

**CMA**  
**Market Investigation into  
Payday Lending**

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Comments from SGE Loans

# CMA - Market Investigation into Payday Lending

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## REMEDY 1:

### Price Comparison Website

- (a) The main challenge would be that the website has all suppliers on it and that the information for each supplier is accurate and up to date. SGE Group is Ofgem accredited for the comparison of energy suppliers and tariffs - Ofgem audit accredited sites quarterly to make sure they are up to date and accurate. Accredited sites display the Ofgem logo - this model could be followed for payday loan comparison sites.
- (b) The features suggested are good - I would suggest the total amount payable and daily interest charge would be the most popular in addition the option for early repayment and any financial benefits of doing so.
- (c) Yes, as point (b)
- (d) I would have a filter so customers can rank on different variables depending on their own requirements .
- (e) This information should be detailed in a product information pop up box (similar to the tariff information label used by Ofgem accredited energy comparison sites). If you try and list too many variables in the comparison table it will be confusing to the customer and difficult for them to understand.
- (f) The comparison should be for like for like products for all lenders - I would have a different comparison table for different loan types and I would not include lead generators or other intermediaries.
- (g) As point (a)
- (h) Promotion should be the responsibility of the price comparison site owner. Listing on search engines is determined by the search engines own algorithms. I would not provide operators with budgets it should be the responsibility of the owner which is the same for Ofgem accredited comparison sites.
- (j) For Ofgem accredited sites the cost of audit is paid for by the operator (approx £5K per year). The cost of maintaining and running the comparison site is the responsibility of the operator and will vary by operator.

**REMEDY 2:**

Measures to improve customer awareness and additional charges and fees.

- (a) Yes
- (b) At the beginning
- (c) The issue here is to make sure the customer understands - multiple scenarios may confuse the customer. I would use the scenario that has been found to be most common in CMA research and specify as part of the loan product quotation.
- (d) Yes
- (e) This would be low cost and easy to implement.

### REMEDY 3:

## Measures to help customers assess their own creditworthiness

- (a)** Customers should be made aware in the first instance that they will be credit checked. 'Requiring lenders to provide an indication of the likelihood to grant credit' is an impractical idea. I believe this remedy detracts from the importance of affordability and affordability should be the stronger focus.
- (b)** Credit checks should be undertaken on credit applications for a payday loan and this data should be shared in real time.
- (c)** Eligibility checks should be mandatory - we operate this practise at SGE. I think it is an excellent idea for lenders to provide an indicative credit score and the proportion of their customers that have this score at the point of application although it is probably better to include those approved for a loan as opposed to those that applied. The score of gross applications as opposed to approved applications may be mislead a customer to think they will be approved for a loan when they may not.
- (d)** In my opinion the concern is limited however this reverts back to point **(a)** that this remedy detracts from the important of affordability which customers should be more considerate of. A credit rating is a reflection of the past - managing one's outgoings effectively moving forward will reflect in the future. A customer needs to be concerned with their future credit worthiness more so that historic activity although learning from past experience should be acknowledged.
- (e)** This is easy - the comparison site can store the lender criteria and perform an eligibility check prior to sending the customer to the lender; if the customer is not eligible the application is not submitted to the lender. SGE operate this practise currently.
- (f)** This is a low cost and easy to achieve remedy.

**REMEDY 4:**

## Periodic statements of the cost of borrowing

(a) No for 3 reasons:

1. The customer will not read and digest it;
2. Customers use multiple lenders for payday loans;
3. Success of deliverability will be difficult to measure. There is a danger to bombard customers with 'too much' information which may cause confusion and limit customer understanding.

(b) as point (a)

(c) as point (a)

(d) as point (a)

(e) as point (a)

(f) as point (a)

(g) as point (a)

(h) as point (a)

**REMEDY 5:****Measure to increase the transparency of the role of lead generators**

- (a)** Yes, however in relation to paragraph 53 I believe these should be rules and not guidance.
- (b)** as point **(a)**
- (c)** as point **(a)**
- (d)** All
- (e)** Yes
- (f)** The declaration should include all available information.
- (g)** Both (i) and (ii)
- (h)** As a mandatory footer on all website pages.
- (i)** No, this would not be in the interest of the customer especially if the lender was not able to provide the customer a loan.
- (j)** Lead generators should be supervised by the FCA.
- (k)** Low cost and easy to implement by lead generator however policing maybe more costly.



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