The Financial Ombudsman Service response to the Financial Conduct Authority consultation – CP26/15: Reviewing the financial promotions rules for consumer credit

June 2026

About us

The Financial Ombudsman Service (Financial Ombudsman) was set up by Parliament under the Financial Services and Markets Act 2000 to resolve individual complaints between financial businesses and their customers fairly and reasonably, quickly and with minimal formality.

Introduction

The Financial Ombudsman welcomes the opportunity to respond to the Financial Conduct Authority (FCA) consultation on proposed changes to CONC 3 and related requirements. Our response focuses on the elements of the consultation relevant to our service and our ability to resolve complaints efficiently and effectively.

We welcome the opportunity to engage further on this subject and are happy to discuss this consultation and its potential impacts, as well as other areas of shared interest, at any point.

Our response

Our response focuses on three key areas:

1. Transition from prescriptive rules to high-level principles
2. Impact on complaint handling and consumer redress
3. Consumer communications and presentation of cost information

Transition from prescriptive rules to high-level principles

The Financial Ombudsman recognises the FCA’s direction of travel to streamline prescriptive elements of CONC 3 and place greater reliance on high-level standards such as the Consumer Duty, which may reduce complexity and enable firms to communicate more effectively, particularly across modern channels. Where this leads to improved consumer understanding and fewer complaints, this would clearly be welcome.

However, greater reliance on high-level principles inevitably increases the scope for differences in interpretation as to how those principles should be applied in individual circumstances. In determining cases, we take into account relevant law, regulation and guidance, and detailed rules have, in some instances, provided clearer reference points for both firms and complaint resolution. Their removal may therefore lead to greater variation in how firms approach compliance and how outcomes are assessed in practice.

In this context, clear regulatory guidance from the FCA will remain important in supporting consistent application of the framework. We would welcome the use of case studies and examples of good and poor practice to illustrate how the FCA expects the regime to operate in practice, which should help minimise the need for referrals under existing or future arrangements. As the framework becomes more principles-based, it will also be increasingly important that the FCA and Financial Ombudsman remain aligned in how standards are interpreted and applied. We have already been working together with the government to modernise the redress system and improve alignment between our two organisations.

Mechanisms to support this alignment, including those being considered as part of wider redress reform, may also contribute to consistency and reduce uncertainty for firms and consumers where needed.

Impact on complaint handling and consumer redress

Overall, we do not expect the proposals to have a material impact on our ability to resolve complaints involving financial promotions or on the typical outcomes we reach in our casework, subject to clear and sufficiently detailed FCA guidance on regulatory expectations being available so we can apply this in our decision-making.

We will continue to determine cases taking into account relevant law, regulation and guidance. In our experience, the outcome of complaints in this area is often decided based on how this was explained to the consumer, including whether key information was sufficiently clear and prominent, and whether communications supported appropriate understanding, consistent with expectations under the Consumer Duty. Case studies illustrating the regulatory expectations could be powerful in avoiding complaints and assisting early resolution of consumer concerns.

We will monitor complaint trends and will share insights with the FCA in line with our statutory responsibilities, particularly if there is evidence of increased consumer misunderstanding or dispute volumes following implementation.

Consumer communications and presentation of cost information

Financial promotions are often a consumer's first interaction with a product, and the way information is presented can materially influence consumer understanding and decision-making. A more flexible framework may allow firms to tailor communications more effectively, but it also potentially introduces greater variation in how information is presented and the overall impression it creates. It will therefore be important that communications support appropriate consumer understanding, including ensuring that key information is clear and sufficiently prominent, particularly for customers in vulnerable circumstances.

We also note the FCA's discussion on how Annual Percentage Rate (APR) and other cost information are communicated to consumers. In our experience, complaints frequently arise where consumers believed they would receive a specific APR or where cost information is misunderstood. This may occur where headline figures create a different impression from the likely real-world cost, or where underlying assumptions are not sufficiently clear.

Greater flexibility in disclosure may increase variation in how information is presented, which could make comparison more difficult and increase reliance on consumer interpretation. This may have a disproportionate impact on customers in vulnerable circumstances, who may be less able to interpret complex or unfamiliar presentations of cost information. We recognise that the FCA is seeking views in this area rather than consulting on specific replacement disclosures at this stage. If this work is taken forward, clear regulatory expectations will be particularly important to reduce ambiguity in how information should be presented in practice. We would welcome the opportunity to support the FCA in this work, drawing on our casework insight into where consumer misunderstanding arises to help inform the development of case studies and effective presentation formats. Any future changes should strike an appropriate balance between clarity, comparability, and flexibility.

Conclusion

As set out above, we recognise the FCA's objective of simplifying requirements and the move towards an outcomes-based framework grounded in the Consumer Duty, including the opportunity to improve clarity for consumers and reduce complaints arising from misunderstanding or unclear communications.

While we do not expect these proposals to undermine our ability to determine complaints, a transition away from detailed rules may increase reliance on interpretation in individual cases, particularly if not accompanied by sufficiently clear regulatory expectations on how firms should apply the framework in practice.

Continued clarity of FCA expectations, alongside close engagement with the Financial Ombudsman, will be important in supporting consistency and confidence in the application of the framework.

We will continue to monitor complaint trends in this area and share relevant insights, including where we see evidence of increased consumer misunderstanding, upheld complaints or changes in complaint volumes or themes.