

Money Gap Group's comments on the CMA's Notice of possible remedies

Our feedback on this is detailed below:

Point 26 (a):

The main challenges for establishing an effective price comparison website are:

- i) Who will administer it and make the data changes as products and rates change regularly and there are multiple lenders in the market?
- ii) If it is going to be owned and managed by a non-profit organization, how will lenders be ranked and how equal opportunity will be maintained? How is the marketing going to be funded? Will they compete on all marketing channels?
- iii) If this is going to be managed by a commercial entity how can you guarantee impartiality? This is also anti-competitive.

Possible remedy – instead of building a full scale comparison site – why not build a database where every company updates their own information. This database will have a search facility and also API for lead generators and comparison site to connect to. The information will be free to use but any comparison site that will use it will have to display all the lenders in the database, allow sorting by various parameters and also do their own marketing.

Point 26 (b):

We believe the following features would be beneficial to consumers – Loan searching by APR, Daily rate, Loan duration, Repayment duration, Default fees, Extra Fees, Early Repayment fees, Maximum loan amount, Company information, Acceptance criteria.

Point 26 (d):

Total cost of credit is probably the best order by default but consumers do have different objectives from a loan and often relates to acceptance criteria. Display this for different loan durations.

Point 26 (f):

Which lenders and products should be included on the website:

- I. Yes, all authorised lenders should have to participate
- II. Yes – more choice for the customer – need to be able to sort and categorize.
- III. No – Lead generators provide a good service in terms of direct access to lender systems and ease of application for the customer – one application goes to multiple lenders providing a better service to customers. Prohibiting lead generators would restrict competition, allowing them to participate would increase competition. Lenders also act as brokers in many cases passing leads to lead generators. Lead generators could help marketing this comparison website and associated data.

Point 26 (h):

- I. Linking to this comparison website is a good idea. It will help promote it organically and that means less marketing budget will be required.
- II. That will come naturally once lenders will link to the site and the media will cover it.
- III. Depends what you want to achieve – why not let an experienced lead generator (us?) promote this website.

Point 26 (i):

Make the API freely available so anyone can use this data.

Point 26 (j):

If this is going to be naturally ranked and self-managed (by each lender) not a lot of marketing would be required.

If this is going to compete with lenders and lead generators on all online and offline channels we estimate a budget of £10m per year will be sufficient to make it a very prominent website.

Point 57 (a):

Regulation is sufficient. Enforcement doesn't exist or is not strong enough as FCA only deals with lenders at the moment and we still see brokers misleading customers and charging them fees by pretending they are a lender and have a loan for the customer. Even if they don't have a loan or the customer has already been declined by the lenders. Also in many cases adverts are still non-compliant where we see other brokers advertising – no credit checks and no fees where in the end they charge fees through this parties they send the customer to.

In general we don't see the transparency of the lead generator as a problem as essentially a lead generator would provide the same service to the customer as a lender does by introducing a lender to the customer (at no cost to that customer). Lender rates were not massively different and usually around £30 per hundred borrowed so the financial impact of going with a broker rather than a lender directly is minimal. With the new rate cap we anticipate the differences with short term loans to narrow even further.

Also worth noting we have developed a model where we allow customers to compare lenders who have provisionally approved their application and chose the one that matches their needs (see kwikcash.co.uk). We provide a summary of all of the data and costs as well as a full summary about each lender that we work with

(<https://www.kwikcash.co.uk/lenders/lender-list.aspx>,
<https://www.kwikcash.co.uk/lenders/satsuma.aspx>).

The problem starts when certain lead generators pose as lenders at the loan confirmation page only to charge these customer further fees, in most cases after they have already been declined for a loan from most lenders. They will do this by misleading the customer into thinking they are providing card details for loan confirmation and not mention the fee in a prominent way even though essential they are going to charge them a fee and nothing more.

Point 57 (b):

Stop companies from scamming customers after they have been rejected by making sure no additional charges are allowed at this stage.

Point 57 (c):

Work with the lenders to make sure none of their lead generators works with fee charging brokers. It doesn't make sense to charge £70 from a customer who is looking for a payday loan (whether they have received a loan or not).

Point 57 (e):

It should be noted in a prominent position on their website with a link to more information.

Point 57 f):

Not sure how important this is in light of new rate cap which will most likely narrow the differences in total cost of credit for short term loans and make the sector more commoditised.

Point 57 (g) (ii):

Is more effective.

Point 57 (h) (i):

On a landing page. A popup will be very uncompetitive and create a disadvantage for brokers. What about lenders who act as brokers for declined traffic? Should they not have the same declaration? Effectively this will put many of the players in the market (brokers and lenders) in the same situation.

Point 57 (i):

No – this provides a good service to the customer

Point 57 (j):

No – I don't see how this can happen as long as regulation is enforced and monitored.

Point 60:

We believe that no additional broker fees should be charged (we have never charged anyone any broker fees) and that lenders should list approved brokers they work with. Lenders should also be included in this if they sell declines.

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