordance with the requirements outlined in the PRP and, in the case of the lenders referred to in paragraph 6, have an appropriate contract with the website operator.

## **Statements**

12. In paragraph 87 of the PRP we set out information that would be required to be contained in requested and annual statements provided under the Consumer Credit Acts 1974 and 2006. We are now proposing to recommend to the DTI that the regulations about the form and content of annual statements under section 6 of the Consumer Credit Act 2006 should require further information to be included in respect of statements issued by home credit lenders, in addition to the information set out in the draft regulations currently out for consultation. In particular we are recommending changes to the wording regarding ESRs, adding the total cost of credit, the weekly payment amount and the number of weeks in the original contract, and a reference to the price information website.
13. We also said in the PRP that the free statements that the customer could request under our proposed remedy would have to contain the information set out paragraph 87 for each loan with the lender (paragraph 89). We are now proposing to make the content requirements for these statements the same as the requirements for annual statements though as in the PRP, paragraph 89, we propose that each loan would be presented separately.
14. In paragraph 90 of the PRP we said that information about the ability to request a statement would have to be provided at the point of taking out a loan. We are now

proposing to withdraw that requirement. Our proposals regarding the other requirements about providing this information remain unchanged.

### **Canvassing**

15. We will not be making a recommendation to the DTI regarding the 'permission to call' regulations with regard to home credit.