

Minutes – Consumer Credit Trade Body Forum

10 October 2022, Hybrid meeting

Financial Ombudsman Service and Financial Conduct Authority (FCA) attendees	Industry attendees
Colin Douglas, Interim Communications Director (Chair) Richard West, Lead Ombudsman John Wightman, Ombudsman Leader David Bainbridge, Head of Stakeholder Engagement Mark Dungworth, Policy and Communications Manager Martha Stokes, Head of Department of Market Intervention – Consumer Lending, FCA Polly Ashford, Acting Manager, Retail and Motor Finance, FCA Jason Pope, Technical Specialist, FCA Merlyn Holkar, Senior Associate, FCA	Dan Cockle, Consumer Credit Association (CCA) Stephen Haddrill, Finance and Leasing Association (FLA) Gerry Keaney, British Vehicle Rental and Leasing Association (BVRLA) Robert Kelly, Association of British Credit Unions (ABCUL) Eric Leenders, UK Finance Chris Leslie, Credit Services Association (CSA) Jason Wassell, Consumer Credit Trade Association (CCTA)
Apologies: Janine Hirt and Rachel Waggott, Innovate Finance ; Andrew Hopkins, Building Societies Association (BSA)	

Item number	Agenda
1.	Welcome and introductions
2.	Updates from the Financial Ombudsman Service
3.	Motor finance commission cases
4.	New consumer duty
5.	Review of the Consumer Credit Act
6.	Closing remarks and AOB

1. Welcome

1.1 The Chair welcomed attendees to the meeting.

2. Updates from the Financial Ombudsman Service

- 2.1 The Financial Ombudsman noted that Abby Thomas, James Dipple-Johnstone and Karl Khan had very recently joined the Service and were familiarising themselves with the organisation, and will be involved in future Forum meetings. The Service was continuing with its existing action plan, implementing its new operating model, and working to ensure that its finances are stable and sustainable.
- 2.2 The Financial Ombudsman reminded the group that the consultation on its future funding had closed and thanked those who had responded. Following consideration by the Board, the consultation feedback response would be published in November and this would feed into the Financial Ombudsman's consultation on plans and budget to be published in December.
- 2.3 The Financial Ombudsman referred the group to the minutes of the recent Executive level meeting of the Wider Implications Framework (WIF), noting that that meeting had discussed a number of the emerging issues flagged and then discussed at the Consumer Credit Trade Body Forum. The Financial Ombudsman said how helpful this early engagement with industry was and explained how this complemented the discussions the regulatory bodies had themselves through the WIF meetings.
- 2.4 The group raised some concerns that the structure of the WIF meetings could mean industry voices would not be represented in key discussions amongst regulatory bodies. The Financial Ombudsman emphasised that it was fully committed to engaging with industry on key issues, including via this Forum. While the WIF meetings are focused on co-ordination amongst the regulatory bodies and do not replace the decision-making processes of WIF members or existing channels of engagement, the Financial Ombudsman was always open to further engagement on specific areas of concern.

3. Motor finance commission cases

- 3.1 The Financial Ombudsman outlined progress in this work and next steps. In particular, it noted that some firms were continuing to refuse to provide information in response to its requests, and asked the group to encourage members to do so.
- 3.2 The group discussed the volume of complaints that the Financial Ombudsman service had received so far, and how this had been affected by discussions with claims management companies.
- 3.3 The Financial Ombudsman agreed to follow up separately with some members of the group regarding issues on which member firms were refusing to provide information, and on cases that had been withdrawn.

4. New consumer duty

- 4.1 The Financial Ombudsman and the FCA emphasised the importance of continuing engagement between both bodies and the industry, in order to ensure appropriate consistency of approach and understanding. They thanked the group for their engagement and collaboration to date.
- 4.2 The group discussed whether the duty would lead to a rise in complaints to the Financial Ombudsman. The Financial Ombudsman said that it did not expect to start seeing

complaints where the duty was relevant until the end of 2023 at the earliest. In the meantime it would work closely with the FCA and industry to help develop a clear understanding of the requirements on firms under the duty, and it would be for firms to take the right steps to meet those requirements. The FCA said that their aim was for the duty to lead to an improvement in the standards offered by firms, and this would then mean a reduction in complaints to the Financial Ombudsman.

- 4.3 The group agreed that continuing engagement between regulators and industry to develop agreed views was vital, with the coming period crucial as firms develop their responses to the duty and take decisions as to what the duty will mean for their business in practice. One group member noted that most of their member firms had implementation of the duty and the risk of subsequent complaints in their top three corporate risks, and noted that firms' senior executives and internal audit functions were focusing closely on the implications of the duty.

5. Consumer Credit Act review

- 5.1 The group discussed their key priorities for the forthcoming review of the Consumer Credit Act.
- 5.2 The group's view was that there was a high degree of consensus across industry, consumer groups and regulators as to what areas need to be addressed, and group members were keen to see the review go forward.
- 5.3 Key priorities identified by members included information requirements that are set out across different rules and legislation; sanctions for non-compliance; and whether some consumer protection provisions remain appropriate with new products such as buy-now-pay-later coming into the market.
- 5.4 The group noted the potential conflict between the requirements of the Consumer Credit Act and what firms were required to do by the new consumer duty. The Financial Ombudsman said that it recognised that firms have to reconcile different sets of requirements and aimed to take a pragmatic view on this, as it had in working with industry on responses to the coronavirus pandemic.

6. Closing remarks and AOB

- 6.1 The Chair thanked the group for the discussion. He reiterated the importance of engagement between the Financial Ombudsman and industry through discussions like this one, and said that he would discuss the points raised with Abby Thomas, James Dipple-Johnstone and Karl Khan.
- 6.2 No other business was raised. The Chair closed the meeting.