

Chief Operating Officer  
Shelby Finance Ltd

From: Alistair Thompson  
Director, Remedies, Business and  
Financial Analysis

7 July 2020

## **Letter to Shelby Finance Limited about breaches of the Payday Lending Market Investigation Order 2015**

We are writing regarding the three breaches reported by Shelby Finance Limited ('Shelby Finance') relating to Part 4 of the [Payday Lending Market Investigation Order 2015](#) ('the Order').

In September 2019 Shelby Finance reported three breaches of the Order to the CMA. As a result of the breaches a significant number of customers did not receive their summary of borrowing within the time periods and / or by the method of provision stated in the Order. A total of 15,218 customers were affected at points between August 2018 and July 2019.

Part 4 of the Order prohibits lenders from supplying payday loans unless customers are provided with a summary of the cost of borrowing in accordance with articles 11-13 of the Order. The Order also requires a summary of borrowing containing specific information to be delivered at specific time periods. The purpose of Part 4 is so that customers are aware of the fees and charges associated with their loan product. This information allows consumers to make timely and well-informed decisions and encourages customers to actively shop around for loan products. These requirements to provide information at certain points in the loan cycle were put in place because the information provided by lenders prior to the Order was not sufficient, nor sufficiently clear to allow customers to make well informed decisions. The CMA is particularly concerned that during the redevelopment of existing systems, summaries of borrowing were not available, yet Shelby Finance continued to issue payday loans during this period, in breach of the Order.

The CMA considers the cumulative effect of the breaches to be serious as customers were denied the opportunity to make timely and well-informed decisions. The CMA believes these breaches are particularly concerning due to the impact on potentially vulnerable consumers. Shelby Finance's failure to provide summaries of borrowing at the times set out in the Order may have led to customer detriment and had an impact on consumer decision making.

The CMA notes that Shelby Finance has taken steps to put things right and minimise the impact on customers. The CMA has reviewed the information provided by Shelby Finance explaining the actions it has taken to rectify the issues which arose following each of the three reported breaches. Shelby Finance has sent late summaries of borrowing by email; retrospectively made summaries of borrowing available online; and written off £527,863.82 in loans for customers affected by the first breach. Shelby Finance has also put measures in place to ensure future compliance with the Order through increased operational and governance oversight.

This letter has been published on our website.

Yours sincerely

Alistair Thompson  
Director  
Remedies, Business and Financial Analysis