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Inquiry Manager
Competition Commission
Victoria House
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20 February 2014

Dear Matt,

TxtLoan Limited t/a MYJAR response to Payday loan products working paper

We have reviewed the products working paper and would make the following comments.

Paragraph 1

It is inappropriate to categorise short-term loans as “high cost credit”. At paragraph 24 of the Annotated Issues Statement, payday loans are clearly defined as “short-term, unsecured credit products which are generally taken out for 12 months or less, and where the amount borrowed is generally £1,000 or less”. If the Competition Commission proposes an alternative description/definition, we would recommend that it is the same as that used by the FCA in its consultation paper CP 13/10.

Paragraph 3

We do not accept that the features listed in this paragraph differentiate short-term loans from other sources of retail finance. The following types of finance also have the features listed (i.e. relatively low value, sold at a high cost and available at short/no notice):

- Overdrafts (authorised and unauthorised)
- Credit cards
- Store cards

If the features noted above are those that the Competition Commission considers to be the key elements of short-term credit, the products listed above must be included in the enquiry’s remit if its conclusions are to be credible.

Paragraphs 4, 6 and 9

The Annotated Issues Statement (Paragraph 24) has already defined what the Competition Commission considers to be a payday loan. No further working or other definition is required. We believe that the definition that the Competition Commission should use is that to be used by the FCA as the regulator from 1 April 2014.

Paragraph 8

As stated in other responses to this enquiry, we believe that the exclusion of overdrafts, credit cards and store cards will result in the failure to include important elements of the competitive landscape.

Paragraphs 10 and 11

If the definition detailed in this paragraph for information requests has been adopted, the questionnaire to lenders should also have been issued to overdraft, credit card and store card providers. Without this perspective, the view of the short-term retail credit market is essentially flawed.

Paragraph 18

The MYJAR product allows repeat customers with a good track record and credit profile to borrow up to £500. The final sentence of Paragraph 18 should therefore read "The additional amount that can be borrowed can be up to 5 times as much."

I should be grateful to have your feedback or to have the opportunity to review the next version of the working paper.

Yours sincerely,

Paul Smith
Group Compliance Director