

**Minor Handbook changes related to home finance
customers with a payment shortfall
Financial Conduct Authority (FCA)
RPC rating: **validated****

Description of the measure

The FCA's Mortgage and Home Finance: Conduct of Business (MCOB) rules set out the requirements for firms when dealing with customers who are experiencing a payment shortfall. The rules are designed to ensure that firms do not impose unfair or excessive charges on customers. In particular, the rules set out how the FCA expects firms to allocate payments received from customers who are suffering a shortfall to ensure they are allocated in a way that minimises the time taken to pay off the arrears. The FCA has reviewed a number of firms' allocation of payments processes and identified divergent practices when allocating payments. As a result, the FCA has amended MCOB and the glossary definition of "payment shortfall" to clarify its expectations.

Impacts of the measure

The assessment states that 623 firms will potentially be affected by the measure. The FCA believes that the amendments do not introduce any new regulatory requirements but simply clarify existing ones. As such, the FCA believes the measure will not result in an increase in costs for firms that are in compliance with the rules as originally drafted. In developing the proposal, the FCA received 31 responses to a survey of businesses, which indicated that the measure would result in no costs or that costs would be minimal.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of £0.0 million.

Quality of submission

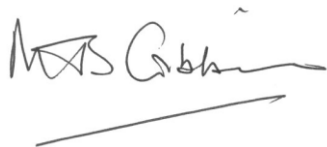
The FCA has provided sufficient information for the RPC to confirm that the measure will not have a significant impact on business and that the EANDCB figure rounds to zero.

Regulator assessment

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

RPC assessment

Classification	Qualifying regulatory provision
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 EANDCB and BIT score figures to the nearest £100,000.