

Consumer credit – amendments to guarantee lending rules Financial Conduct Authority (FCA)

RPC rating: **validated**

Description of the measure

The assessment explains that the Financial Conduct Authority (FCA) has amended its rules on guarantor loans with individual guarantors and borrowers. The amendments made to the rules cover affordability assessments, explanations to the guarantor of the circumstances in which the guarantee would be called and treating the guarantor fairly as a customer.

Impacts of the measure

The FCA explains that the sector consists of around 20 firms and summarises the responses from its consultation survey with 18 of these. This provides strong evidence the amendments create negligible additional compliance costs as firms were already compliant with the new rules

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of £0.0 million. This will be a qualifying regulatory provision that will score under the business impact target.

Quality of submission

The assessment clearly explains the series of amendments proposed and the impact of these upon business. Using its survey results to gain views from business, the FCA clearly provides sufficient detail to support their estimate that there would be no or negligible impacts from the amendments. The assessment is appropriate, brief and clear; in the RPC's view, a smaller or less formal consultation would have been proportionate to a zero-cost measure.

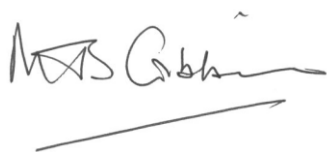
Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net direct cost to business (EANDCB)	£0.0 million

Business net present value	£0.0 million
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RPC assessment

Classification	Qualifying regulatory provision (IN)
EANDCB – 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.