

CMA review of Part 3, Article 29, and Part 1 of Schedule 4 of the Home Credit Market Investigation Order 2007: Response to launch consultation by [X]

(non-confidential version)

[X] believes that for the future of home credit, it is important that we all work together to ensure that the result of that review represents a sensible outcome. Thus, with the decline in visiting consumers to the site, the review clearly needs to address both the future suitability and viability of the site.

There is a requirement for the Order to be reviewed as there has been a clear change in market circumstances which means the parts of the order concerning the lenders compared site may no longer be appropriate.

In the light of the significant reduction in supply of home credit and the market exit of so many lenders, it is clear that there will now be large areas where there are no home credit lenders when a consumer uses the site to search for loans. There must be significant doubts over whether the website is still functioning as an effective tool for consumers and whether it is meeting the purpose for which it was setup. We feel that the review should consider whether or not the site is still needed and working effectively.

We think that consumers mainly find the site through lenders' marketing and possibly from the payment card/statement rather, than say, a google search. With Morses exit, there will inevitably be even less visitors and the decline in numbers of consumers using it has dropped and will continue to drop. Indeed, from research we have conducted amongst firms, it is clear that there are very few enquiries filtering through [X]. There must come a point when the site is no longer viable because of the decline in visitors and no obvious candidates to fund it, particularly as it would not be appropriate for the majority of the cost to be met by the largest remaining company.

Likewise, with the great majority of firms having less than 5 /10 agents it would be disproportionate for them to be standing the cost between them and a majority of firms fall into that category.

Thus, we believe that the reasons for its original introduction are no longer appropriate. The rapid growth of social media has hastened its demise as a useful tool for consumers and our opinion, for what it's worth, is that it should be discontinued. Clearly the IT providers may have a different view, but examination of the recent reporting data (for what that's worth without an accurate breakdown) confirms a reduction in its use over time.