

[REDACTED]
Chief Executive Officer
Shelby Finance Ltd

From: Adam Land
Senior Director

Direct line: [REDACTED]

By email only: [REDACTED]

31 March 2023

Dear [REDACTED]

Payday Lending Market Investigation Order 2015

I am writing to you on behalf of the Competition and Markets Authority (CMA) regarding breaches of Part 4 of the [Payday Lending Market Investigation Order 2015](#) (the Order) by Shelby Finance Ltd (Shelby). As you will know, Part 4 of the Order requires Payday Lenders to send a Summary of Borrowing to customers within specified circumstances and timeframes.

The breaches

Following our consideration of all the information provided by Shelby, the CMA has identified four breaches of the Order by Shelby, caused by different data quality issues, affecting 980 customers in total. These are summarised as follows:

1. Failure to provide Summaries of Borrowing and notification of availability of Summaries of Borrowing to 609 customers within the timeframe specified by the Order, in breach of articles 11.1, 11.2(a) and 12.2 of the Order.
2. Failure to provide Summaries of Borrowing and notification of availability of Summaries of Borrowing to 255 customers (including a cohort of repeat borrowers) within the timeframe specified by the Order, in breach of articles 11.1, 11.2(a), 12.2 and 12.4 of the Order.

3. Failure to provide Summaries of Borrowing and notification of availability of Summaries of Borrowing to 91 customers within the timeframe specified by the Order, in breach of articles 11.1, 11.2(a) and 12.2 of the Order.
4. Failure to provide Summaries of Borrowing and notification of availability of Summaries of Borrowing to 25 customers within the timeframe specified by the Order, in breach of articles 11.1, 11.2(a) and 12.2 of the Order.

The purpose of the Order and the CMA's concerns

The provision of Summaries of Borrowing is an important element of our remedy package following the Payday Lending Market Investigation. This measure, in combination with other measures, was designed to encourage borrowers to actively shop around and provide them with comprehensive information about fees and charges. Summaries of Borrowing are provided at specific points in the lending cycle to help borrowers to make timely and well-informed decisions.

Failure by lenders to comply with their legal obligation to provide Summaries of Borrowing may affect decisions about borrowing and can lead to worse outcomes for borrowers. The CMA is concerned that borrowers who did not receive Summaries of Borrowing at the times they should have, in line with the Order, did not have all the information they needed to inform their decision-making. This is a particular concern, where people have taken out further payday loans without receiving the necessary information.

As you are aware, Article 11.1 of the Order prohibits lenders from entering into any payday loan agreement with borrowers in the UK unless a Summary of Borrowing is properly made available. This means that Shelby is prohibited from supplying payday loans unless it consistently makes Summaries of Borrowing available and notifies customers of the availability of Summaries of Borrowing, in accordance with Articles 12 and 13. Given this, CMA colleagues have worked with Shelby to understand the extent and causes of the recent breaches and the steps that you have taken to put them right.

Steps taken by Shelby to put things right

Breaching a CMA Order is a serious matter, and these are significant breaches. However, I note that Shelby proactively notified the CMA about the breaches, has co-operated with the CMA's investigation, and has taken the following remedial and preventative steps:

- Issuing overdue Summaries of Borrowing and carrying out appropriate system fixes
- Apologising to affected customers and in certain circumstances waiving interest payments.
- Improved compliance monitoring processes
- Preventative systems upgrades

CMA's assessment and next steps

Given the above action being taken by Shelby and considering the nature and severity of the breaches, the CMA does not consider it necessary, at this stage, to take further formal enforcement action in relation to these breaches.

However, we will record it on the CMA's public register of breaches and we are publishing this letter to register our concern. The CMA will monitor Shelby's future compliance closely. The public version of this letter has been copied to the Consumer Finance Policy team at the Financial Conduct Authority for information.

Yours sincerely

Adam Land
Senior Director, RBFA

