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30 October 2014

Dear Matthew,

Response of MYJAR to the provisional decision on remedies published by the Competition and Markets Authority arising out of its inquiry into payday lending and published on 9 October 2014.

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TxtLoan Limited trades as MYJAR and it offers short-term loans of between £100 and £500 for periods of up to 18 days. The company operates exclusively in the UK.

We would comment on each of the provisional remedies as follows

- 1) Measures to promote the use of effective price comparison websites (PCWs)
 - a) Scope of products include on PCWs

We strongly support any measures that enable people seeking finance to get accurate and reliable information enabling them to be able to compare different types and sources of finance before they borrow. Our own website presents full details of our loans clearly with all late payment interest and charges simply and prominently displayed.

We have consistently raised concerns in our responses to this inquiry that by excluding overdrafts, credit cards and other short-term retail credit, its remit is too narrow. Most people seeking will be interested in a solution that meets their borrowing need rather than a particular product or provider.

Comment from consumer groups, most notably Which? and Citizens Advice highlights that bank account holders find it extremely difficult to understand and calculate the cost of overdrafts. Users of credit cards, especially those with introductory and balance transfer offers, often find themselves caught out by the introduction of unexpected fees and charges.

Most short-term credit users have access to a mix of overdrafts, credit cards and other retail finance, many of which are more expensive than payday loans. If the difficulties customers face in identifying the best-value loan and the difficulty of finding out the relevant information¹ act as an adverse effect on competition, it is inconsistent with the aims of the inquiry to mandate the establishment of PCWs that specifically exclude other products that may be suitable and provide best-value for them.

¹ CMA Payday lending market investigation – Provisions decision on remedies (Para 1.3 (a) page 12)

If the reason for the exclusion of a wider product suite from PCWs is that providers of these products choose to exclude certain groups of potential borrowers, this suggests that the remit of the inquiry and of its proposed remedies is too narrow.

b) Early repayment

One of the features proposed of inclusion in the PCW tables is that borrowers should be able to identify whether early repayment is possible and how this may affect the price of the loan. This is already a right under the Early Settlement Regulations so it need not be a feature of the PCWs.

c) Cost

This provision proposes to prohibit lenders from supplying payday loans to UK customers unless details of their products are published on at least one accredited PCW. It is anticipated that the cost of appearing on a PCW will be 'subject to agreement of reasonable commercial terms between the lender and website operator'². At present, commercial PCWs have not given prominence to payday loans, with information about specific loans only appearing after several screens highlighting the risks of borrowing. If few PCWs apply for accreditation by the FCA, this in itself will make the operation of these sites anti-competitive as far as the high cost short-term credit providers are concerned.

A further potential adverse effect on competition could be the refusal of PCWs to accept individual lenders onto their sites, thus preventing the lender from being allowed under these provisions to lend.

d) Information presented on PCWs

The provisions propose that details of late payment charges should be included in the information presented on PCWs. Additionally, costs related to sending payments and whether these are optional should be included.

2) A recommendation to the FCA to take steps to improve the disclosure of additional charges.

We believe that the FCA powers and the way that they have said that they will use them are sufficient and this remedy is therefore superfluous.

3) A recommendation to the FCA to work with lenders and other market participants to help customers shop around without unduly affecting their ability to access credit.

We are aware that the FCA is already actively engaged with the credit reference agencies and trade associations on the way that credit searches are being used and how well this process is working. We agree that this work should include the items detailed in this proposed remedy.

4) A recommendation to the FCA to take further steps to promote real-time data sharing between lenders.

This work is already well advanced between the FCA, credit reference agencies and trade associations. We believe that this proposed remedy is therefore superfluous.

² CMA Payday lending market investigation – Provisions decision on remedies (Figure 3.1page 23)

- 5) A requirement for lenders to provide existing customers with a summary of the cost of borrowing.

We agree that it is important that customers understand the cost of the loans that they are entering into and that they are able to review the overall cost of their historic borrowing from time to time. At MYJAR we provide all customers with a detailed statement at the repayment of each of their loans and this information remains available to them in their own account area on the website.

- a) Evidence of having received costs statement before taking a subsequent loan

We fully accept the need for customers to receive information about the cost they have incurred of loans taken but we do not believe that it is proportionate that customers should be obliged to confirm that they have reviewed the summary before they should be allowed to borrow. Such a provision does not exist in any other area of retail lending. Overdraft users are not required to confirm to their banks that they have reviewed their statements from time to time neither are credit card customers obliged to have read their monthly statement before their limit becomes available to them for the subsequent month. It is unfair and patronising to payday borrowers to require them to provide such confirmations.

Ease of use is important for users of all types of financial service. Requiring the ticking of a confirmation box that, in reality is not likely to mean anything more than the box has been ticked, seems pointless.

It is sufficient for lenders to provide customers with the required information, to remind the customers that it has been sent and is important and then to rely upon the customer to act appropriately. The most important information that the borrower is relying on at the time of taking a new loan is that the information about the loan they are about to take is fair, clear and complete.

- b) Provision of information about loans taken out during the last 12 months

We agree that customers find it helpful to receive a summary from time to time on the costs they have incurred. However, the requirement to provide this information on a preceding rolling 12 month period appears to be excessive. Similar information is not provided by other financial service providers other than annually. It would be more appropriate to provide customers similarly with an annual summary of the cost of their payday loans. To provide the information more frequently is unnecessary, could be confusing and appears to be patronising.

- 6) A recommendation to the FCA to take steps to increase transparency around the role of lead generators.

We support the proposed remedy to increase the transparency regarding the role of lead generators.