

Money Advice Trust response to the CMA's consultation paper on amendments to the price comparison website and the statement of borrowing remedies

Dear all

Thank you for the invitation to submit further comments on the consultation paper in relation to amendments to the price comparison website and the statement of borrowing remedies.

We do not intend to submit a formal response but would make the following comments.

In relation to the proposals on price comparison sites we still believe that one site should be set up that should be seen as completely independent from the payday industry and seen as providing impartial, accurate information.

Failing this, we suggest the FCA should take a particularly forensic look from a supervisory perspective at the price comparison sites that are set up under these proposals. As we have said before, this is particularly important given the recent concerns expressed over the lack of transparency regarding commercial arrangements by price comparison websites in the energy sector. There are concerns that the best deals are not being displayed for all consumers on all sites. We are pleased to see the CMA believes brokers should be excluded from the sites and only actual loan products included.

We believe that the following points we have previously raised are still relevant:

- It would appear that the price comparison website will be required to provide details of payday-type loans only. This would mean that the potential for consumers to access alternative sources of credit is restricted.
- We would reiterate that any accredited websites should also clearly display a strong health warning about the risks of payday lending with the FCA payday warning as a minimum and include clear signposting to sources of free, independent debt advice.

The paper also asks for comments on how the annual summary should function. We are unable to comment on whether amending the specification of the 12-month period would make a material impact on the costs of all lenders implementing the remedy. It is unclear to us whether borrowers would be particularly affected by how the 12 month period is defined. We think that the likely outcome is that borrowers will either not read or fully understand the information unless it is provided in a way that makes sense to them or is relevant to them at the time. We are not convinced that this will be the case with either scenario.

As we said in our previous response, unless there is information provided on alternative sources of credit such as credit unions, we are not convinced that this remedy will be particularly effective in dissuading people from taking out repeat payday type lending. The suggested remedy of requiring a link to a price comparison website within the summary will not be sufficient in our view. We suggest that it would be vital to include sources of free debt advice in the statements as finding an alternative source of credit is not usually the answer to dealing with an existing debt problem.

Please note, we are happy for this brief response to be made publically available.

Please feel free to contact us if you have any queries.

Money Advice Trust

9 January 2015