Response to the Competition and Markets Authority payday lending market investigation: provisional findings and possible remedies

Introduction and general comments on the findings

1. As the UK's financial capability charity, we welcome the opportunity to respond to the CMA's provisional findings and possible remedies in its payday lending market investigation. Our vision is for everyone to be on top of their money as a part of everyday life. So, we empower people across the UK to build the skills, knowledge, attitudes and behaviours, to make the most of their money throughout their lives. To do this we work with organisations across the financial services sector, including credit providers and their trade associations.

2. In general, we feel that the provisional findings are appropriate, accurate and measured. We would, however, note that some – particularly those in paragraph 4a) of the notice of provisional findings – are widely applicable, both across the consumer credit market generally and indeed any market. We recognise that the scope of this investigation is limited to the payday sector, and that there are certain factors specific to that sector that mean these apply more acutely to this sector than others, but we would question how much weight these should be afforded in the final report.

3. The possible remedies outlined are intended to address real barriers to competition in the market, and we support the general principles behind each of them. They have the potential to improve consumers' knowledge and understanding of available payday products, as well as promoting shopping around, which in turn should enhance the sector's competition on price. We also believe it is the right decision for the CMA to avoid duplicating or pre-empting the Financial Conduct Authority's

forthcoming consultation on a cap on the total cost of credit.

4. However, while at a high level the remedies have merit and we have made detailed comments on each, at this stage it is difficult to say how effective any of them will be in practice. We recommend that any remedy carried forward to the final report should be piloted prior to full-scale implementation, with clear definition and measurement of intended outcomes, to assess the potential market and consumer benefit and the associated industry costs.

5. Additionally, it is important that in determining its provisional decision on remedies and its final report, the CMA also considers the cumulative impact of the costs of any combination of remedies it is minded to impose. There is merit in theory to any of the proposed remedies, but if they are to have an actual, positive impact on the payday lending market they need to be properly implemented. This is likely to incur a significant cost, and as such we believe it would be of greater net benefit to consumers to carry forward *some* of the remedies in full, rather than attempt to implement them all. Implementation of all the remedies would either be done with insufficient resources and therefore be ineffectual, or require a large amount of funding, which in our view would prove overly burdensome for industry and ultimately have a negative impact on consumers.

6. This is particularly pertinent in the current regulatory landscape. The possible remedies would impose varying costs on the industry, and we are mindful that this is at a time when it faces a new regulator, new rules around CPAs and rollovers, and a forthcoming cap on the cost of credit, as well as industry levies for the FCA and the Money Advice Service. If the costs of the remedies implemented are too great, we are likely to see either payday lenders exiting the market or compliance costs being passed onto the consumers – either of which could outweigh the consumer benefit of the remedies. It would be a hollow victory if the price for greater competition was more expensive lending with a wider range of prices.

7. As we make clear, we believe there is potential for any of the remedies proposed to have a positive impact on consumers. In our view Remedy 2 (measures to improve customer awareness of additional charges and fees) should unquestionably form part of any suite of remedies the CMA decides upon, but we hope that our comments below will help to inform the selection and design of any additional remedies to improve the payday lending market’s competitiveness and therefore outcomes for consumers.

Remedy 1: Price comparison website

What are the main challenges in establishing an effective price comparison website in this market and how might these be overcome?

8. Initially the challenges will be delineating the scope of the site, identifying an appropriate organisation to develop and maintain the website, establishing a sufficient level of funding for its set-up and operation, and determining the information to be provided.

9. The main difficulty we would highlight, however, is that any price comparison website is likely to face a considerable challenge in raising awareness and encouraging the site's use. The provisional findings identify a number of factors other than ease of comparison that serve as barriers to customers exercising choice and could dissuade customers from using the comparison website at all, such as concerns about credit availability and familiarity with a particular lender. These will remain barriers even if comparison on price is made notionally easier by establishing a website. Other remedies proposed here could go some way towards addressing these, but they will remain to some extent and it is likely to be challenging to encourage customers to use the website, even if a high degree of awareness of the site is achieved.

10. Raising awareness and encouraging the site's use is crucial to the proportionality and effectiveness of the remedy. If 75% of the 1.8 million payday loan customers identified by the CMA use the site to compare loans, it will be far closer to justifying the initial and ongoing cost than if the same proportion of payday loan customers continue to use search engines or lead generators to find lenders. Achieving this sort of awareness and uptake will not be possible without a significant advertising spend and careful design to ensure it meets customers' needs, but if it is used by only a handful of customers it would be an expensive failure.

What features should a customer be able to specify when searching for a loan using the website?

11. The customer should be able to specify the value of the loan, and the date on which the credit will be provided.

12. We also argue below (paragraph 22) that the website should include lenders offering relevant products that may not have an online presence (including high-street payday lenders and credit unions), and as such a customer should also be able to specify a postcode, which would affect which high-street lenders show in the table.

What is the best way of providing a comparative cost of a loan and how should the price of payday loans be disclosed for any given scenario?

13. The comparative cost of a loan should be displayed as an amount rather than a percentage, as this is the easiest method for customers to understand. One benefit of

payday loans is that, used correctly, the process and costs are simple to understand – you take out a loan, and on a set date you repay a set amount in a single sum. Therefore the presentation of any comparative costs should take into account consumers' familiarity with this format.

14. We suggest below that providing the total amount that would be repaid under certain scenarios is a good way to provide a comparative cost of a loan. Particularly given that payday loans are intended to be repaid in a single lump sum, this is clearer and more meaningful to a customer than just comparing the cost of interest and charges, and removes the need for the calculation (i.e. adding the amount borrowed to the interest/charges), allowing for an immediate comparison.

15. It important that, when considering how the price of payday loans should be disclosed for any given scenario, due care is taken not to 'normalise' repayment behaviours that indicate that the debt is being poorly managed or becoming a problem.

16. The way in which the comparative costs are provided will be influenced by the structure of the forthcoming cap on the total cost of credit. At present we anticipate that this will include a cap on the interest rate that can be charged (essentially a limit on the amount an individual repaying on the intended date pays), as well as a maximum total cost that be incurred, including any additional fees and charges for default, or additional interest on amounts rolled over. Our suggestion is that for each loan, the total amount repaid under three repayment scenarios are provided:

    i) Repayment in full, on time – the 'as intended' scenario
    ii) Repayment in full, a certain number of days late – given that the Competition Commission found 46% loans repaid late were repaid within 7 days, this might be an appropriate period to use
    iii) The 'worst case' scenario – where the borrower has rolled over the loan twice, in full, and incurred all relevant default fees. We would expect this in many cases would represent the highest amount repayable under the FCA's forthcoming cap on the total cost of credit, although if for a particular lender the maximum that could be repaid was less than the cap, this could be used instead.

17. In our view these scenarios strike a balance between providing a consumer with relevant, clear information about indicative costs while providing an amount of information that is relatively straightforward to analyse. However, this – and particularly scenario iii) – is dependent upon the outcome of the FCA's consultation, and specifically whether there is an overall cap on the possible cost of credit, and after this amount has been reached for a given loan all interest and charges stop. If, however, following the implementation of the cap, an individual could rollover their loan twice but continue to incur some level of interest on the outstanding amount

indefinitely, there would be no ‘absolute’ upper amount they would repay. As such there would be no ‘worst case’ scenario as we have described in iii); this would require further consideration, but one option would be to indicate the amount repaid after a long period of time, for example 12 months.

18. Scenarios ii) and iii) above represent repayment behaviours that should not be encouraged. But given the number of customers who repay late or not at all, and the over-confidence of some consumers in assessing their ability to repay (who might therefore not consider default fees or additional interest charges until they have been incurred), there is merit to including them. The scenarios should, however, be presented differently to reflect the fact that the latter two reflect an undesirable behaviour. For example, scenario i. could be in a clear box, scenario ii. in an orange box, and scenario iii. in a red box with a ‘warning’ sign. This would strike a balance between providing customers with information that reflects a range of realistic repayment behaviours, while not encouraging consumers to repay late.

19. The figure in the box would be the total amount repaid for each scenario, but consumers could also hover over or click on the box to display a breakdown of the amount repaid (for example, £100 loan, £5 fast payment fee, £40 interest, £12 in late repayment charges).

In which order should products be ranked, and should customers be able to specify this ordering?

20. When the results of a comparison are first shown, products should be ranked by repayment option i) above (i.e. the total amount paid if the loan is repaid in full on the due date). The customer should have the option to order results by other scenarios should they wish to do so.

How should repayment scenarios in which a borrower does not repay the loan on the originally agreed date be treated on the website?

21. As we state in paragraph 16, certain repayment scenarios in which a borrower does not repay the loan on the originally agreed date should be provided as part of the total cost repaid, but in such a way that clearly warns consumers that these behaviours are potentially dangerous.

Which lenders and products should be included on the website?

22. Any FCA-authorised lender offering high-cost short-term credit should be required to participate, and any other authorised lender offering unsecured loans of less than 12 months’ duration should be allowed to opt in for inclusion. Consideration would be needed around how to display certain eligibility criteria, such as a credit union that

requires a borrower to have a certain amount of savings before a loan can be issued.

23. Lead generators and other intermediaries should not be included in the comparison table, as they do not provide credit. But there should be an explanation available on the site of what lead generators do, as users of the price comparison site are likely to also encounter these sites.

24. There is also a question around whether the website should itself direct consumers, either by linking to the homepage of the relevant lender's website or even to a pre-populated form. If this were to happen it would make it easier for consumers to progress from finding the best value loan to taking out that loan, and would mean the site was competing more directly with lead generators, encouraging them to compete on price for lenders' business. It does, however, also bring with it potential reputational risks for the website's operator that would need to be discussed once the operator was determined.

How should the website be operated and governed?

25. The most obvious organisation operating in this sector currently that could operate such a website is the Money Advice Service (MAS). However, at present the tone and content of the MAS website regarding payday lenders does not seem to fit well with a comparison tool that provides consumers with impartial information about the relative costs of specific products that include payday loans. MAS's existing content on payday loans focuses heavily on dissuading individuals from considering payday loans, and strongly encourages potential payday customers to take out alternative products instead. These messages are, of course, appropriate for some people in some cases, but in our view they are incompatible with a price comparison website.

26. Any price comparison website will need to be suitably engaging to consumers considering a payday loan, and will need to recognise that a consumer using the site is likely to end up entering into a short-term credit agreement, most likely a payday loan, and focus on finding them the best deal within those parameters (although as we suggest in paragraph 22, this could include non-payday lender providers of short-term credit). A website that offers price comparison but also attempts to deter consumers from using payday loans at all is not likely to be taken seriously or widely used by consumers, and so would not be an effective remedy.

27. The message that payday loans are, if used correctly, a form of credit that is not necessarily 'bad', is likely to be a difficult one for any organisation to transmit given the current negative reputation of the sector that the CMA identifies, but in the right circumstances and with, as we have repeatedly stressed, an appropriate advertising budget, it should be possible to find an organisation – potentially MAS – that would be willing to operate this website.

28. It would be appropriate in our view for payday lenders to cover the cost of the set-up and running costs of this site.

How should the website be promoted?

29. Promotion of the website is vital if this is to be a genuinely useful remedy to enhance competition in the sector. Without effective, ongoing promotion it will be little-known and little-used, which will greatly weaken the incentive for lenders to compete on prices to appear higher in its rankings.

30. Requiring lenders to include a link to the website on their own websites and in communication with customers, with appropriate text explaining what the website offers, would raise awareness of the website among existing payday customers. There would, however, be a question around how this would interact with the requirement from July 1 for payday lenders to include a link to the Money Advice Service website in financial promotions, and this would need to be taken into consideration when specifying the promotion of this website were it to be established.

31. More importantly, the operator of the website will need a reasonably large advertising budget, particularly in the initial period of its operation, to reach existing and potential payday customers, as the ideal time for someone to use the site is before they visit an individual lender (by which point they might have already effectively decided which product to take). Such advertising should take care not to promote or encourage payday lending, but should target those already considering such a loan (e.g. "If you're thinking about taking out a payday loan…").

32. We are not in a position to provide a precise estimate of the size of this budget, but as an indication, MAS estimates an overall spend from its Money Advice budget of £13.25m on customer engagement for 2014/15, and a further £889,000 on corporate communications and PR. This of course covers a wider range of activity than the price comparison website would, but also suggests that the advertising budget would need to be a seven-figure sum. Regardless of which organisation operates the website, there will also be a role for MAS and other consumer groups in directing individuals to the website to complement any external advertising.

33. All of this promotion needs to be complemented by an engaging, easy-to-use design that encourages actual use of the comparison tool once a consumer has arrived at the website.

What should be the relationship between this website and other relevant websites be?

34. The relationship between this website and other relevant websites should work in two ways. Firstly MAS should link to it, and other relevant websites should be encouraged to do so as well. This would increase recognition of the website and

provide another entry point for customers to access the site. Secondly, the site should also link out to MAS and sources of free debt advice like Citizen's Advice and StepChange Debt Charity.

35. Search engines could be encouraged to display a link to the site when certain search terms are used by adopting an effective SEO strategy and by buying advertising on search engine sites, which would come out of the advertising budget.

What are the likely costs of this measure and how do they vary with the design of the remedy?

36. The costs of this measure depend greatly on the size of the advertising budget – which as we have argued, will need to be considerable. The design of the site, including how sophisticated the comparison facility would be, will also affect this.

37. As a comparison, in 2014/15 MAS has allocated £1.8m of its Money Advice Budget to proposition and product development, down by about half from the previous year, and £14.1m has been allocated to communication and marketing activity. This covers a wide range of activity, and the budget for the price comparison website would be much lower than this, but it does indicate that this will be a relatively expensive remedy, and as such if it is to be worth the cost, has to operate effectively.

Remedy 2: Measures to improve customer awareness of additional charges and fees

General comments on specification, effectiveness and proportionality

38. This remedy addresses an issue that we believe is important regardless of whether it impacts on competition, particularly given the relatively high proportion of payday loans that are repaid in a manner that would incur additional charges and fees.

Should additional fees and charges for late payment and/or rolling over of loans be made more prominent?

39. We believe that additional fees and charges should be made more prominent. The most relevant way of displaying this is to show the total amount a customer will repay if they repay late. This total amount would include capital and interest incurred over the initially-agreed duration of the loan, one-off fees, charges for late payment and/or rolling over of loans, and the impact of additional interest on amounts rolled over. Customers should also be able to see a breakdown of the costs that contribute to the total amount repaid.

40. As well as this there should also be clear and prominent general information regarding the fees and charges a lender could impose. This could be a link alongside the scenarios stating "If you don't repay on time, you could incur fees and charges –

find out more" with a link to a clear explanation of the lender's additional fees and charges, setting out what charges could be incurred and under what circumstances.

How and when should any notification of charges be presented in the borrowing process?

41. This information should be presented as early as possible, at the beginning of a customer's interaction with a lender – not just immediately before the loan is confirmed, when the customer may feel that the time and effort already invested in applying outweighs any benefit of considering potential fees and charges.

42. We believe it would be possible for the amount to be repaid – including fees and charges – under particular scenarios to be shown when a customer uses the sliders that exist on many lenders' websites. If a lender does not have sliders or this is prohibitively expensive to implement, when a customer enters the desired amount of loan they should be presented with the total amount to be repaid under different scenarios, which customers could hover over or click to see the breakdown (including by additional fees/charges).

Should fees and charges be demonstrated using one or more example scenarios?

43. Demonstrating fees and charges using example scenarios is a clear and relevant way to indicate to customers the amount they could have to repay.

44. In our response to Remedy 1 we outline three example scenarios that could be included, subject to the design of the cap on the total cost of credit (see paragraph 17):

    i) Repayment in full, on time – the 'as intended' scenario
    ii) Repayment in full, a certain number of days late
    iii) The 'worst case' scenario – where the borrower has rolled over the loan in full and incurred all relevant default fees

45. These scenarios should also be included on lenders' websites, with similar warnings on each box as we suggest in paragraph 18. If a customer could hover over or click on each box they could see the fees and charges that could be incurred; we feel that this would be a more meaningful demonstration of fees and charges that simply providing the value of those fees and charges.

46. However a customer reaches a payday lender, whether through the lender's own website, a lead generator, or the price comparison website outlined in Remedy 1, information on additional fees and charges should be made clear, without advocating them as a 'normal' or 'unproblematic' part of repayment.

Should any information on fees for late payment or rolling over loans be included on any price comparison site, if one were created under Remedy 1?

47. If a price comparison site were created under Remedy 1 it should include example scenarios modelling late repayment, as we note above. However, even with a vast marketing budget, there will always be some consumers who do not access payday lenders through a price comparison website, and as such it is essential that information on fees for late payment or rollovers are also included on lender websites.

What are the likely costs of this measure and how do they vary with the design of the remedy?

48. The implementation costs of requiring lenders to provide such information on their websites are likely to be relatively low, and would form part of lenders' website maintenance costs.

49. Including information on fees or charges for late payment or rollovers on a price comparison site would be more expensive, and this should form part of the overall consideration of that Remedy.

Remedy 3: Measures to help customers assess their own creditworthiness

Which of the above approaches, or which combination of approaches, is most likely to achieve the objectives of this remedy?

50. We believe that steps to develop a system of real-time data-sharing between lenders and credit reference agencies have the potential to achieve the objectives of this remedy. The recent announcement by one credit reference agency that they have developed a credit report that is updated daily is a welcome step in this respect.

51. If real-time or close to real-time data-sharing can be implemented, the rationale for credit applications to leave a 'footprint' on an individual's record becomes far weaker. Lenders would have entirely up-to-date information on credit facilities granted so far, removing the need for lenders to see if a customer had unsuccessfully applied to multiple lenders recently (our understanding is that this is currently needed so lenders can assess how likely the customer is to have opened further lines of credit in the period between the credit report being updated). This would then allow customers to search and apply for credit from several different lenders without worrying about the impact on their credit score – lenders would still conduct credit searches as part of their affordability assessments, but these would not need to be recorded unless credit was actually provided. This in turn would mean customers' credit ratings were not damaged by applying to multiple lenders – which in practice is the only way to determine whether they will be accepted – and allow them to check

whether they *would* be accepted, which is far more useful than whether they are *likely* to be accepted.

52. The effect of this would be to remove a significant barrier to customers' ability to shop around, and to understand which lenders will lend to them. At present, if a customer is aware of credit checks and is concerned about the impact of a refusal on their ability to obtain credit, there are two incentives to apply to a lender they are relatively sure will approve their loan rather than shopping around. One is simply that they are less likely to be rejected, so will not have to apply to other lenders and fill out further forms, and the 'work' of an application will be over quicker (and they will most likely receive the money quicker). The second is that the very act of applying to a lender with stricter lending criteria could harm their chances of obtaining credit from elsewhere. So by going to a lender with less strict criteria, who may well charge higher interest, the customer is 'insuring' themselves against this risk. This acts as a potential barrier to competition on price, as it gives customers an incentive to instead compete on 'likelihood of acceptance'. It also acts as a potential deterrent to switching provider once credit has been granted in the first instance.

53. If real-time data-sharing was implemented successfully and credit applications made invisible to other lenders unless the application was successful, the latter of these incentives would be greatly reduced, which could improve customers' willingness to shop around. We also note that general understanding of credit scores among consumers is relatively low, and so the impact of this change would need to be well communicated if consumers are to make use of this greater ability to shop around.

54. While this investigation is focused on the payday sector, we would also note that such a development could have a positive impact across the credit sector.

To what extent are credit checks undertaken before the submission of a formal application for credit?

55. We do not have a comment to make on this.

How can customers' understanding of which lenders would lend to them prior to the point of application be improved?

56. As we discuss earlier in our response to this remedy, if real-time data-sharing were implemented and searches for an individual's credit record did not leave a trace on a credit report, customers could apply to lenders without the risk of damaging their credit rating. Were this the case, there would arguably be little need to improve customers' understanding of which lenders would lend to them prior to application, as submitting an application would have little consequence on their ability to obtain credit elsewhere.

57. However, not all customers will be prepared to go to the effort of submitting multiple applications to determine who will lend to them, and so we would welcome the introduction of an indicative credit score. Lenders could present the score that (for example) 90% of their successful customers exceed. If a customer then knew their own credit score, they could assess whether they were likely to be accepted by this lender. This indicative credit score could also potentially be included in a price comparison site in Remedy 1. Furthermore, if this were accompanied by a link to a Credit Reference Agency customers would be encouraged to find out their credit score, which would be a benefit in itself.

To what extent are customers aware of and/or concerned about the possible impact of multiple credit searches on their ability to access credit?

58. We believe that generally there is a need for much greater awareness of credit checks and credit scores among all consumers, and we would welcome initiatives to improve consumers' understanding of these.

What are the practical challenges of integrating an eligibility check into a price comparison site?

59. We feel that the measures around the visibility of credit applications and the indicative credit scores would incentivise individuals to shop around without concern over the impact on their credit rating and to engage more with their credit score. The indicative credit score could be integrated into the price comparison website were one established.

60. The key practical challenge around this would be encouraging individuals to access their credit scores, particularly if there was a charge for this; providing an indicative score will be of little benefit if individuals can't or don't compare that score to their own. Although free credit reports and scores are available from some CRAs, there are limits on the number of times and the time period during which these can be accessed, after which a monthly charge is made unless the customer pro-actively cancels the agreement. We would welcome any initiatives to improve consumers' awareness of their credit score.

What are the likely costs of this measure and how do they vary with the design of the remedy?

61. The main cost would be around the development and implementation of real-time data-sharing between lenders and CRAs, although we understand that this is currently being developed in any case, so the additional cost would be low.

62. For customers to be more aware of their own credit score, an expansion in the provision of free credit scores would be welcome, although this would likely lead to

additional costs as CRAs are commercial companies.

Remedy 4: Periodic statements of the cost of borrowing

Should lenders be required to send a regular statement of borrowing costs to customers?

63. Yes – this would focus customers' minds on the cost of their loans and in some cases encourage them to look for more competitive borrowing options.

What should the period of the statement be?

64. We believe that a quarterly statement with an annual summary at the end of each financial or calendar year would provide regular updates without overburdening the industry.

Which customers should receive a statement and at what point and when should they cease to receive a statement?

65. All customers should receive a statement each quarter. When this is actually sent should be determined in conjunction with industry, depending on their data collection procedures.

66. Customers should cease to receive a statement once they have completed a relevant period without having any loans outstanding. Under our suggestion in paragraph 64, for example, a customer who cleared their payday loan balances in Q1 2014 and did not take out any further payday loans, would not receive statements relating to Q2, Q3 or Q4 of that year, but then would receive a final annual statement for 2014.

What should be the method of distribution of the statement?

67. This should be determined by the borrowing method. For customers who take out an online loan, an email statement seems appropriate; for high street customers there should be the option to receive a statement by email or post.

What date should the statement be sent, and should this be the same for all lenders?

68. The date should be the earliest practicable for industry, given the collation and analysis of customer data that lenders would need to undertake. The date the statements are sent and the period they cover should be the same for all lenders to help customers with loans from multiple lenders to understand the overall cost.

What information should be included on the statement?

69. The following information should be included on the statement:

   i) The amount lent to the individual in the period;
   ii) The amount the individual has repaid in the period (including charges and interest);
   iii) The amount the individual has outstanding (including principal, charges incurred but not yet paid, and the amount of interest they would repay if they repaid any outstanding principal on time).

70. Each of these should be given as a total figure and broken down into its constituent parts, which would also help raise awareness of additional fees and charges, albeit only after they have been incurred.

What further material should be included with the statement?

71. Information about free debt advice and the Money Advice Service should be included with the statement.

What are the likely costs of this measure and how do they vary with the design of the remedy?

72. This will vary by method of distribution, and there are also likely to be some administrative costs for lenders related to collating the data by customer.

Remedy 5: Measures to increase the transparency of the role of lead generators

Is existing regulation sufficient to ensure that clear information is provided to customers on the relationship between brokers and lenders?

73. In our view, CONC 3.7.4 G (1) and (2), together with CONC 3.3.1 R(1), should be sufficient to ensure that clear information is provided to customers on the relationship between brokers and lenders.

74. At present, however, this regulation has not yet been fully implemented. When visiting a lead generator website, for example, it is far from clear that these are not in fact credit providers, nor is the relationship between brokers and lenders at all obvious. Their websites are extremely similar in design to those of payday lenders, including the 'sliders', and it is unrealistic to expect a consumer to be able to determine that these companies do not offer credit themselves.

75. We do not think that the case for greater regulation (such as strengthening) CONC 3.7.4 G (1) and (2) to rules) has yet been made. The focus at this point should be on better enforcement. The FCA is new to this area, and we believe that a thematic review of the credit broker market would be the appropriate next step – if this

concludes that existing powers are insufficient to ensure clear information is provided to customers this would be a suitable point to consider the further suggestions in this section.

Are there any additional compliance activities that the FCA should undertake?

76. A programme of enforcement of existing rules and guidance, together with a thematic review of the sector, should be the priorities at this stage.

We have no comment at this stage on questions e) to h) – see paragraph 76.

Should lenders be prohibited from selling or providing customer details to third parties?

77. We do not believe lenders should be prohibited from selling or providing customer details to third parties if they decline a customer's application for a loan. However, it is important that where this does happen customers are aware of this and are clearly given the choice to opt out, that they understand why the lender is passing on their details, and that the other lenders could be more expensive.

We have no comment at this stage on questions j) or k) – see paragraph 76.

We do not have any proposals for additional remedies for consideration at this stage.