

Changes to the unfair terms legislation sections of the FCA handbook

Financial Conduct Authority

RPC rating: **validated**

Description of the measure

The Consumer Rights Act (2015) (CRA) replaced the Unfair Terms in Consumer Contracts Regulations (1999) (UTCCR) and implemented a major reform of UK consumer law. As a result of the CRA, the Financial Conduct Authority (FCA) made some changes to the Unfair Contract Terms Regulatory Guide in its handbook. The changes included:

- changing the title of the guide;
- replacing references to the UTCCR with references to the CRA;
- explaining that the UTCCR still applies to contracts entered into before 1 October 2015;
- explaining that the FCA may review terms whether or not they have been individually negotiated; and
- clarifying that the FCA can now assess consumer notices for fairness.

Impacts of the measure

The measure will impact any financial services firms that have contractual relationships with retail consumers. As a result, the FCA estimates that this will impact most of the 56,000 firms that it regulates. In January 2014, the then Department for Business, Innovation and Skills published its final impact assessment on the Consumer Rights Bill. This assessed the costs and benefits of complying with the Bill across all firms selling goods or services to consumers, including financial services firms. The assessment states that, since the CRA represents a legal requirement for financial services firms, the changes to the FCA Handbook do not impose any additional legal obligation on firms. Therefore, the measure does not give rise to any additional costs to business which have not already been assessed in assessing the CRA.

This is a qualifying regulatory provision. The RPC verifies the equivalent annual net direct cost to business (EANDCB) of zero.

Quality of submission

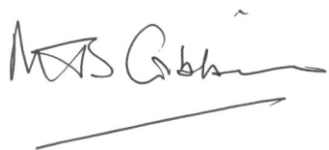
The validation assessment provides sufficient information for the RPC to validate that the measure does not impose additional costs on business.

Departmental assessment

Classification	Qualifying regulatory provision
Equivalent annual net cost to business (EANCB)	£0.0 million
Business net present value	£0.0 million

RPC assessment

Classification	Qualifying regulatory provision
EANCB – RPC validated ¹	£0.0 million
Business Impact Target (BIT) Score ¹	£0.0 million



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.