Department for Business Innovation & Skills

MAKING CONSUMER CREDIT MARKETS FAIRER

BIS report on surveys of the payday lending good practice charter and codes of practice

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Executive Summary

In July 2012, the key payday lending trade associations, representing 90% of the UK payday lending market at the time, agreed to sign their member firms up to a series of new customer protections for consumers taking out a payday loan. The Payday Lending Good Practice Customer Charter and Addendum to Industry Codes of Practice containing these protections were implemented by lenders in November 2012 and a commitment was made to undertake a review of their effectiveness in Summer 2013.

To deliver this commitment, in July 2013 the Department for Business, Innovation and Skills (BIS) launched two surveys to test how well payday lenders have been complying with their customer charter and improved codes of practice. The surveys were targeted at payday lending customers and payday lending businesses respectively.

Over 4,000 consumers responded to the BIS consumer survey and 44 lenders responded to the BIS business survey, which both ran from 3 July to 14 August 2013. We are grateful to everyone who took the time to respond to the survey and to the many organisations from both the consumer and business communities who helped publicise the survey. Separately, Citizens Advice has been running their own consumer survey since November 2012 to assess whether lenders have been following the charter and codes. Citizens Advice survey responses received during the same time period as our survey have also been analysed and are referenced throughout this report.

The BIS surveys are intended to give an indication of how payday lenders are doing in meeting the key requirements of their customer charter and improved codes of practice. The surveys are a snap-shot of a moment in time, and are not intended to be a full analysis of the industry, nor indeed a complete analysis of their overall compliance. Rather, they aim to provide useful insights to Government, independent regulators and other interested parties about this industry and whether they are living up to the commitments they implemented in November 2012. The surveys are also intended to complement the wide body of evidence and research in this area as the regulation of the sector moves to the new independent Financial Conduct Authority (FCA).

Analysing both the BIS business and BIS consumer surveys together enables us to form a picture of how payday lenders have performed in meeting the requirements of the charter and the improved codes of practices. In summary, the key survey findings are that:

- ***Overall, compliance with the key provisions of the charter and codes of practice is not good enough***. On none of the key measures tested do consumers say that industry is complying fully.

- ***Consumers generally rated smaller lenders less well than larger lenders*** in living up to the requirements of the Charter and improved codes.

- ***Lenders' adherence with some key basic provisions was reasonably positive*** – 97% of customers were satisfied with the clarity on cost information provided by lenders.

- 46% of customers of small lenders said that ***lenders did not tell them what to do if they had a complaint***, in contrast to 23% of customers of large lenders.

- There was ***poor customer feedback on commitments relating to rollovers***. Nearly a quarter of customers reported lender pressure to extend their loan and only roughly half of consumers said the lender explained the risks of rolling over.

- The consumer survey also reported ***very poor customer feedback about the use of Continuous Payment Authority (CPA)*** – only 42% of small lender customers and 71% large lender customers said CPA was explained clearly to them – and even fewer numbers were told about the right to cancel or contacted three days before a CPA.

- Both surveys showed that ***there is still a long way to go in the lenders' treatment of customers in financial difficulty***. Lenders themselves reported that less than a third had any specific policies to avoid marketing to vulnerable consumer groups. The consumer survey found that a vast majority of both small and large lenders did not treat customers in difficulty sympathetically, did not freeze interest rates or charges for such customers and did not tell them about free sources of advice.

Overall, the results of the survey show that 9 months after the industry said they would comply fully with the charter and the improved codes of practice, self-regulation is not working effectively and compliance with key provisions is not good enough. Generally the results of the survey indicate that compliance with key basic provisions within the codes are the most positive, but lenders appear to fall down significantly in meeting the requirements of the Charter and the improved codes of practice overall in relation to rollovers, Continuous Payment Authority (CPA) and the treatment of customers in financial difficulty.

Introduction and Background

The Code and Charter

Following discussions with BIS, the four main trade associations representing the payday lending industry announced their Good Practice Customer Charter and the Addendum to Industry Codes of Practice (charter and code) in July 2012. These included important provisions to safeguard consumers such as: requiring lenders to explain how the loan works and the costs involved; increased transparency; more help for customers in financial difficulty; and robust affordability assessments. The trade associations committed their members to implementing the charter and improved codes of practice by November 2012. The text of the charter and addendum to the codes can be found at Annex A.

The Surveys

When the trade associations signed up to the customer charter and additions to their codes of practice, they agreed that "a review of the effectiveness of the Charter and this Addendum[1] will be undertaken in Summer 2013." In March 2013, the "Government response to the Bristol research on high cost credit" was issued. This re-emphasised the commitment to review in the summer whether lenders were meeting the standards they agreed to last year, saying "We will work with them [the trade associations] to ensure early results on the effectiveness of the industry's voluntary commitments." Following discussions with the trade associations, BIS decided to undertake two surveys, as a means of testing compliance with the charter and code, which would also complement existing research and survey work taking place.

Separately, Citizens Advice has been running a year long study to test lender compliance with the charter and code since their launch in November 2012. Payday loan customers have provided Citizens Advice with feedback through an online survey, questionnaires in bureau and face to face surveys on the high street. The survey was promoted widely through national media, consumer organisations and financial institutions.

Survey Design

The BIS surveys were designed to gain a better understanding of compliance with the payday lending charter and code from the perspectives of both business and consumers. The online survey service, survey monkey, was selected as a proportionate use of resources at this early stage in the research. While this approach has some disadvantages, notably that it does not provide any independent validation of business or consumer responses and the respondents may not adequately represent the experience of all payday lenders and customers, efforts were made to mitigate these. Firstly, we made a conscious drive to promote the surveys widely and maximise the survey responses, liaising closely with the business and consumer communities who were invaluable in increasing response rates to the survey and ensuring statistically significant numbers. Secondly, we undertook both consumer and business surveys in parallel to allow a comparison of responses and a counter check on validity.

[1] The changes agreed in 2012 are referred to as an Addendum as they complement existing codes of practice written by each of the 4 trade associations representing this industry.

The questions within the surveys covered every element of the charter and code that could be usefully tested via an online survey and excluded those parts that are within the remit of other monitoring authorities. For example, the code stipulates that lenders must comply with all relevant legal requirements. The recent OFT compliance review addressed this and so was not fully tested in the surveys.

In most cases there are questions to both consumers and businesses about each section of the charter and code. But in some cases the opinion of consumers was most relevant (such as on clarity of cost) or the length and design of the survey meant some questions were posed only to one side. For example, we tried not to fill the business survey with many Yes/No questions which could have hindered our ability to gain a real understanding of business compliance.

In developing the structure of our survey, we were also mindful of the need to complement the ongoing Citizens Advice survey on payday lending. Where appropriate and possible in this report, we have indicated the Citizen Advice survey responses to the same questions asked in our surveys. In an effort to make the results of the Citizens Advice comparable to our survey, only data collected during the period of our survey has been used. The results of both surveys can therefore be read together and a picture of the status of this industry formed across the whole spectrum of consumers. In some cases, there are differences in the responses to questions for both surveys. To a certain extent, we would anticipate this as we expect that our survey will have attracted responses from consumers from a broader spectrum of the population than the Citizens Advice survey. While the Citizens Advice survey has been widely promoted, consumers coming to the service with debt problems would be more inclined to provide their feedback to Citizens Advice on payday loans, and this may help explain some of the differences in responses between the two surveys where these exist.

Responses

There were over 4140 consumer survey responses (4008 were useable[2]) and 44 business responses. Some respondents chose not to answer all questions and some questions were not applicable to all, so sample counts for questions vary. The Citizens Advice survey had 600 responses over the period. Some questions were not applicable to all respondents, so will have smaller sample counts. Also, over the survey period, the Citizens Advice survey added questions to their survey on rolled over loans and continuous payments authority, so the sample size for these questions is lower.

In order to draw out conclusions from the results of the surveys, we have made a number of assumptions:

- Firstly, responses to the surveys have been categorised into good, fair, poor and very poor evidence of compliance with the code and charter. A short explanation of the categorisation used is at Annex B. As mentioned above, no measure achieved 100% compliance. Good compliance was defined as at least 90% respondents providing an answer consistent with the charter and codes. Fair compliance was anywhere from 75% to 90% compliance. Poor compliance was defined as between 45% and 74% of respondents providing a compliant answer and very poor compliance was where less than 45% answered in a compliant manner.

[2] 132 consumer responses had to be discounted because they failed to answer any part of the questionnaire or the information they provided was not credible.

- Secondly, in the customer survey, payday lending businesses have been categorised as either large or small businesses. Large businesses were the 3 largest as defined by the Competition Commission in 2013, “The three largest firms are Wonga (wonga.com), Cash America (Pounds to Pocket and Quickquid) and Dollar Financial Corp (Paydayuk and The Money Shop)”. In the business survey, it was possible to categorise the responses in to micro business (fewer than 10 employees) and larger businesses (10 employees and above).

- It is important to note that in some cases we had to use a degree of judgement in interpreting the level of compliance, based on responses to the survey. This was particularly the case for the survey of lenders, where we asked some more open-ended questions. To ensure information was interpreted in a consistent and balanced way, criteria for compliance were created internally by BIS analysts. The data was then analysed and a broad range of opinion was sought when analysing data and reaching conclusions. Non response to a question was treated as non compliance with the code and charter. We have set out in Annex B those areas where we have made a judgement on compliance.

The results of our analysis are in the next section of this report.

Survey Results

This section provides a descriptive summary of the survey results testing compliance in relation to each part of the code and charter. A table setting out specific responses to each question posed is at Annex B.

1. Clarity of cost and basic information

The Code and the Charter say: lenders should a) provide clear information about how the loan works b) explain how they will communicate with their customers and how their customers can contact them and c) explain how to complain if there is a problem and should signpost customers to sources of free and independent debt advice.

Our survey asked: payday lending customers a) whether the lender made it clear how much it would cost in total to repay the loan b) whether it was easy to contact the lender after taking out the loan and c) whether the lender told them what to do if they had a complaint.

Our survey found that in relation to:

a) information on cost; overall, there appeared to be good clarity of cost information for the initial loan for customers of both large and small lenders with 97% of customers saying that the lender made the cost clear. However, the survey responses indicate that compliance dropped to fair for smaller lenders, with 13% of smaller lenders not making clear the cost of repaying the loan.

b) information on contact; overall 12% of customers did not find it easy to contact their lender after they had taken out their loan, dropping to 26% for smaller lenders.

c) information on complaints; clarity on how to complain fair overall, but dropped significantly for smaller lenders, with 46% of customers reporting that the lender did not tell them what to do if they had a complaint.

In conclusion: overall our survey indicated that compliance with provisions relating to cost and contact information was good for helping the consumer understand how much their loan cost, and fair elsewhere. Small lenders fell down on all these measures compared to larger lenders, with the survey implying fair or poor compliance

Citizen Advice survey results

In this area, the Citizens Advice survey asked identical questions and found broadly similar results for information on cost with 80% of respondents agreeing that the lender made the cost clear. However, the questions on ease of contacting the lender and whether or not the lender told the customer how to complain differed from the BIS survey, and imply higher levels of non compliance with the charter and code.

2. Act fairly: lending to new or existing customers

The Code says: lenders should a) act fairly, reasonably and responsibly in all their dealings with the customer b) comply with all relevant legal requirements and have regard to relevant guidance produced by the OFT and c) make sure all advertising and promotional material is clear and fair and complies with relevant regulation.

Our survey asked lenders whether they take any steps to ensure that their marketing does not target financially vulnerable or credit impaired people, and if so, what these measures are.

Our survey found that only 28% of lenders gave the impression of being compliant reporting that they had in place a marketing policy or legal check on their customer profile. However 23% seemed to indicate they were not complying, either because they did not respond to the question or because they made no direct reference to their marketing policy. For a majority of lender responses (51%) the business survey implied that compliance was ambiguous and it was not clear to BIS whether their approach was compliant or not, for example, because they stated that eligibility for loans was clear on the adverts (without explaining who was eligible) or because they said that their adverts were aimed at the general population.

In conclusion there was a mixed response as to whether lenders set out what steps they take to ensure that their marketing does not target financially vulnerable consumers. Around half of the lender responses appeared ambiguous in their compliance and less than a third stated that they had a legal check on marketing or a specific marketing policy to avoid vulnerable consumer groups.

Citizen Advice survey results

The Citizens Advice survey did not ask questions of lenders so there are no comparable findings.

3. Extending the term of your loan

The Code says: lenders should a) not pressurise customers to extend their loan b) only consider extending the loan if the customer asks to do so and after the lender has reminded the customer the risks of doing so c) carry out an affordability assessment before the loan is extended d) clearly explain the costs of extending the loan and e) tell the customer if there is a limit on the number of times the loan can be extended.

Our survey asked payday lending customers whether a) they had extended their loan b) the lender let them make the decision to extend without pressure c) the lender told them about the risk of extending the loan d) the lender checked their finances before agreeing to an extension e) the lender made it clear how much it would cost to extend the loan and f) explained whether there was a limit to the number of extensions. Our survey also asked lenders a) what steps they take to ensure customers don't feel pressurised into extending their loan and b) whether they have a limit on the number of times a loan can be rolled over.

Our survey found that 15% of large lender customers and 36% of small lender customers said that they had rolled over their loan. In relation to:

a) <u>pressure to rollover the loan</u>: Overall, nearly a quarter of customers indicated that they were put under pressure to extent their loan, with this number rising to 39% for customers of smaller lenders. Lender responses were broadly similar, with only 60% indicating that they definitely complied with these provisions.

b) <u>risks of extending the loan</u>: only around half of consumers of both small (42%) and large (58%) lenders said that the lender explained the risks of the rollover indicating poor compliance with this provision overall, and very poor in the case of smaller lenders.

c) <u>check on finances / affordability</u>: the consumer survey gave the impression of very poor compliance with these provisions overall, with over 60% of customers saying that the lender did not appear to check the customers' finances or general situation to see if they could afford the rollover (although we should note that a customer would not necessarily know if the lender had done this). In comparison 69% of businesses said that they did do an affordability check each time a loan was rolled over.

d) <u>clarity of costs</u>: responses on clarity of cost information were significantly worse than those stated for the initial loan. Only 82% of customers of large lenders and 58% of small lenders said that the lender make the cost clear.

e) <u>number of rollovers</u>: Consumer responses to the survey indicated that compliance with information on the number of rollovers allowed was better for large lenders (60%) than it was for small lenders (36%) although overall the impression of compliance was poor. This contrasted with lender responses with over 86% of lenders stating they had a limit on the number of times a rollover was allowed, which could imply that lenders were not as effective as they could be in communicating this to their customers. This result did not vary significantly by firm size.

In conclusion the consumer survey indicates that compliance with rollover provisions within the code was mixed, but not good in any of the provisions tested. Lenders were found to have fair compliance in not putting customers under pressure to roll over loans. However, consumers said that they were commonly not told the risks of rollovers and there appeared to be very little checking of affordability. Customers were also less likely to be sure of the cost of the roll over than for the first loan and many did not know the limits to the number of rollovers. All these findings were significantly worse for smaller lenders. Lenders reported that many took specific steps to ensure customers are not pressurised into taking out a loan and undertook an affordability assessment for each rollover. A majority also said they had a limit on the number of rollovers. Nether the less, lenders own assessments here put compliance at fair at best.

Citizen Advice survey results

Higher levels of non compliance were reported in the Citizens Advice survey, where equivalent questions were asked. In particular on pressure to extend the loan and clarity of costs the Citizens Advice survey indicated very poor levels of compliance with less than 40% of respondents feeling unpressured and clear on costs. In contrast, the BIS survey found overall fair compliance with the code and charter in this area (poor for small lenders). This may be explained by the higher levels of rolled over loans reported in the Citizens Advice survey, 68% compared to 17% in the BIS survey.

4. Robust credit assessments

The Code and the Charter say: lenders should a) tell customers that a payday or short-term loan should be used for short-term financial needs only b) check whether the loan is suitable for the customer c) make sure that all loan applications go through a sound, proper and appropriate affordability assessment. The codes also ask that lenders explain how they make their decision if a customer asks and that lenders will not provide a loan if the consumer has said they are in financial difficulty.

Our survey asked payday lending customers whether the lender a) made clear that a payday loan was not for long term borrowing or if a customer is in financial difficulty b) checked the customer's personal finances and c) asked the customer to provide documents about their personal finances. Our survey also asked lenders whether a) they regularly conduct affordability assessments and b) if they do, what information about the customer they use to conduct the assessment.

Our survey found that in relation to:

a) information on length of loan: according to consumer responses, the survey implies that the vast majority of larger lenders (90%) and smaller lenders (72%) are living up their commitments to inform customers that a payday loan is for short term use.

b) robust affordability assessments: 100% of lenders stated that they regularly undertook affordability assessments for all new loans and for all new customers. However, the consumer survey painted a different picture with consumers reporting fair compliance for customers of large lenders (82%) and poor compliance for customers of smaller lenders (67%). And most customers (over 70% for large and small lenders) said that lenders did not ask them for documents to check their finances (although this does not necessarily imply that lenders were not compliant with the code here as there may use other means of assessing the customers' ability of repaying the loan).

In conclusion for large lenders, the survey gave an impression of good compliance in terms of informing consumers that a payday loan is for short term use (fair for smaller lenders). Compliance was fair for large lenders in relation to checking personal finances for affordability, dropping to very poor for smaller lenders. In contrast, lender responses suggested that they were 100% compliant on affordability assessments.

Citizen Advice survey results

In this area, the payday lending customers survey by Citizens Advice reported very poor compliance across all categories, with 44% of respondents stating lenders made them aware that a payday loan was not for long term borrowing. On affordability checks 42% of customers reported that the lender checked their personal finances and only 13% of respondents stated that the lender asked for documents but as with the BIS survey this does not prove non compliance with the code as lenders may use other means of assessing the customers' ability to repay the loan. It should also be noted that carrying out a credit assessment does not necessarily prevent a lender making an irresponsible lending decision.

5. Increased transparency on loan repayments and continuous payment authority (CPA)

The Code says: lenders should a) explain clearly how CPA works and how payments will be deducted from the customers' bank account b) make clear to customers their rights to cancel a CPA c) always notify the customer at least 3 days before attempting to recover payment using CPA d) send the customer regular reminders when CPA is being used.

Our survey asked payday lending customers whether the lender a) made it clear how to repay the loan and how CPA works b) explain how to cancel CPA c) contact the customer at least 3 days before taking out payments via CPA d) sent the customer reminders that CPA was being used. The survey also asked payday lenders a) how they explain CPA to their customers b) how many days notice they give the customer before recovering payment and c) whether they provide updates to customers when CPA is being used.

Our survey found that in relation to:

a) clarity of repayment: consumers said that they were, in the main, clear about how to repay their payday loans reporting that 98% of large lenders and 87% of small lenders made this clear. However, only 28% of consumers said that they paid via CPA. Such a small proportion paying via CPA appears very unlikely as at least one of the biggest lenders only accepts payment via CPA. This may show an element of latent confusion amongst consumers about how they are repaying.

b) explanation of CPA: only 42% of small lender customers and 71% of large lender customers said CPA was clearly explained to them and even fewer numbers were told about the right to cancel (only 26% of small and 46% of large lender customers) indicating that large lenders had poor compliance with these provisions and smaller lenders had very poor compliance. Lenders, however, reported that an explanation of CPA was available to customers in 81% of cases, assessing their own compliance here as fair.

c) Contact when using CPA: with 78% of large lender customers and 65% of small lender customers saying that they were contacted 3 days before a CPA was used, the survey results indicated that compliance with this element of the code was fair for large lenders and poor for smaller lenders. Lenders, however, assessed their own compliance with these provisions as good. Customers reported that they were sent additional, regular reminders about CPA in less than half of cases, making compliance here very poor, whereas lenders here said they complied in 87% of cases.

In conclusion the customer survey shows a lack of clarity amongst most customers about CPA, their right to cancel and its use, especially amongst small lender customers with the survey indicating that compliance is poor or below for nearly all the provisions in this area. Lender reporting of their own compliance is far more positive reporting across the board at least fair compliance on all provisions tested.

Citizen Advice survey results

The Citizens Advice survey found similar to the BIS consumer survey. The majority of respondents (83%) felt the lender made it clear to them how they would repay the loan but when asked in what format repayment would take an identical proportion did not know whether it would be via Direct Debit or CPA. However, unlike the BIS surveys the Citizens Advice respondent reported poorer compliance over contacting customers when payments would be taken. Citizens Advice has also undertaken further in-depth analysis of continuous payment authority which reinforces these conclusions[3].

6. Help for customers in financial difficulty

The Code says: lenders should a) deal with customers sympathetically and positively b) freeze interest and charges in certain circumstances c) provide the customer with breathing space if they are trying to agree a repayment plan d) tell the customer about free and independent debt advice e) not allow further borrowing until all outstanding loans have been repaid f) deal with people whom the customer has asked to act on their behalf.

Our survey asked payday lending customers whether the lender a) dealt with them positively and sympathetically b) offered to freeze interests and charges if they had a repayment plan and c) tell them about free and independent debt advice. We also asked lenders a) what they do to treat those customers in financial difficulty positively and sympathetically b) what, if any steps do they take to help customers in financial difficulty manage the debt they owe c) how long they wait before attempting to recover money owed from customers in financial difficulty and d) whether they allow a customer to nominate a representative to act on their behalf.

Our survey found that in relation to:

a) dealing with customers sympathetically: consumers overwhelmingly said that the lender did not do this, with 72% saying overall they were not dealt with sympathetically and positively placing compliance with this provision firmly as very poor for both large and small lenders. In contrast 84% of lenders said they had some form of measures in place to deal with customers sympathetically.

b) freeze on interest and charges: Customers reported that in 4 out of 5 cases, they were not offered a freeze on interest and charges if they had a repayment plan. In contrast 97% of lenders overall said that they did this.

c) provision of “breathing space”: Although not tested in the consumer survey, lender responses on the question as to whether they initially allow breathing space and, if so, then allow for an extension to a “breathing space” showed that nearly 2/3rds were non-compliant for the former dropping to ¾ in the case of providing extensions.

d) information on debt advice: 86% of customers overall reported that they were not told about free and independent debt advice, again making compliance with this provision very poor. In contrast, 93% of lenders said that they did refer their customers to debt advice where appropriate. The differences in responses for large and small lenders were marginal.

e) further borrowing: 96% of lenders overall reported that they would not offer customers a new loan until all outstanding loans had been repaid and there was little difference in responses from large and small lenders. In contrast, over half of lenders overall said that they would allow their customers to extend the terms of their existing loan if they were in financial difficulty. This figure increased to nearly 70% for small lenders and was significantly smaller (33%) for large lenders.

[3] More information on this citizen’s advice work can be found at: http://www.citizensadvice.org.uk/index/pressoffice/press_index/press_office-newpage-20130903.htm .

f) nomination of representative: 97% of lenders said that they would allow a customer to nominate a representative to deal with them.

In conclusion according to the consumer survey, and in relation to customers in financial difficulty, both large and small lenders appear non-compliant for sympathy, offering to freeze interest and charges (if customer had a repayment plan) and telling customers about debt counselling. However, on each of these measures, lenders own responses indicated that they were compliant. When questioned about allowing a breathing space, and loan extensions, lenders gave the impression of being non compliant on both. Small lenders in particular, overall, appeared to struggle with compliance with these measures.

Citizen Advice survey results

The Citizens Advice customer survey reported broadly similar results to the BIS survey in dealing with customers sympathetically, providing information on free debt advice and offering to freeze interest and charges. Only 17% of customers who had problems repaying their loan reported that their lender dealt with them sympathetically, ten per cent said they were informed of the availability of debt advice and 15% of respondents said their lender offered to freeze interest and charges if an affordable repayment plan was agreed.

7. Other

We are also able to make a number of general conclusions in relation to the responses:

- Firstly, there was a strong variation in consumer responses for small compared to large lenders (small usually appeared less compliant than large). But, for business responses, there was almost no variation in response by small or large business except for one question, shown below.

Consumer survey Q17. If the customer is in financial difficulty do you allow them to extend the term of an existing loan?			
	Overall	**Micro business**	**10+ employees**
Yes	52%	69%	33%
No	48%	31%	67%

- Secondly, there was no significant variation by consumer characteristics such as low income, sex or age. For example a breakdown by age, sex and low income for the two questions on whether the lender made it clear how much the loan would cost to repay and how repayment would be made are shown below.

Consumer survey Q4. Did the lender make it clear how much it would cost you in total to repay loan?						
	Overall	**Male**	**Female**	**Income: Less than £15,000 pa**	**Over 35 years of age**	**35 or younger**
Yes	97%	98%	98%	96%	98%	96%
No	3%	2%	2%	4%	2%	4%

Consumer survey Q8. Did the lender make it clear how you would repay the loan?						
	Overall	**Male**	**Female**	**Income: Less than £15,000 pa**	**Over 35 years of age**	**35 or younger**
Yes	97%	97%	98%	96%	99%	95%
No	3%	3%	2%	4%	1%	5%

- In relation to two questions which were outside the specific scope of providing an impression of the compliance with the payday lending codes, the survey responses to the consumer survey found that only 11% of consumers had a problem repaying the loan and only 16% rolled over the loan.

- Finally in the business survey it was possible to analyse responses by trade association membership. In the majority of cases which trade association the lender belonged to made no difference to the compliance findings, but in a few cases the compliance varied across trade associations. A breakdown of the responses by trade association and the key differences from the main results are shown below.

Business survey Responses stated membership[4]				
	FLA	BCCA	CCTA	CFA
Count	1	19	25	11
Percentage of respondents	2%	43%	57%	25%

Business survey Q8. Do you use continuous payment authority to recover payments?[5]				
	Overall	BCCA	CCTA	CFA
Yes	82.5%	76.5%	86%	100%
No	17.5%	23.5%	14%	0%

Business survey Q11. Do you provide updates to customers when the CPA is being used?[4]				
	Overall	BCCA	CCTA	CFA
Yes	87.5%	92%	78%	100%
No	17.5%	8%	22%	0%

[4] Several lenders stated membership of multiple trade associations and so the number do not sum to 44.
[5] To protect confidentiality of respondents the analysis of responses by trade association does not include the one FLA member.

Business survey				
Q17. If the customer is in financial difficulty do you take any steps to help them manage the debt they owe? If so, what steps do you take?[4]				
Allow them to extend the term of the existing loan?				
	Overall	**BCCA**	**CCTA**	**CFA**
Yes	52%	33%	72%	25%
No	48%	67%	28%	75%

Annex A: Text of Payday Lending Code and Charter

ADDENDUM TO INDUSTRY CODES OF PRACTICE

Payday and Short-term Loans

DELIVERING NEW CONSUMER PROTECTIONS

On 24 May 2012, the Consumer Finance Association, the Consumer Credit Trade Association, the BCCA and the Finance & Leasing Association agreed to a series of new consumer protections for customers taking out a payday or short-term loan.

This Addendum sets out the enhanced consumer protections for payday and short-term loan customers and sits within or alongside the trade associations' existing Codes of Practice. **The new standards in this Addendum will be implemented by 26 November 2012.**

A payday or other short-term loan is an agreement allowing you to borrow a small amount of money (usually between £50 and £1,000) and then repay it over a short period (typically one or two months).

ADDENDUM TO INDUSTRY CODES OF PRACTICE

Payday and Short-term Loans

Key Commitments

1. A Good Practice Customer Charter setting out in a clear, concise and user-friendly format what customers of payday and short-term loans should expect from their lender.

This Charter will:

- highlight lenders' key commitments to customers, including to provide clear information about how the loan works, the price per £100 borrowed as well as the APR, and charges for extending the term of the loan ('rolling over') and default;
- explain how lenders will communicate with customers and how customers can contact them;
- explain how they assess if customers can afford a loan; and
- explain how to complain if there is a problem and signpost customers to sources of free and independent debt advice and relevant helplines.

The Charter was published on 25 July 2012 and it sits alongside each trade association's individual Codes of Practice and as part of this Addendum. Copies of the Charter must be easily accessible to consumers via lenders' websites or at their business premises (where appropriate).

2. Lending to new or existing customers

In addition to the key commitments set out in the Good Practice Charter, lenders will:

- Act fairly, reasonably and responsibly in all their dealings with the customer.
- Comply with all relevant legal requirements and have regard to relevant guidance produced by the Office of Fair Trading, including for example their guidance on irresponsible lending.
- Make sure all advertising and promotional material is clear, fair, not misleading and complies with relevant advertising regulation.
- Tell customers the full name and contact details of the company providing the loan.

Lenders will not pressurise customers into taking out a payday or short-term loan.

3. Extending the term of your loan ('rollovers')

Lenders will:

- Not pressurise customers to extend the amount owed for another term.
- Only consider extending ('rolling over') the term of the loan if the customer asks and after the lender has reminded the customer of the risks of extending a short term loan. If the customer is in financial difficulties, they should let the lender know as soon as possible and the lender can explore new arrangements with the customer for paying off the debt.
- Carry out a sound, proper and appropriate affordability assessment before the term of the loan is extended.
- Clearly explain any additional costs of extending the term of the loan and require the customer to repay any fees, charges and interest before the term of the loan is extended.
- Tell the customer if there is a limit on the number of times a loan might be extended.

Payday and Short-term Loans

Key Commitments

4. Robust credit assessments

As responsible lenders, we will:

> Tell customers that a payday or short-term loan should be used for short-term financial needs and is not appropriate for long-term borrowing or if the customer is in financial difficulties.(1)

> Check whether the loan is suitable for the customer, taking account of their circumstances.

> Make sure that all loan applications go through a sound, proper and appropriate affordability assessment and credit vetting which includes the customer's ability to repay the loan in a sustainable manner. This assessment may look at a combination of:

- the amount of credit requested;
- income;
- age;
- the ability to repay the loan in a sustainable manner;
- how financial affairs have been handled in the past;
- information from credit reference agencies;
- the customer's personal circumstances and any changes in the future the customer has told the lender about;
- the results of credit assessment techniques: for example, credit scoring; and
- information supplied by the customer, including proof of identity.

The lender will explain in general terms what types of information are considered in making a decision, if the customer asks for this.

The lender will not provide a payday or short-term loan if the customer has told the lender they are in financial difficulties or the credit assessment indicates that the loan would not be repaid in a sustainable manner.

5. Increased transparency about loan repayments to help customers make better informed decisions and making sure that continuous payment authority is not used inappropriately for those in financial difficulty.

Lenders will:

> Explain clearly how continuous payment authority works and how payments (including the possibility of part-payments) will be deducted from the customer's bank account. This will help the customer decide whether this type of repayment is acceptable to them before they take out the loan.(2)

> Make clear to the customer their rights to cancel a continuous payment authority before they take out a loan. The lender will remind the customer that if they cancel, they will still owe any outstanding debt and will need to provide an alternative method of repayment on the due date to avoid going into default. The lender will give the customer a contact point should they want to cancel the payment authority directly with the lender.

> Always notify the customer by email, text or phone at least 3 days(3) before attempting to recover payment using continuous payment authority on the due date. This notice will ask the customer to contact the lender if they are in financial difficulty and cannot repay.

> Send the customer further regular reminders when a continuous payment authority is being used and where they have not made repayment on the due date. These reminders will include a contact point so the customer can tell the lender if they are experiencing repayment problems or if they want to cancel the payment authority.

> Repay any amounts the lender has taken via the continuous payment authority where this has caused the customer to get into financial difficulty, and they have told the lender about this.

(1) (2) This information will be included in the lender's adequate explanation under section 55A (2) of the Consumer Credit Act 1974

(3) Where contact is being made by telephone, this timeframe will be influenced by the customer actually receiving the call

Payday and Short-term Loans

Key Commitments

6. Help for customers in financial difficulty

If the customer is in financial difficulty, lenders will:

> Deal with the customer sympathetically and positively and do what they can to help the customer manage what they owe. This may include making new arrangements about how the customer will pay off the debt. In doing so, the lender will consider other debts owed.

> Freeze interest and charges if the customer makes repayments under a reasonable repayment plan or after a maximum of 60 days of non-payment.

> Not contact the customer or take any action to recover the money owed for 30 days, if the customer is making a genuine effort to agree a repayment plan using either a debt-counselling organisation or a 'self-help' approach (for example, the customer is suggesting a repayment plan). If the customer or their adviser provide the lender with clear evidence that real progress is being made in reaching a repayment plan, but work has not yet concluded, the lender will extend this 'breathing space' for an additional 30 days.

> Tell the customer about free and independent debt-counselling organisations. These include: Citizens Advice, the Consumer Credit Counselling Service, National Debtline or the Money Advice Service.

> Not allow you to borrow further from the lender until all outstanding loans with the lender have been repaid.

> Deal with people whom the customer has asked to act on their behalf, with the customer's authority, unless those people behave unreasonably.

7. Data protection and marketing

Lenders will:

> Follow all relevant privacy and data protection law.

> Not reveal information they hold about the customer unless:

- they have the customer's permission to do so;
- they have to by law;
- they have a public duty to do so; or
- there is a good reason for the lender to do so (for example, legal reasons such as fraud).

> Not specifically target their marketing on groups of people known to be financially vulnerable or credit-impaired.

8. Effective compliance monitoring

Lenders are committed to complying with the Good Practice Customer Charter for Payday and Short-term Loans and this Addendum.

Lenders will provide an annual statement of compliance to their trade association and lenders will also be subject to periodic independent compliance visits.

Failure to comply with the Charter and this Addendum could result in lenders being subject to:

> Written warnings, or

> Recommendations as to future conduct.

Continued overleaf >

Key Commitments

The most serious punishment for not keeping to the Charter and Addendum would be expulsion from the trade association.

Quarterly meetings will be held between the Office of Fair Trading and the trade associations to discuss areas of concern in the payday and short-term credit markets and potential solutions.

The trade associations will also meet quarterly with consumer groups to discuss market practice.

9. Rigorous complaints procedures

When the customer takes out a loan, the lender will tell them about their complaints-handling procedure. Lenders will do this:

- in writing – at or immediately after the point of sale;
- by giving the customer a copy of it, if asked to do so; and
- by giving the customer a copy of it, if they send us a complaint.

This information will also be available on the lender's website or at their business premises, where appropriate.

If the customer wants to make a complaint, they should contact the lender first using their complaints procedure. The lender will acknowledge the complaint within five days of it being received by the lender's Complaints Department. If the lender needs to investigate the complaint further to respond fully, the lender will tell the customer and keep them regularly updated.

If the customer wants to make a complaint to the trade association about the lender's conduct under the Charter or this Addendum, the lender will give the customer their contact details. As a first step, the trade association will refer the complaint to the lender's Chief Executive (or a nominated representative) who will make sure the lender investigates it and send a response to the customer.

If the customer is still not satisfied, the trade association will try to help the customer reach an agreement up to the time the matter is resolved. The customer may also refer the complaint to the Financial Ombudsman Service and the lender will give the customer their details.

Further information on how we deal with complaints is available in the industry Codes of Practice.

10. Updates and twelve month review

A review of the effectiveness of the Charter and this Addendum will be undertaken in Summer 2013.

Before then, the trade associations may amend or add to the Charter and Addendum in order to respond effectively to any recommendations which emerge from the Office of Fair Trading following their review of payday lending compliance and consultation on the misuse of Continuous Payment Authority, as well as industry discussions on continuous payment authority.

Further Information

If you want more information about this Charter and the new rights and protections for customers it contains, you can find this at:
Consumer Finance Association www.cfa-uk.co.uk
Consumer Credit Trade Association www.ccta.co.uk
BCCA www.bcca.co.uk
Finance & Leasing Association www.lendingcode.org.uk

GOOD PRACTICE CUSTOMER CHARTER

Payday and Short-term Loans

This Charter is for customers who have or who are considering applying for a payday or short-term loan with a lender who is a member of the Consumer Finance Association, the Consumer Credit Trade Association, the BCCA, or the Finance & Leasing Association. It will be implemented by 26 November 2012.

This Charter gives customers enhanced protections when taking out a payday or short-term loan. Copies of this Charter are available on our website or at our business premises (where appropriate).

A payday or other short-term loan is an agreement allowing you to borrow a small amount of money (usually between £50 and £1,000) and then repay it over a short period (typically one or two months).

BCCA

CCTA CONSUMER CREDIT TRADE ASSOCIATION

CFA Consumer Finance Association

FLA

GOOD PRACTICE
CUSTOMER CHARTER

Payday and Short-term Loans

Keeping to this Charter

We are committed to complying with this Charter and we will be independently monitored to make sure that we do so.

Key Commitments by Lenders

When providing payday or short-term loans, we will:

- Act fairly, reasonably and responsibly in all our dealings with you.
- Not pressurise you to enter into any loan agreement or to extend ('roll over') the term of your existing loan agreement.
- Tell you that a payday or short-term loan should be used for short-term financial needs and is not appropriate for long-term borrowing or if you are in financial difficulty.
- Tell you how the loan works and the total cost of the loan (including an example of the price for each £100 borrowed, together with fees and charges) before you apply.
- Check whether the loan is suitable for you taking account of your circumstances.
- Carry out a sound, proper and appropriate affordability assessment and credit vetting for each loan application and before the loan is extended (rolled over), to check you can afford the loan.
- Explain in general terms what types of information we will consider in making a decision, if you ask us to.
- Explain how we will communicate with you during the term of the loan, how payments will be deducted from your bank account and how you can contact us by phone, email or online.
- Set out clearly how continuous payment authority works (if we use it) and your rights to cancel this authority, so you can decide if this type of repayment is acceptable to you. We will remind you that if you cancel, you will still owe any outstanding debt and will need to provide an alternative method of repayment on the due date to avoid going into default.
- Always notify you by email, text, letter or phone at least 3 days(1) before attempting to recover payment using continuous payment authority on the due date. This notice will ask you to contact us if you are in financial difficulty and cannot repay.

If you are having problems repaying your loan, we will:

- Deal with cases of financial difficulty sympathetically and positively and do what we can to help you manage what you owe.
- Freeze interest and charges if you make repayments under a reasonable repayment plan or after a maximum of 60 days of non-payment.
- Tell you about free and independent debt-counselling organisations who can also help you. For example:

  Citizens Advice
  www.adviceguide.org.uk
  To find your local office, look in your phone book

  Consumer Credit Counselling Service
  www.cccs.co.uk
  0800 138 1111

  National Debtline
  www.nationaldebtline.co.uk
  0808 808 4000

  Money Advice Service
  www.moneyadviceservice.org.uk
  0300 500 5000

If you want to make a complaint, we will:

- Tell you about our complaints-handling procedure when you take out a loan or whenever you ask us to. We will also include details about our complaints procedure on our website or make them available at our business premises (where appropriate).
- You may be able to refer your complaint to the Financial Ombudsman Service at:
  www.financial-ombudsman.org.uk
  0800 023 4567

Further Information

If you want more information about this Charter and the new rights and protections for customers it contains, you can find this at:

Consumer Finance Association www.cfa-uk.co.uk
Consumer Credit Trade Association www.ccta.co.uk
BCCA www.bcca.co.uk
Finance & Leasing Association www.lendingcode.org.uk

(1) Where contact is being made by telephone, this timeframe will be influenced by the customer actually receiving the call

Annex B: Tables of Responses

The following tables show the questions asked for each section of the code analysed in section 3 above, shows whether these questions were asked in the consumer, business survey or in both, sets out the responses to the questions, and where relevant, shows the BIS analysis of these responses.

Key: (Percentage of Yes responses)

Good compliance (90% and above)

Fair compliance (75% - 89%)

Poor compliance (45% - 74%)

Very poor compliance (44% or below)

1. Clarity of cost and basic information

Consumer survey	Business survey
Q4. Did the lender make it clear how much it would cost you in total to repay the loan? Customers of small lenders 87% Customers of big lenders 98% Overall 97%	Not tested

Consumer survey	Business survey
Q15. After taking out the loan was it easy to contact the lender? Customers of small lenders 74% Customers of big lenders 89% Overall 88%	Not tested

Consumer survey	Business survey
Q14. Did the lender tell you what to do if you had a complaint? Customers of small lenders - 54% Customers of big lenders - 77% Overall 75%	Not tested

Citizens Advice Survey

Proportion of respondents who reported 'Yes'
Did the lender make it clear how much it would cost you in total to repay the loan?
Overall - 80%
After taking out the loan was it easy to contact the lender?
Overall - 49%
Did the lender tell you what to do if you had a complaint?
Overall - 24%

2. Act fairly – not to target vulnerable of financially impaired

Consumer Survey	Business Survey
Not tested	Q6. Do you take any steps to ensure that your marketing does not target financially vulnerable or credit impaired people? If so what are they?
	Compliant 28% Not compliant 23% Ambiguous 49%

Citizens Advice Survey

3. Extending the term of the loan

Consumer survey	Business survey
Q16. Did you roll over the loan? Customers of small lenders - 36% Customers of big lenders - 15% Overall - 17%	Not tested

Consumer Survey	Business Survey
Q21. Did the lender let you make the decision to extend the loan without pressurising you? Customers of small lenders - 61% Customers of big lenders - 79% Overall - 76%	Q15. What steps do you take to ensure customers don't feel pressurised into extending their loan? Compliant 60% Not compliant 2% Ambiguous 38%

Consumer survey	Business survey
Q22. Did the lender tell you about the risks of extending the loan? Customers of small lenders - 42% Customers of big lenders - 58% Overall - 55%	Not tested

Consumer survey	Business survey
Q24. Did the lender check your personal finances and general situation to see if you were able to pay back an extended/rollover loan? Customers of small lenders - 25% Customers of big lenders - 40% Overall - 38%	Not tested

Consumer survey	Business survey
Q23. Did the lender make it clear how much it would cost you to extend/rollover the loan? Customers of small lenders - 58% Customers of big lenders - 82% Overall - 78%	Not tested

Consumer survey	Business Survey
Q25. Did the lender tell you that there was a limit to the number of times that the loan could be rolled over? Customers of small lenders - 36% Customers of big lenders - 60% Overall - 56%	Q16. Do you have a limit on the number of times that a loan can be rolled over? Yes 86.5%

Citizens Advice Survey

Proportion of respondents who reported 'Yes'
Did you roll over the loan? Overall - 68% Did the lender let you make the decision to extend the loan without pressurising you? Overall - 30% Did the lender tell you about the risks of extending the loan? Overall - 20% Did the lender check your personal finances and general situation to see if you were able to pay back an extended/rollover loan? Overall - 9% Did the lender make it clear how much it would cost you to extend/rollover the loan? Overall - 39%

4. Robust credit assessments

Consumer Survey	Business Survey
Q6. Did the lender tell you that a payday loan should not be used for long term borrowing or if you are in financial difficulty? Customers of small lenders - 72% Customers of bid lenders - 90% Overall 88%	Not tested

Consumer Survey	Business Survey
Q5. Did the lender check your personal finances and general situation to see if you were able to pay back the loan? Customers of small lenders - 67% Customers of big lenders - 82% Overall 80%	Q12. Do you regularly conduct affordability assessments? Yes 100% Q13. How often do you conduct affordability assessments? Compliant 100%

Consumer Survey	Business Survey
Q7. Did the lender ask you to provide documents about your personal finances and general situation to check that you could afford to pay back the loan? Customers of small lenders - 27% Customers of big lenders - 21% Overall 22%	Q14. If you conduct affordability assessments, what information about the customer do you use to conduct the assessment? Compliant 100%

Citizens Advice Survey

Proportion of respondents who reported 'Yes'
Did the lender tell you that a payday loan should not be used for long term borrowing or if you are in financial difficulty? Overall - 44% Did the lender check your personal finances and general situation to see if you were able to pay back the loan? Overall - 42% Did the lender ask you to provide documents about your personal finances and general situation to check that you could afford to pay back the loan? Overall - 13%

5. Increased transparency about loan repayments to help customers make better informed decisions and making sure that continuous payment authority is not used inappropriately for those in financial difficulty.

Consumer Survey	Business Survey
Q8. Did the lender make it clear how you would repay your loan? Customers of small lenders - 87% Customer of big lenders - 98% Overall 97%	Not tested

Consumer Survey	Business Survey
Q10. Did the lender clearly explain how continuous payment authority works? Customers of small lenders - 42% Customers of big lenders - 71% Overall 68%	Q9. How do you explain CPA to your customers? Compliant 81% Non compliant 19%

Consumer Survey	Business Survey
Q11. Did they explain how to cancel the authority? Customers of small lenders - 26% Customers of big lenders - 46% Overall 43%	Not tested

Citizens Advice Survey

Proportion of respondents who reported ‘Yes’
Did the lender make it clear how you would repay your loan? Overall - 83% Did the lender clearly explain how continuous payment authority works? Overall - 15% Did they explain how to cancel the authority? Overall - 5%

Consumer Survey	Business Survey
Q12. Did the lender contact you at least 3 days before taking payments? Customers of small lenders - 65% Customers of big lenders - 78% Overall 77%	Q10. How many days notice do you give the customer before recovering payment? Compliant 91.6% Non compliant 9.4%

Consumer Survey	Business Survey
Q13. Did the lender send you additional, regular reminders that continuous payment authority was being used? Customers of small lenders - 28% Customers of big lenders - 46% Overall 44%	Q11. Do you provide updates to customers when the CPA is being used? Yes 87.50%

Citizens Advice Survey

Proportion of respondents who reported 'Yes'
Did the lender contact you at least 3 days before taking payments? Overall - 28% Did the lender send you additional, regular reminders that continuous payment authority was being used? Overall - 15%

6 Help for customers in financial difficulty

Consumer Survey	Business Survey
Q18. Did the lender deal with you sympathetically and positively? Customers of small lenders - 18% Customers of big lenders - 31% Overall 28%	Q18. If the customer is in financial difficulty, what steps do you take to ensure that you or your staff deals with them sympathetically and positively? Compliant 84% Non compliant 16%

Consumer Survey	Business Survey
Q19. Did the lender offer to freeze interest and charges for you if you make payments under a reasonable repayment plan? Customers of small lenders - 14% Customers of big lenders - 20% Overall 19%	Q17. If the customer is in financial difficulty do you take any steps to help them manage the debt they owe? If so, what steps do you take? **Freeze interest and charges** Micro businesses - 100% Lenders with 10+ employees - 94% Overall 97%

Consumer Survey	Business Survey
Not tested	Q19. If the customer is in financial difficulty and you believe that they are making a genuine effort to establish a repayment plan, how long do you wait before attempting to recover money owed? Compliant 37% Non compliant 32%
	Q20. Under what circumstances would you extend this period of time? Compliant 25% Non compliant 8%

Consumer Survey	Business Survey
Q20. Did the lender tell you about free and independent debt counselling organisations?	Q17. If the customer is in financial difficulty do you take any steps to help them manage the debt they owe? If so, what steps do you take?
	Refer them to debt advice
Customers of small lenders - 13%	Micro businesses - 93%
Customers of big lenders - 15%	Lenders with 10+ employees - 94%
Overall 14%	Overall 93%

Consumer Survey	Business Survey
Not tested	Q17. If the customer is in financial difficulty do you take any steps to help them manage the debt they owe? If so, what steps do you take? **Offer them a new loan** Micro businesses – 8% Lenders with 10+ employees - 0% Overall 4% **Allow them to extend the term of the existing loan** Micro businesses - 69% Lenders with 10+ employees - 52% Overall 52%
	Q.22. If the customer is in financial difficulty, do you allow them to borrow further amounts? Yes 3%

Consumer Survey	Business Survey
Not tested	Q23. If the customer is in financial difficulty, can they nominate a representative to act on their behalf when dealing with you, the lender? Yes 97%

Citizens Advice Survey

Proportion of respondents who reported 'Yes'
Did the lender deal with you sympathetically and positively? Overall - 17% Did the lender offer to freeze interest and charges for you if you make payments under a reasonable repayment plan? Overall - 15% Did the lender tell you about free and independent debt counselling organisations? Overall - 10%

Glossary

Addendum	The payday lending code of practice is also referred to as an Addendum as it complements existing codes of practices in this industry.
Affordability Assessment	A 'borrower-focussed test' which involves a creditor assessing a borrower's ability to undertake a specific credit commitment, or specific additional credit commitment, in a sustainable manner, without the borrower incurring (further) financial difficulties and/or experiencing adverse consequences.
BIS	Department for Business, Innovation and Skills
Competition Commission	An independent public body which helps to ensure healthy competition between companies in the UK for the ultimate benefit of consumers and the economy.
CPA	Continuous Payment Authority - a type of regular automatic payment that you can set up using your debit or credit card. The authority is linked to the bank account or credit card account that your card is linked to. It's a popular method of making regular payments – favoured by many businesses, including gyms, internet service providers and payday loan providers.
FCA	Financial Conduct Authority - responsible for regulating financial firms providing services to consumers and maintains the integrity of the UK's financial markets.
OFT	Office of Fair Trading - a non-ministerial government department responsible for making markets work well for consumers by promoting and protecting consumer interests throughout the UK, while ensuring that businesses are fair and competitive.

OFT Compliance Review	The OFT has recently undertaken a formal review of compliance by payday lenders with its relevant legislation and guidance, in particular the Irresponsible Lending Guidance.
Payday Lending Charter	Sets out a number of rules which the lenders must abide by when dealing with their customers. The key payday lending trade associations, representing 90% of the UK payday lending market, agreed to this in July 2012 (see Annex A for full details of the charter).
Rollover	'Rollover' loans, whereby customers repay the interest charges owed but postpone repayment of the remainder of the outstanding debt for another loan period (typically a month) are common in the payday lending market. Rollovers and refinancing (experienced as the same by the borrower, but where a new loan is issued to repay the amount outstanding on an existing loan) can also involve an element of 'selling up', where there is an extension of further capital. Likewise, a number of firms offer partial rollovers, whereby the consumer repays an element of the capital owed as well as the interest when extending the loan period.
SEO	Search Engine Optimisation - the process of affecting the visibility of a website or a web page in a search engine's "natural" or un-paid ("organic") search results. In general, the earlier (or higher ranked on the search results page), and more frequently a site appears in the search results list, the more visitors it will receive from the search engine's users.
Trade Association	An organisation founded and funded by businesses that operate in a specific industry.

This publication is also available on our website at www.gov.uk/bis

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