

## Terms of reference

1. The OFT, in exercise of its powers under sections 131 and 133 of the Enterprise Act 2002 (the Act), hereby makes a reference to the Competition Commission for an investigation into the supply of payday lending in the United Kingdom.
2. The OFT has reasonable grounds for suspecting that a feature or a combination of features of the market or markets for the supply of payday loans in the UK prevents, restricts or distorts competition in this market.
3. For the purposes of this reference, payday lending consists of the provision of small-sum cash loans marketed on a short-term basis, not secured against collateral, including (but not limited to) loans repayable on the consumer's next payday or at the end of the month and specifically excluding home credit loan agreements,<sup>1</sup> credit cards,<sup>2</sup> credit unions and overdrafts.<sup>3</sup>

**Clive Maxwell**  
**Office of Fair Trading**  
**27 June 2013**

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<sup>1</sup> As defined in the CC's Home Credit Market Investigation Order 2007.

<sup>2</sup> Credit-token agreements as defined in the Consumer Credit Act 1974.

<sup>3</sup> Authorised overdrafts within section 74(1) (b) and overdrawing within section 74A of the Consumer Credit Act 1974.

