

Payday lending market investigation

Response to the CMA's consultation on amendments to the price comparison website and the statement of borrowing remedies from Welsh Trading Standards

We are supportive of the proposals that supplement the recent changes to payday lending brought in by the FCA, to the extent that they seek to enhance consumer information and choice in relation to payday loans, specifically by providing a means of comparison based upon the total amount payable. I.e. giving understandable information to consumers in order to base a quick decision upon.

In particular,

- We agree with the proposal not to create an accreditation scheme separate to FCA provisions and that the inclusion of the measure of part of their regime is more practical and consistent.
- Acknowledge that the requirements to be listed on a PCW are not mandatory for high street lenders, so there remains some scope for potential consumer vulnerability. However the statistics in relation to online loans are noted.
- We would agree with the FCAs view that the primary method of comparison should be by the total amount payable and not the total cost of credit.

In addition, it would seem that the major benefits lie with the use of PCW by consumers - is there any evidence on the uptake of such tools to demonstrate that these sites will indeed enhance consumer protection, combined with the likelihood that consumers who require short term high costs loans usually need them within a very short timescale? I.e. is it something that people will shop around for and have the time to compare?

Further, and a point of cautious concern; in the event that lenders lose their authorisation and the marketplace narrows, we do not want people falling victim to illegal moneylenders instead of mainstream credit or credit unions (which the use of is also stated to be declining).

13 January 2015