

Minutes – Consumer Credit Trade Body Forum

12 July 2022, Hybrid meeting

Financial Ombudsman and FCA attendees	Industry attendees
<p>Nausicaa Delfas, Interim Chief Executive & Chief Ombudsman (Chair of Consumer Credit Trade Body Forum)</p> <p>Colin Douglas, Interim Communications Director</p> <p>Richard West, Lead Ombudsman</p> <p>John Wightman, Ombudsman Leader</p> <p>David Bainbridge, Head of External Relations</p> <p>Suzette Browne, Policy and Communications Manager</p> <p>Tero Hiltunen, Ombudsman Manager</p> <p>Costas Pittas, Head of Department, Retail lending supervision</p> <p>Polly Ashford, Manager, Consumer Credit</p> <p>Sam Bragg, Senior Associate</p>	<p>Naveed Asif, Consumer Credit Trade Association (CCTA)</p> <p>Fiona Hoyle, Finance and Leasing Association (FLA)</p> <p>Chris Leslie, Credit Services Association (CSA)</p> <p>Eric Leenders, UK Finance</p> <p>Gerry Keaney, British Vehicle Rental and Leasing Association (BVRLA)</p> <p>Dan Cockle, Consumer Credit Association (CCA)</p> <p>Adam Jackson, Innovate Finance</p> <p>Robert Kelly, Association of British Credit Unions (ABCUL)</p>

Apologies	Andrew Hopkins, Building Societies Association (BSA)
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Item	Agenda
1.	Welcome and introductions
2.	Updates from the Financial Ombudsman Service
3.	Insight from Trade Bodies
4.	Group discussion, including affordability and motor finance commission
6.	Closing remarks and AOB

1. Welcome

1.1 The Chair welcomed attendees to the meeting.

2. Updates from the Financial Ombudsman Service

Change programme

- 2.1 The Financial Ombudsman gave an update on its change programme, reminding the group of its priorities for 2022/23, and the need to invest to make a step change in its performance, which includes delivering on its change programme and continuing to shorten its queues.
- 2.2 There was a brief discussion on the functionality of the Financial Ombudsman's digital customer portal, with the Chair updating the group on this.

Future funding consultation

- 2.3 The Financial Ombudsman reminded the group that the aim of reviewing its funding is to ensure it is still fit for purpose and lays the foundations for a financially sustainable future.
- 2.4 The Financial Ombudsman confirmed that the funding consultation closes on 5 August, and that refined options will be recommended for the Board to consider in September, followed by publication of a feedback statement in October prior to consulting on its 2023/24 budget in December.
- 2.5 The group went on to discuss some of the funding proposals.
- 2.6 The group confirmed they are supportive of the fixed cost approach and recovery of fees upfront and was interested in the role CMCs might play in contributing to the funding of the Financial Ombudsman.
- 2.7 The group discussed differential fees for different types of complaints, including the future funding of complaints relating to Buy Now Pay Later agreements where the group said it would welcome early engagement.

New Consumer Duty

- 2.8 The FCA confirmed they are on track to publish the New Consumer Duty (NCD) rules by the end of July.
- 2.9 The Financial Ombudsman updated the group on its preparations for the NCD.
- 2.10 The group went on to discuss the implementation period and how the rules might be interpreted by some businesses, and agreed that it is essential that there are opportunities in the future for their members to have an open dialogue with the Financial Ombudsman and the FCA on this issue. This would help ensure businesses were supported in applying the NCD and the regulatory family are aligned.

3. Insight from Trade Bodies and group discussion on affordability and cost of living

- 3.1 The Financial Ombudsman briefly explained how it was preparing for the impact of the cost of living crisis on consumers.
- 3.2 The FCA made reference to its Dear CEO letters, reminding firms of its expectations around forbearance, vulnerability, and affordability. It reminded the group that it had set out examples of what it is seeing in industry as a result of the cost of living crisis and was keen to understand if this had landed well.
- 3.3 The group discussed some of the impacts of the rising cost of living on their members and consumers as well as potential future impacts.
- 3.4 The group expressed their concerns and views particularly around vehicle and parts supply issues, staff recruitment and retention issues, and credit and lending.
- 3.5 A member of the group was keen to understand how the FCA and Financial Ombudsman had achieved alignment in their approach to assessing affordability in consumer credit. The Financial Ombudsman outlined its approach to affordability having been developed in line with the requirements of DISP 3.6.4R. In particular, the approach is derived from

longstanding regulatory rules and standards (both the FCA's CONC sourcebook as well as the OFT's Irresponsible Lending Guidance), as well as the law, industry codes of practice and what the Financial Ombudsman considers to have been good industry practice. The Financial Ombudsman reiterated that it was keen to achieve similar alignment with the NCD.

4. Update on motor finance commission

4.1 The Financial Ombudsman gave a brief update on its approach to motor finance commission complaints. It reiterated the need for the group's members to take on board its approach to these and the importance of firms responding to its requests for information and asked the group to remind their members why this is important.

5. Closing remarks and AOB

5.1 The Chair thanked the group for the discussion and informed the group that this may be her last meeting before her departure from the Financial Ombudsman Service.

5.2 The Chair closed the meeting.