

Payday lending market investigation

Response to the provisional decision on remedies from MoneySuperMarket.com

We welcome your provisional decision on your payday loan market investigation published on 9th October.

We fully support your recommendation to encourage multiple commercial PCWs to operate in the payday comparison market. A competitive payday loan comparison market would lead to greater innovation which will help increase transparency of prices enabling people to shop around more effectively.

We also welcome your call for payday lenders to include a link to a portal listing one or more payday loan comparison sites. We agree with your findings that this will help ensure lenders do not link to sites where they feature more favourably in the comparison table.

For the proposed remedies to be effective there would need to be more than one payday loan comparison website. We would like to highlight two areas that may prevent PCWs from entering the payday loan comparison market. Both the Consumer Advisory rule and any accrediting scheme place prescriptive specifications on the PCW sector. This can stifle innovation, competition and discourages PCWs from seeking to provide payday loan comparisons.

Google

- We maintain our view that Google's Consumer Advisory rule discourages PCWs from providing payday loan comparisons. At the oral evidence session on the 23rd July we set out the significant costs involved in redeveloping our site to meet Google's specifications.
- We continue to be concerned that the specified changes to navigation of our site interrupts the user journey and could stop consumers from finding the best possible loan solution for their needs.

Accreditation

- We agree with your finding that PCWs must adhere to high standards, but have concerns over the introduction of an accreditation system. Accreditation of PCWs in the financial services sector is likely to place additional burdens on PCWs and could discourage innovation within the sector. Further, with transfer of responsibility of consumer credit regulation to the FCA, we expect that providing comparison services for payday loans will fall within the credit brokerage (as defined by CONC) and therefore such firms will be regulated by the FCA and will need to comply with High Level Standards, Business Standards and other relevant requirements of FCA rules.
- We would be happy to share our insight on raising standards without introducing increased regulation with you and the FCA.

Overall, we are encouraged by the package of remedies proposed and will continue to consider opportunities for MoneySuperMarket to enter this market to help consumers shop around and save money.

30 October 2014