

# Review of Part 3, Article 29 and Part 1 of Schedule 4 of the Home Credit Market Investigation Order 2007

Final Decision and Notice of Intention  
to Vary

18 September 2024

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## Summary

1. In line with its statutory duty under sections 92 and 162 of the Enterprise Act 2002 (the Act), the CMA keeps the portfolio of undertakings and orders arising from its markets and mergers work under review, including through considering those undertakings and orders that should be reviewed where there are reasons to suspect that one or more changes in circumstance have taken place.
2. On 16 January 2024, the CMA published an Invitation to Comment (the [ITC](#)), seeking stakeholder views on whether to launch a review of Part 3, Article 29 and Part 1 of Schedule 4 of the Home Credit Market Investigation Order 2007 (the Relevant Provisions of the [Order](#)). Those provisions of the Order relate to the operation, information for and management of a cash loan price comparison website, [www.lenderscompared.org.uk](http://www.lenderscompared.org.uk) (the Price Comparison Website).
3. On 28 February 2024, the CMA launched a review of the Relevant Provisions of the Order and a [consultation](#) to inform its provisional decision on whether a change of circumstances has taken place and, if so, whether the Relevant Provisions of the Order are no longer appropriate.
4. On 12 July 2024, the CMA published its Provisional Decision that a change of circumstances had taken place which means that the Relevant Provisions of the Order are no longer appropriate and should be removed by means of a variation order. The text of the proposed changes to be made to the Order were set out in Annexe 1 of that document and for convenience Annexe 2 showed the effects of the proposed amendments to the Order. The CMA's consultation on its Provisional Decision closed on 2 August 2024. The CMA received two responses, both in support of the Provisional Decision.
5. This document sets out the CMA's Final Decision. It also formally gives Notice of Intention to vary the Order and sets out the specific nature of the intended variation to the 2007 Order.
6. The CMA is now consulting on its Notice of Intention to vary before it publishes the final variation order. Respondents should provide their views on this, supported with relevant evidence where possible, in writing to the CMA at:  
  
Email: [remedies.reviews@cma.gov.uk](mailto:remedies.reviews@cma.gov.uk) (Subject line: Home Credit Order)
7. The CMA intends to publish all submissions received. Please ensure any submission provided to the CMA that contains any confidential material is accompanied by a non-confidential version which the CMA will publish on its website at the time that the final variation order is published.
8. Responses should be provided to the CMA by **5pm on 21 October 2024**.

# 1. Legal Framework

- 1.1 The CMA has a statutory duty under section 162 of the Act to keep under review undertakings and orders accepted or made in Market Investigations.<sup>1</sup> From time to time, the CMA must consider whether, by reason of any change of circumstances:
- (a) undertakings are no longer appropriate and need to be varied, superseded or released; or
  - (b) an order is no longer appropriate and needs to be varied or revoked.
- 1.2 The nature of the CMA's consideration of any change of circumstances will depend on the individual circumstances affecting a particular undertaking or order. However, the change of circumstances must be such that the undertaking or order is no longer appropriate in dealing with the competition problem and/or adverse effects which it was designed to remedy, if it is to lead to either variation or termination.<sup>2</sup>
- 1.3 The process the CMA follows when conducting reviews of undertakings and orders is set out in CMA Guidance document CMA11, *Remedies: Guidance on the CMA's approach to the variation and termination of merger, monopoly and market undertakings and orders*.

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<sup>1</sup> In addition, Schedule 24 of the Enterprise Act 2002 requires the CMA to keep under review undertakings originally agreed under the Fair Trading Act 1973.

<sup>2</sup> CMA11, paragraph 2.5.

## 2. Final Decision

- 2.1 The CMA's Final Decision is that the Relevant Provisions of the Order are no longer appropriate by reason of the relevant changes in circumstance set out below.

### Background

- 2.2 The Competition Commission's 2006 inquiry into Home Credit found that there was a lack of competition from other credit products, new entrants, or among home credit providers. This meant that borrowers paid higher prices for their loans than would be expected in a competitive market.
- 2.3 The Order that followed the market investigation established, as part of a package of remedies, the Price Comparison Website with the intention of making it easier for borrowers to choose the most appropriate lender. The Order places requirements on all home credit lenders to ensure the details of their loans are advertised on the Price Comparison Website and sets out the details to be included for each loan and where it is provided.<sup>3</sup>
- 2.4 The Order was [varied in 2011](#) to take account of new legislation concerning advertising credit and lending (the Consumer Credit Directive), including display of interest rates.
- 2.5 The Order requires all large lenders to fund the running costs of the Price Comparison Website. Large lenders are those who generate over £10 million in home credit annual turnover or those who have 200 or more collecting agents.

### Reasons for reviewing the Relevant Provisions of the Order

- 2.6 When the Order came into force, the Price Comparison Website was funded by six large lenders. However, over time, the home credit sector has contracted, leading to five of those six large lenders exiting the market. The most recent large lender to exit the market was Morses Club Limited (Morses) on 17 November 2023. The one remaining large lender is Mutual Clothing & Supply Company Limited (Mutual).

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<sup>3</sup> The Order also included the following separate obligations:

- (a) early settlement rebates where customers repay loans earlier than planned;
- (b) data sharing with credit reference agencies;
- (c) requirements to provide loan statements to customers;
- (d) restrictions on the content of advertisements of home credit loans; and
- (e) a duty to record specified information in loan books and to supply information on loans to customers.

- 2.7 As large lenders are required to fund the Price Comparison Website in proportion to their home credit turnover as set out in the Order, Morses' exit before it was due to pay its share of the costs of the Price Comparison Website in 2024 has left the Price Comparison Website with insufficient funds to operate throughout 2024.
- 2.8 The CMA has not reviewed the remaining aspects of the Order, as the CMA considers the protections they afford consumers still to be valuable.

## **Change of circumstances**

- 2.9 The CMA sought stakeholders' views on potential changes of circumstances. We heard from stakeholders representing lenders and consumers. Having consulted, the CMA identified a number of circumstances that have changed since the Price Comparison Website was established.

### ***Challenges to funding the Price Comparison Website***

- 2.10 There is currently only one large lender who is required to fund the Price Comparison Website, which places the ongoing funding of the Price Comparison Website at risk.

### ***Contraction of the market***

- 2.11 The number of home credit lenders active in the UK has fallen with fewer home credit lenders active on the Price Comparison Website. The number of active lenders fell from almost 400 in the first quarter of 2019 to 254 in the first quarter of 2024<sup>4</sup>. Further, no lender now has national coverage. Significantly, the size of the market has reduced – the number and total value of home credit loan agreements has fallen substantially over the same period from approximately 300,000 agreements at a value of almost £112 million in 2019 to approximately 45,000 agreements at a value of £22.3 million.<sup>5</sup>
- 2.12 There are several possible explanations for the contraction of the market including:

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<sup>4</sup> Source: FCA data on the number of firms which held permission for entering into home collected credit agreements as lender, and reported that they entered into at least one home collected credit agreement in the quarter.

<sup>5</sup> Source: FCA, In addition looking further back, the CC's Final Report found that In 2005 home credit lenders advanced over £1.3 billion to over 2.3 million customers (on average, approximately £565 per customer), generating turnover of over £700 million and collecting over £1.8 billion (see [CC Final Report](#), paragraph 2.92 and Table 2.4).

- (a) difficulties in obtaining commercial lending to support a home credit business;
- (b) the costs of addressing concerns around unfair lending practices; and
- (c) changes in consumer lending patterns and preferences.

### ***Reduction in usage of the Price Comparison Website***

- 2.13 There has been a significant fall in the usage of the Price Comparison Website from 70,000 visits per month in 2009 to 3,300 visits per month in 2017 to 1,400 visits per month in 2023.
- 2.14 There are several possible explanations for the reduction in usage of the Price Comparison Website, including:
- (a) the exit of large lenders from the market and the general contraction of supply may have caused a reduction in the promotion of the Price Comparison Website and a subsequent fall in consumer awareness of the Price Comparison Website.
  - (b) demand for home credit lending has also fallen with consumers moving to other types of credit. For example, a consumer body told us that home credit now accounts for only 1.4% of issues dealt with by the National Debt Line (which is below payday lending and ‘buy now pay later’).
  - (c) the Price Comparison Website is not promoted beyond the measures required under the Order and there is no commercial incentive for lenders or the site operator to invest in developing the functionality of the site or in search engine optimisation.
  - (d) there is a large proportion of geographical areas with only one home credit lender and therefore, in those areas, there is no value to be gained from using the Price Comparison Website. For example, we were told by the remaining large lender that it is the only lender operating in 40% of the 25 postal districts in which it has the most customers. A body representing consumers who are in debt reported a similar observation to us.

### ***Conclusion on change of circumstances***

- 2.15 In light of the above, the CMA concludes that relevant changes of circumstances have taken place.



## **Possible outcomes considered**

2.16 The CMA also sought stakeholders' views on whether, in light of the above changes of circumstances, the Relevant Parts of the Order remain appropriate, and what outcome would be appropriate. Four possible outcomes were considered.

### ***Maintain the Price Comparison Website requirements***

- 2.17 We considered that there may be some residual benefits in maintaining the Price Comparison Website requirements. For example, it may remain useful for those consumers who still use it to compare lenders and it provides a means for consumers to verify whether a lender is regulated.
- 2.18 In view of the exit of all but one of the lenders originally required by the Order to fund the site, there would be a need to change the funding requirements. We considered two options:
- (a) Have the Price Comparison Website solely funded by the remaining lender bound by the Order. We consider it disproportionate to require one lender to increase its funding share from 3% to 100%. Further, requiring only one lender to solely fund the Price Comparison Website would go beyond the original intention of the Order, which was, among other things, to promote competition among the largest lenders.
  - (b) Extend the funding requirement to smaller lenders not bound by the Order. The CMA considers that this would make a material change to the Order and extend the requirements of the Order by imposing a burden on a new category of lenders. The CMA considers this would go beyond the scope of a variation to the Order. In addition, there would be limited benefit to either consumers or lenders from extending the requirement to smaller lenders, because an increasing number of lenders are the sole suppliers of home credit in their area, meaning there is little value in price comparison in these areas.
- 2.19 In its consultation on the Provisional Decision, the CMA received no arguments against the above considerations. The CMA's view therefore remains that neither funding option is proportionate or feasible.

### ***Replace the Price Comparison Website requirements with a requirement on lenders to publish specified information***

2.20 We sought views on whether lenders could be required to publish the information they currently provide to the Price Comparison Website on their

own websites. This information could be accessed by consumers or by third parties to, for example, establish an independent price comparison website.

2.21 However, a number of issues were raised in response:

- (a) As with extending the funding requirement to smaller lenders not bound by the Order, the CMA is unable to extend the requirements of the Order in this manner through a remedy review.
- (b) Home credit is by its nature a face-to-face market. Lenders carry out affordability and lending risk checks in person, and there is consequently limited scope to monetise online engagement. Consequently, there would likely be minimal commercial benefits to lenders from being listed on an independent price comparison website and limited commercial benefit to developing such a website commercially.
- (c) Adding home credit lenders to an existing price comparison site would not deliver commercial benefits to site operators. For example, we were told by the operator of the Price Comparison Website that home credit lenders would be unlikely to pay for leads and, even if they did, the volumes would be too low to deliver a return on the investment.
- (d) Not all lenders have a website and those that do are unlikely to have effective search engine optimisation due to their small scale and the essentially local and face-to-face nature of the market. Therefore, their websites will not be easily found by consumers and the information not accessed.

2.22 In response to the CMA's Provisional Decision, one lender told the CMA that that an independent price comparison website which used data from lenders' own websites could be viable if funded by advertising revenue. The lender proposed that the CMA could therefore require all lenders who have websites to publish certain price and geographical coverage data on their websites. This would facilitate lenders' ability to design comparative marketing materials and address latent price insensitivity of customers. It argued that the 'representative examples' required under FCA rules do not adequately meet this need.

2.23 The CMA has considered the arguments made carefully. Although the CMA agrees that, in principle, price information should be easily accessible and transparent to customers, the CMA remains of the view that it is neither feasible nor effective for the CMA to achieve this by requiring home credit lenders to publish specific information on their own websites through a variation to this Order. The CMA's statutory duty under section 162 of the Act is to keep under review orders made in Market Investigations. The CMA can

make changes to the existing requirements of an order if it considers that a change of circumstances has resulted in the order being no longer appropriate in its existing form. The CMA does not, however, have power to use a remedy review process to introduce new requirements which go beyond those of the original remedy, even if such new requirements would be within the original intention of the remedy. Furthermore, there is no part of the existing Order which would empower the CMA to put such requirements in place.

### ***Removing the Price Comparison Website requirements***

2.24 We consider that the removal of the Price Comparison Website requirements has the following benefits:

- (a) It is consistent with, and a proportionate response to, the substantial contraction of the market described in paragraphs 2.11 to 2.14 above.
- (b) It resolves the issue regarding the appropriate and proportionate funding of the Price Comparison Website.
- (c) There would be limited consumer detriment arising from removing the requirements, because:
  - (i) Clearer cost of borrowing information is now more commonly provided on lenders' websites through representative examples (mandatory) and cost calculation tools.
  - (ii) Information on whether a lender is regulated can now be achieved through other means, such as resources provided by the FCA.
- (d) We were told by a charity representing consumers in debt that lack of access to the Price Comparison Website would not hinder consumers who are already in debt from getting out of debt, as the main barrier to debt clearance was other financial issues rather than having access to a broader choice of lenders.
- (e) Removal of the Price Comparison Website requirements would not in itself increase the risk of consumers turning to un-regulated credit.
- (f) Removal of the Price Comparison Website requirements would not necessarily result in the site ceasing to operate if there was sufficient demand and commercial incentive for it to continue to operate.

### ***Conclusion on appropriate outcome***

2.25 The CMA concludes that the Relevant Provisions of the Order are no longer appropriate in their current form and that the most appropriate outcome is to remove the Price Comparison Website requirements. This should be effected by means of a variation order which would remove the Relevant Parts of the Order and make relevant minor amendments to the remainder of the Order to ensure coherence.

### **Final decision**

2.26 The CMA's Final Decision is that the Relevant Provisions of the Order are no longer appropriate by reason of the relevant changes of circumstances identified in paragraphs 2.9 to 2.15 above. The CMA has decided that the appropriate outcome is to remove the Relevant Provisions of the Order by means of a variation order.

### **3. Notice of Intention to vary the Order**

- 3.1 As envisaged in paragraph 3.29 of [CMA11](#), and required under Schedule 10 of the Act, the CMA hereby gives Notice of Intention to vary the Order.
- 3.2 The CMA is now seeking views from interested parties on this Notice. The substance of the proposed changes to be made to the Order is set out in Annexe 1, and Annexe 2 presents the text of the Order as would be amended.
- 3.3 Respondents should provide their views, supported with relevant evidence where possible, in writing to the CMA at:
- Email: [remedies.reviews@cma.gov.uk](mailto:remedies.reviews@cma.gov.uk) (Subject line: Home Credit Order)
- 3.4 The CMA intends to publish all submissions received. Please ensure any submission provided to the CMA that contains any confidential material is accompanied by a non-confidential version which the CMA will publish on its website at the time that the final variation order is published.
- 3.5 Responses should be submitted to the CMA by **5pm on 21 October 2024**.

## **Annexe 1: text of proposed variation order (subject to representations received in response to this consultation)**

1. On 20 December 2006, the Competition Commission (CC) published a report on its investigation of the home credit market in the UK. The CC found that there was a detrimental effect on customers resulting from the adverse effect on competition and set out a remedy package intended to address the adverse effect on competition which it had found.
2. The CC decided to implement the remedy package through an enforcement order made under section 161 of the Enterprise Act 2002 (the Act). The Home Credit Market Investigation Order 2007 (the Order) came into force on 4 October 2007.
3. On 24 February 2011 the CC varied the Order, by making The Home Credit Market Investigation Order 2007 Variation Order 2011, in order to take account of the change of circumstances arising from the coming into force of the Consumer Credit Directive.
4. Under section 162 of the Act, the Competition and Markets Authority (CMA) has a duty to keep under review and, in particular, to consider whether, by reason of any change of circumstances, an enforcement order made under section 161 of the Act is no longer appropriate and needs to be varied or revoked.
5. On 28 February 2024, the CMA consulted stakeholders on whether a relevant change of circumstances had taken place and, if so, whether Part 3 (articles 14 to 21), article 29 and Part 1 of Schedule 4 to the Order are no longer appropriate and needed to be varied or revoked.
6. On XX XXX 2024 the CMA published its Provisional Decision on its Review of Part 3, Article 29, and Part 1 of Schedule 4 of the Home Credit Market Investigation Order 2007. For the reasons given in that provisional decision, the CMA provisionally concluded that a change of circumstances had taken place and that the Order should be varied.
7. On XX XXX 2024, the CMA published its final report: Review of Part 3, Article 29, and Part 1 of Schedule 4 to the Home Credit Market Investigation Order 2007.
8. On XX XXX 2024 the CMA gave notice in accordance with paragraph 2 of Schedule 10 to the Act, as applied by section 165 of the Act, of its intention to vary the Order.

9. The CMA did not receive any representations following publication of the Notice.

## **The Order**

The CMA makes this order in exercise of its powers in section 161(4) of the Enterprise Act 2002, for the purpose of further varying the Home Credit Market Investigation Order 2007 as, by reason of a change of circumstances, certain provisions in the order are no longer appropriate and need to be varied or revoked.

The Home Credit Market Investigation Order 2007 was made to remedy, mitigate or prevent the adverse effect on competition and any detrimental effects on customers so far as they have resulted, or may be expected to result, from the adverse effect on competition specified in the report of the Competition Commission entitled *Home Credit Market Investigation* (30 November 2006).

### **1. Citation, Commencement and Purpose**

1.1 This order may be cited as the 'Home Credit Market Investigation Order 2007 Variation Order 2024'.

1.2 This order shall come into force on XX XXX 2024, which is the date the order was signed.

1.3 The purpose of this order is to vary the Home Credit Market Investigation Order 2007.

### **2. Interpretation**

2.1 The definitions, interpretations and meanings ascribed to words and expressions in the Home Credit Market Investigation Order 2007 apply to this order except where words and expressions are expressly defined.

### **3. Variations to the Home Credit Market Investigation Order 2007**

3.1 in article 2(1) –

(a) omit the definition of 'CC' and insert "CMA' means the Competition and Markets Authority."

(b) omit the definition of 'the Advertisement Regulations'.

3.2 In article 2.2 omit the definitions of -

(a) 'advertiser'

(b) 'licence'

(c) 'licensed'

(d) 'OFT'.

- 3.3 In article 7 for 'OFT' (in each place where it occurs) substitute 'CMA'.
- 3.4 In article 8 for 'CC' (in each place where it occurs) substitute 'CMA'.
- 3.5 In article 11(2)(a) for 'Callcredit Ltd' substitute 'Transunion International UK Limited'
- 3.6 In article 11(2)(b) for 'OFT' substitute 'CMA'.
- 3.7 In article 11(3)(a) for 'licensed' substitute 'authorised'.
- 3.8 Omit article 11(3)(b)
- 3.9 Omit articles 14 to 21 (which make provision about information required to published on the relevant website) and the heading preceding article 14.
- 3.10 In article 27 for 'CC' substitute 'CMA'.
- 3.11 In the heading to article 28 for 'OFT' substitute 'CMA'.
- 3.12 Omit article 29.
- 3.13 In article 30(2)(a) for 'Parts 1 and 2' substitute 'Part 2'.
- 3.14 In article 30 omit paragraph (4).
- 3.15 In article 31(2) omit the words 'Subject to paragraphs (3) and (4)'.
- 3.16 In article 31(2)(a) omit the words 'in Parts 1 and 2' and substitute the words 'Part 2'.
- 3.17 In article 31 omit paragraphs (3), (4) and (5).
- 3.18 In Schedule 1 omit the following –
- |  |                |
|--|----------------|
| 'Accredited operator                                   | Article 15'    |
| 'Advertiser  | Article 2(2)'  |
| 'Charge (for the purposes of article 17(2)(e) and (f)) | Article 17(5)' |
| 'Class (in relation to home credit loan agreements)    | Article 14(6)' |
| 'Class (in relation to special agreements)             | Article 14(7)' |



'Enactment	Article 14(9) '
'CC	Article 2(1)'
'Licence	Article 2(2)'
'Licensed	Article 2(2)'
'OFT	Article 2(2)'
'Postcode district	Article 19(3) and (4)'
'Relevant website	Article 14(1)'
'Repayment of credit	Article 14(1)'
'Rounded APR	Article 14(1)'
'Special credit agreement	Article 14(5)'
'Special advertisement	Article 20(1)'
'The 2007 Regulations	Article 22(2)(a)'
'Total charge for credit	Article 14(1)'
'Representative APR	Article 14(1)'
3.19 In Schedule 1 add	
'CMA	Article 2(1)'
3.20 In Schedule 3 for 'OFT' (in each place where it occurs) substitute 'CMA'.	
3.21 In Schedule 4 omit part 1 and Note 1.	

**Kirstin Baker**

**Chair of the Group**

**Competition and Markets Authority**

**XX XXX 2024**

**Explanatory Note**

(This Note is not part of the Order)

1. The purpose of the Home Credit Market Investigation Order 2007 Variation Order 2024 is to vary the Home Credit Market Investigation Order 2007 (the Order).
2. On [xx] the CMA published its final decision that Part 3, Article 29 and Part 1 to Schedule 4 of the Order (the Relevant Provisions of the Order) are no longer appropriate by reason of the relevant changes of circumstances identified in paragraphs 2.9 to 2.15 of its Final Decision document. The CMA decided that the appropriate outcome was to remove the Relevant Provisions of the Order by means of a variation order. The final decision was accompanied by a Notice of Intention to vary the Order.
3. The variation removes the requirements set out in the Relevant Provisions of the Order, relating to the operation of a price comparison website. It also updates to the text of the Order where necessary to ensure consistency with the current regulatory landscape now supervised by the Financial Conduct Authority.
4. Section 167 of the Enterprise Act 2002 (the Act) places a duty on any person to whom this order applies to comply with it. Subject to the defences in the section, any person who suffers loss or damage due to a breach of this duty may bring an action. Section 167 of the Act also provides that the CMA can seek to enforce this order by civil proceedings for an injunction or for any other appropriate relief of remedy.
5. The CMA has a general duty to monitor the operation of a Competition Commission enforcement order under section 162 of the Act. This includes the duty to consider, from time to time, whether an enforcement order should be varied or revoked in the light of a change of circumstances.
6. Nothing in this Explanatory Note is legally binding. In the event of a conflict between this Explanatory Note and the provisions of this variation order or the Order, the variation order and the Order shall prevail.

## **Annexe 2: text of the Home Credit Order 2007 as amended by the 2011 Variation Order and by the proposed 2024 Variation Order (subject to representations received in response to this consultation)**

On 20 December 2004, the Office of Fair Trading, in the exercise of its powers under section 131 of the Enterprise Act 2002, referred to the Competition Commission, for investigation and report, the supply of home credit in the United Kingdom.

On 30 November 2006, the Competition Commission published a report on the investigation, and it contained the decision that there were adverse effects on competition.

On 29 June 2007 the Competition Commission gave notice of its intention to make this order in accordance paragraph 2 of Schedule 10 to that Act as applied by section 165 of that Act.

The Competition Commission, in accordance with section 138 of that Act and in exercise of the powers conferred by sections 161 and 164 of, and paragraphs 2, 8, 15, 18, 19, 21 and 22 of Schedule 8 to, that Act, and for the purpose of remedying, mitigating or preventing the adverse effects on competition concerned and for the purpose of remedying, mitigating or preventing detrimental effects on customers so far as they have resulted from, or may be expected to result from, the adverse effects on competition, makes the following Order.

### **PART 1**

#### ***General***

##### *Citation and commencement*

#### **1. Citation and commencement**

- (1) This Order may be cited as the Home Credit Market Investigation Order 2007.
- (2) This Order shall come into force on 4 October 2007.

##### *Interpretation*

#### **2. General interpretation, index of defined expressions etc.**

- (1) In this Order—

~~'CC' means the Competition Commission; 'CMA' means the Competition and Markets Authority;~~

'the 1974 Act' means the Consumer Credit Act 1974;

~~'the Advertisements Regulations' means the Consumer Credit (Advertisements) Regulations 2010<sup>6</sup>~~

(2) In this Order, the following expressions have the same meanings as in the 1974 Act—

~~'advertiser';~~

'associate';

'credit' (except in the expressions 'home credit loan agreement', 'home credit voucher agreement', 'home credit business' and 'home credit loan business');

'creditor';

'credit reference agency';

'debtor';

'debtor-creditor agreement';

'individual';

'licence';

'licensed';

~~'OFT';~~

'regulated agreement'; and

'representation'.

(3) In this Order, 'advertisement' has the meaning given by section 189(1) of the 1974 Act and a reference to the publishing of advertisements shall be construed in accordance with that provision.

(4) For convenience, expressions defined in this Order are (except in the places where they are defined and in Schedule 1) printed in bold.

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<sup>6</sup>Amended by Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No. 2) Order 2013/1881 Pt 5 art.20(60) (April 1, 2014: amendment has effect subject to transitional provisions specified in SI 2013/1881 Pt 8)

(5) Schedule 1 contains an index of provisions defining or otherwise explaining expressions used in this Order.

### **3. 'Home credit loan agreement' and 'home credit voucher agreement'**

(1) A 'home credit loan agreement' is a debtor-creditor agreement which satisfies either or both of the conditions set out in paragraph (3).

(2) A 'home credit voucher agreement' is a regulated agreement for the provision of credit in connection with the use of a relevant voucher and which satisfies either or both of the conditions set out in paragraph (3).

(3) The conditions referred to in paragraphs (1) and (2) are that—

(a) the agreement provides that all or most of the sums payable by the debtor are to be collected by or on behalf of the creditor at the debtor's home or at the home of a natural person who makes payment to the creditor on the debtor's behalf (or, in either case, to be so collected if the debtor so wishes); and

(b) as at the time the agreement is entered into, the debtor could reasonably expect, from representations made by or on behalf of the creditor at or before that time, that all or most of the sums payable would be so collected (or, in either case, would be collected as specified in sub-paragraph (a) if the debtor so wished).

(4) A relevant voucher is a card, check, voucher, coupon, stamp, form, booklet or other document or thing given to an individual by a person who undertakes—

(a) that on the production of it (whether or not some other action is also required) he will supply goods and services (or either of them) on credit, or

(b) that where, on the production of it to a third party (whether or not any other action is also required), the third party supplies goods and services (or either of them), he will pay the third party for them (whether or not deducting any discount or commission), in return for payment to him by the individual.

### **4. 'Home credit business' and 'home credit loan business'**

(1) 'Home credit business' means any business being carried on by a person so far as it comprises or relates to the provision of credit by him under home credit loan agreements or home credit voucher agreements.

(2) 'Home credit loan business' means any business being carried on by a person so far as it comprises or relates to the provision of credit by him under home credit loan agreements.

## **5. 'Agent' and 'employed'**

(1) An agent is a natural person who is employed by a person carrying on a home credit business to collect payments due to that person under home credit loan agreements or home credit voucher agreements (or both) at the homes of debtors (whether or not he is employed by the person to perform other functions).

(2) For the purposes of this article, where payments are collected at the home of a natural person on behalf of a debtor, they shall be treated as though they were collected from the home of the debtor.

(3) For the purposes of this Order, the number of agents regarded as employed by a person on any particular date shall be the applicable number.

(4) The 'applicable number' is—

$$\frac{1}{4} (A + B + C + D)$$

where A, B, C and D are the number of agents employed by him respectively on 25 March, 24 June, 29 September and 25 December (in each case) in the previous calendar year.

(5) Where a person carrying on a home credit business has one or more associates who carry on such a business, the number of agents he employs shall be calculated by adding together the respective applicable number of that person and each of his associates.

(6) For the purposes of this Order, 'employed' means employed under a contract of service or a contract for services or otherwise.

## **6. 'Home credit turnover'**

(1) The home credit turnover, on any particular date, of a person carrying on a home credit loan business shall, subject to paragraph (2), be the applicable turnover for the business year preceding that date.

(2) Where in an application of this article there is any period in respect of which there is no preceding business year then the applicable turnover shall be the turnover for that period.

(3) 'Applicable turnover' of a person carrying on a home credit loan business shall be the amounts derived by that person from the provision of credit under home credit loan agreements in the United Kingdom.

(4) Where a person carrying on a home credit loan business has one or more associates who carry on such a business, the applicable turnover shall be calculated

by adding together the respective applicable turnover of that person and each of his associates.

(5) For the purposes of this article, 'business year', in relation to a person carrying on a home credit loan business, means a period of more than six months in respect of which that person prepares or is required to prepare accounts.

### *Miscellaneous*

## **7. Suspension of provisions of this Order**

(1) If the ~~OFT~~ CMA has published a notice that any provision of this Order which imposes an obligation or restriction on a person is to be suspended, the operation of the provision shall be suspended in accordance with the terms of the notice.

(2) If the ~~OFT~~CMA has given a person notice that any Part of this Order (other than this Part) is to be suspended, the operation of the provision shall be suspended in relation to that person in accordance with the terms of the notice.

(3) A suspension under paragraph (1) or (2) shall be subject to such conditions and shall apply in such circumstances and apply for such period or description of period as may be specified or described in the notice.

## **8. Delegated powers of direction**

(1) The ~~CCCMA~~ CMA may give directions falling within paragraph (2) to—

(a) a person specified in the directions; or

(b) a holder for the time being of an office so specified in any body of persons corporate or unincorporate.

(2) Directions fall within this paragraph if they are directions—

(a) to take such actions as may be specified or described in the directions for the purpose of carrying out, or ensuring compliance with, this Order; or

(b) to do, or refrain from doing, anything so specified or described which the person might be required by this Order to do or refrain from doing.

(3) The ~~CCCMA~~ CMA may vary or revoke any directions so given.

## **9. Multiple agreements**

(1) For the purposes of this article, the relevant categories are home credit loan agreements and home credit voucher agreements.

(2) This article applies to an agreement if its terms are such as—

(a) to place a part of it within one relevant category of agreement, and another part of it within the other relevant category, or within a category other than a relevant category; or

(b) to place it, or a part of it, within both relevant categories.

(3) Where a part of an agreement falls within paragraph (2), that part shall be treated for the purposes of this Order as a separate agreement.

(4) Where an agreement falls within paragraph (2)(b), it shall be treated as a home credit loan agreement.

## **10. Modifying agreements**

Section 82(2) of the 1974 Act shall apply for the purposes of this Order as it applies for the purposes of that Act.

## **PART 2**

### **Data sharing**

## **11. Interpretation**

(1) In this Part—

(a) ‘the Principles’ means the document produced by the Steering Committee on Reciprocity (a body established by persons engaged in the finance industry) known as ‘the Principles of Reciprocity’ and dated June 2006 as from time to time varied or replaced (with or without modification); and

(b) ‘the Rules Managing SCOR’ means the document known by that name and dated October 2004, being the document referred to by that name in the document mentioned in sub-paragraph (a).

(2) In this Part, a reference to a CRA is a reference to—

(a) Experian Limited (company registration number 00653331), Equifax plc (company registration number 02425920), ~~Callcredit Limited~~ Transunion International UK Limited (company registration number 03961870) (those companies being CRAs within the meaning of the Principles); and

(b) each person whom the ~~OFF~~ CMA, from time to time and at its discretion, nominates under this paragraph upon it being satisfied that he meets the requirements of paragraph (3) and that he either—



(i) meets the requirements of paragraph (4) or

(ii) is otherwise suitable to be nominated as a CRA for the purposes of this Part. and a reference to all the CRAs shall be construed accordingly.

(3) In order to meet the requirements of this paragraph, a person must either—

(a) be ~~licensed~~ authorised to carry on the business of operating a credit reference agency; or

(b) ~~be a person who, by virtue of paragraph 15(3) of Schedule 3 to the Financial Services and Markets Act 2000<sup>7</sup> (which relates to EEA firms), does not need a licence to carry on such a business.~~

(4) In order to meet the requirements of this paragraph, a person must have—

(a) at least 50 subscribers to shared data;

(b) at least 10 per cent of shared records;

(c) appropriate arrangements for independent audit of security;

(d) appropriate arrangements for ensuring compliance with the Principles; and

~~(e) appropriate arrangements for ensuring compliance with the Data Protection Act 1998 and other relevant legislation.~~

(5) In this article ‘subscribers to shared data’ and ‘shared records’ have the same meanings as in the footnote to paragraph 3.5 of the Rules Managing SCOR.

## **12. Contracts with credit reference agencies**

(1) A person who carries on (or who has an associate who carries on) a home credit loan business shall not, as a creditor, enter into a home credit loan agreement or a home credit voucher agreement unless the following condition is met.

(2) The condition is that there is in existence a contract between the person and a CRA and a contract between the person and a different CRA, each of which contracts complies with Schedule 2.

(3) Paragraph (1) does not prevent a person entering into any agreement—

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<sup>7</sup> 2000 c.8. Relevant amendments are made by the Enterprise Act 2002 (c.40), Sch.25, para.40(1) and (19).

(a) at a time when the number of agents employed by him is less than 60 and his home credit turnover is less than £2 million; or

(b) at any time during the period of six months beginning with the date of this Order.

### **13. Requirement to obtain debtors' consent to sharing data**

(1) A person who carries on (or who has an associate who carries on) a home credit loan business shall not, as a creditor, enter into a home credit loan agreement or a home credit voucher agreement unless the following condition is met.

(2) The condition is that, under the terms of that agreement, the debtor has consented to him providing all the CRAs with information of the kind referred to in paragraph 3 of Schedule 2 and relating to the agreement.

(3) Paragraph (1) does not prevent a person entering into any agreement at a time when the number of agents employed by him is less than 60 and his home credit turnover is less than £2 million.

## **PART 3**

### *Website*

### **14. General interpretation of Part 3**

~~(1) In this Part—~~

~~'the accredited operator' has the meaning given in article 15(1);~~

~~'the relevant date' has the meaning given in article 15(2);~~

~~'the relevant website' is the website operated for the time being by the accredited operator for the purposes of this Order;~~

~~'repayment of credit' has the same meaning as in the Advertisements Regulations;~~

~~'representative APR' has the same meaning as in the Advertisements Regulations~~

~~'rounded APR' means the annual percentage rate of charge for credit determined in accordance with the Consumer Credit (Agreements) Regulations 2010<sup>8</sup> rounded up to the nearest whole number; and 'total charge for credit' has the same meaning as in the Advertisements Regulations.~~

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<sup>8</sup>S.I. 2010/1014.

~~(2) In this Part, 'APR' (except in the expression 'rounded APR') has the same meaning as in the Advertisements Regulations and paragraph 2 of the Schedule to those Regulations (permissible tolerances in disclosure of APR) shall apply to a requirement to show an APR under this Part as it applies to a requirement to show an APR under those Regulations.~~

~~(3) In this Part, a reference to the name of a person shall be construed in accordance with regulation 1(4)(b) of the Advertisements Regulations.~~

~~(4) In this Part, 'the authority' means the CC before the relevant date and the OFT on or after that date; and for the purposes of article 18(1)(k), (l) and (m), anything done by the \*CC before the relevant date shall have effect on or after that date as if it had been done by the OFT.~~

~~(5) For the purposes of this Part, a special credit agreement is a debtor-creditor agreement in respect of which the following conditions are satisfied—~~

~~(a) the agreement is not a home credit loan agreement;~~

~~(b) the agreement provides for the debtor to pay by instalments; and~~

~~(c) at the time he enters into the agreement, the creditor expects the instalments (or most of them) to be made in coins of the realm or bank notes; and the reference in this paragraph to a "debtor-creditor agreement includes a reference to an agreement that would be a "debtor-creditor agreement but for regulation 4(1)(a) of the Consumer Credit (Exempt Agreements) Order 1989<sup>9</sup> (which relates to certain agreements entered into by credit unions).~~

~~(6) For the purposes of this Part, home credit loan agreements with the same creditor, the same rounded APR, the same frequency of repayments of credit and the same duration shall be deemed to constitute a class of home credit loan agreements; and a reference to a class of home credit loan agreements, and other cognate expressions shall be construed accordingly.~~

~~(7) For the purposes of this Part, special credit agreements with the same creditor, the same rounded APR, the same frequency of repayments of credit and the same duration shall be deemed to constitute a class of special credit agreements; and a reference to a class of special credit agreements, and other cognate expressions shall be construed accordingly.~~

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<sup>9</sup> S.I. 1989/869

~~(8) For the purposes of this Part, a large lender, on any particular date, is a person carrying on a home credit loan business who at the beginning of the calendar year comprising that date—~~

~~(a) employs at least 200 agents; or~~

~~(b) has a home credit turnover of at least £10 million, and a reference to the large lenders collectively shall be construed accordingly.~~

~~(9) Without prejudice to section 11 of the Interpretation Act 1978,<sup>40</sup> 'enactment' has the meaning given by section 183(1) of the Enterprise Act 2002.~~

#### ~~15. Accredited operator, relevant date and certain notices to be given by the \*CC in connection therewith~~

~~(1) In this Part, 'the accredited operator' means the single person for the time being approved by the CC for the purposes of this Part.~~

~~(2) In this Part, 'the relevant date' is six months after the CC has first published, in accordance with paragraph (3), a notice that it has approved an accredited operator or such later date as from time to time specified for the purposes of this Part in a notice published by the CC.~~

~~(3) When the CC approves a person as the accredited operator or withdraws such an approval it shall publish a notice indicating that it has done so.;~~

~~(4) The CC shall not withdraw such an approval unless the OFT advises that such a withdrawal is appropriate.~~

~~(5) When the accredited operator is ready to receive information for publication under article 16, the CC shall publish notice of the fact and of the address of the relevant website.~~

#### ~~16. Duty to publish~~

~~(1) Where a person carrying on a home credit loan business holds himself out as willing to enter into home credit loan agreements falling within any particular class, he shall, so long as that remains the case, cause an advertisement complying with the requirements of article 17 to be continuously published on the relevant website.~~

~~(2) Paragraph (1) does not require the person to cause anything to be published in relation to the class—~~

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<sup>10</sup> 1978 c.30. relevant amendment is made by S.I.1999/1956.

~~(a) during the period of 28 days beginning with the date that the person first holds himself out as willing to enter into home credit loan agreements falling within the class (or, where applicable, he first does so again after he last ceased to do so);~~

~~(b) while the total number of home credit loan agreements falling within the class entered into by him within the previous 12 months is less than 100; or~~

~~(c) before the relevant date.~~

~~(3) If the person holds himself out as willing to enter into home credit loan agreements falling within more than one class, the previous provisions of this article shall apply in relation to each class separately.~~

~~(4) In this article, a reference to a person holding himself out as willing to enter into home credit loan agreements is a reference to him holding himself out as willing to enter into such agreements with members of the public.~~

## **17. Information to be published**

~~(1) The requirements referred to in article 16(1) are that the advertisement contains, in addition to information and a representative example required in order to comply with the Advertisements Regulations, the information described in paragraph (2).~~

~~(2) The information referred to in paragraph (1) is—~~

~~(a) the duration of such agreements expressed in months (in a case where repayments of credit are by monthly instalments) or in weeks (in any other case);~~

~~(b) the total charge for credit per £100 advanced, expressed in pounds and pence (rounded to the nearest penny);~~

~~(c) the frequency, number and amounts of repayments of credit, expressed in pounds and pence (rounded to the nearest penny) per £100 advanced to be made by the debtor under such agreements, on the assumption that the debtor complies with his obligations;~~

~~(d) whether or not any charge is made for late payments under such agreements and, if so, a description and the amount of the charges;~~

~~(e) whether or not any charge is made under such agreements for home collection and, if so, a description and the amount of the charges; (f) whether there are any and if so, details of the limitations on the circumstances in which the person is normally willing to enter into such agreements other than limitations relating to—~~

- ~~(i) the ability of the debtor to meet his obligations under the agreement;~~
- ~~(ii) the area or areas in which the debtor resides; or~~
- ~~(iii) the maximum or minimum amount that can be advanced; and,~~

~~(g) if the information set out in the above sub-paragraphs concerning agreements falling within the class is different in different cases, details of the differences and the circumstances in which those differences arise.~~

~~(3) Where an advertisement displayed on the relevant website contains a link to other material on the website that other material shall be regarded as part of the advertisement for the purposes of this article.~~

~~(4) In paragraph (2)(d) and I, a reference to a charge does not include any charge taken into account in determining the amounts referred to in paragraph (2)I.~~

#### **~~18. Further provisions concerning the manner of publication~~**

~~(1) While a person is required by article 16 to cause an advertisement to be published on the relevant website, he shall cause the relevant website to comply with the following requirements relating to the publication—~~

~~(a) any person can easily and quickly gain access to the website free of charge;~~

~~(b) the website has search facilities that can be used easily and quickly by any person, free of charge, to compare the terms on which different creditors are willing to enter into home credit loan agreements and special credit agreements and those facilities include—~~

~~(i) a facility enabling searches to be made by reference to a specific area;~~

~~(ii) a facility enabling the results of such searches to be ranked according to total charge for credit per £100 advanced; and~~

~~(iii) a facility enabling the results of such searches to be ranked according to representative APR.~~

~~(c) any person can easily and quickly reproduce, free of charge, information on the website electronically and on paper;~~

~~(d) no advertisements are displayed on the website other than advertisements indicating that the advertiser is willing to enter into home credit loan agreements or is willing to enter into special credit agreements;~~

~~(e) no advertisement is displayed on the website unless the advertiser has complied with the requirements of paragraphs (2) and (5) of article 19 in relation to the advertisement;~~

~~(f) no advertisement displayed on the website contains information (except insofar as this is necessary in order to comply with the requirement to show a representative example under the Advertisements Regulations) about—~~

~~(i) more than one class of home credit loan agreements or more than one class of special credit agreements; or~~

~~(ii) a class of home credit loan agreements and also a class of special credit agreements;~~

~~(g) no page of the website contains more than one advertisement relating to the same class of home credit loan agreements or to the same class of special credit agreements;~~

~~(h) no advertisement displayed on the website contains any information concerning the advertiser other than—~~

~~(i) the terms of the home credit loan agreements or special credit agreements the advertiser is willing to enter into and the circumstances in which he is willing to enter into them;~~

~~(ii) one or more names of the advertiser and telephone numbers;~~

~~(iii) one or more addresses at which the advertiser may be contacted; and~~

~~(iv) information required to be included in the advertisement by article 17 or by any enactment;~~

~~(i) no advertisement concerning home credit loan agreements falling within any particular class is displayed on the website unless—~~

~~(i) it is published pursuant to article 16 (and is accordingly required by that article to comply with the requirements of article 17);~~

~~(ii) it is not published pursuant to article 16 but nevertheless complies with the requirements of article 17; or~~

~~(iii) it complies with conditions set out in paragraph (3);~~

~~(j) no advertisement concerning special credit agreements falling within any particular class is displayed on the website unless—~~

~~(i) it complies with the requirements of article 17, as if references in article 17 to home credit loan agreements were references to special credit agreements; or~~

~~(ii) it complies with conditions set out in paragraph (3);~~

~~(k) the website contains no hyperlinks to another website other than such links (if any) as are for the time being approved by the authority;~~

~~(l) the website includes guidance on consumer rights in such terms as are for the time being approved by the authority;~~

~~(m) the website includes an explanation, in such terms as are for the time being approved by the authority, on how to interpret the information it contains;~~

~~(n) the website includes a notice giving all persons permission to reproduce the contents of the website;~~

~~(o) the website includes a notice displaying a postal address and a telephone number where any person can contact the accredited operator;~~

~~(p) the information published on the website is retained so long as this Order remains in force and is available to the OFT;~~

~~(q) there is available to the OFT information concerning the number of times persons have gained access to the website and the duration of that access;~~

~~(r) there is available to the OFT information concerning service levels and other information which the OFT requires for the purpose of monitoring the performance of the website.~~

~~(2) Where an advertisement displayed on the relevant website in response to a search contains a link to other material on the website, that other material shall be regarded as part of the advertisement for the purposes of paragraph (1)(d), (e), (f), (i) and (j).~~

~~(3) The conditions referred to in paragraph (1)(i) and (j) are that the advertisement—~~

~~(a) includes a specified amount which may be advanced;~~

~~(b) does not include any other amount or a range of amounts which may be advanced;~~

~~(c) includes the total charge for credit and the amounts of repayments of credit expressed (in each case) in pounds and pence (rounded up to the nearest penny); and~~



~~(d) complies with the requirements of article 17, disregarding the requirements for it to contain the total charge for credit per £100 advanced and the amounts of repayments of credit per £100 advanced;~~

#### **19. Requirements referred to in article 18(1)(e)**

~~(1) This article has effect for the purpose of specifying the requirements referred to in article 18(1)(e).~~

~~(2) In order to have complied with this paragraph, the advertiser must have supplied the accredited operator with both the information described in article 17(2)) and the following information in writing—~~

~~(a) the postcode districts in which payments by the debtors are to be collected; and~~

~~(b) the number of the licence under which he operates (if applicable).~~

~~(3) For the purposes of this article, the postcode district in which a place is situated is the first of the two groups of letters and numbers comprised in the full postcode for that place; and a reference to a postcode district shall be construed accordingly.~~

~~(4) Accordingly, for example, if instalments are to be collected from addresses with a postcode set out in the left-hand column of the table below, the information to be provided under paragraph (2)(a) would be the letters and numbers indicated in the corresponding entry in the right-hand column.~~

~~Full postcode \_\_\_\_\_ Postcode district~~

~~WC1B 4AD WC1B \_\_\_\_\_ EC4Y 8JX EC4Y~~

~~(5) In order to comply with the requirements of this paragraph, an advertiser must, within 12 months after the advertisement is first published on the relevant website and thereafter at intervals of not more than 12 months, inform the accredited operator in writing that he is still willing to enter into agreements of the class of home credit loan agreements or special agreements, to which the advertisement relates, with members of the public and if so—~~

~~(a) whether the published information is or is not correct; and~~

~~(b) whether the last information that the advertiser supplied to the accredited operator in writing concerning the postcode districts in which payments by the debtors is or is not still correct.~~

#### **20. Further provisions concerning large lenders and special loan agreements**

~~(1) The cost of setting up and operating the relevant website shall be borne wholly by the large lenders and by persons who cause advertisements relating to special credit agreements (such an advertisement being referred to below as a 'special advertisement') to be published on that website with—~~

~~(a) the large lenders paying on the basis of the principle set out in paragraph (2); and~~

~~(b) each special advertisement being paid for by the advertiser, the amount in each case being the additional cost that the accredited operator incurs in publishing the special advertisement.~~

~~(2) The principle is that fees are to be calculated in relation to successive 12 month periods and, in relation to each period, the amount borne by each person who is a large lender on the first day of the period shall be equal to the total amount borne by all persons who are large lenders on the first day of the period multiplied by the ratio of his home credit turnover on the first day of the period to the sum of the home credit turnover of all persons who are large lenders on the first day of the period.~~

~~(3) Within 14 days after the relevant date, every person who is a large lender on that date shall inform the OFT of the amount of his home credit turnover as at the relevant date.~~

~~(4) Within 14 days after every anniversary of the relevant date, every person who is a large lender on that anniversary shall inform the OFT of the amount of his home credit turnover as at the date of that anniversary.~~

~~(5) The OFT may supply such of the information it receives under paragraphs (3) and (4) to the accredited operator as it considers necessary for effect to be given to paragraph (1).~~

~~(6) The large lenders must ensure persons who carry on a home credit loan business other than large lenders are able to cause advertisements that relate to home credit loan agreements and are consistent with the provisions of article 18 to be published free of charge on the relevant website.~~

## **21. Extent of obligations under this Part**

~~A person shall not be regarded as having contravened this Part if he took all reasonable steps and exercised all due diligence to avoid contravening it.~~

## **PART 4**

### **Statements on request**

#### **22. Duty to give information to debtor**

(1) A creditor under a home credit loan agreement, within seven days after receiving a request (oral or in writing) to that effect from the debtor, shall give the debtor a statement that complies with the requirements of paragraph (2).

(2) Subject to paragraphs (3), (4) and (5) the statement must—

(a) comply with the requirements of the Consumer Credit (Information Requirements and Duration of Licences and Charges) Regulations 20071 ('the 2007 Regulations') as they apply to statements under section 77A of the 1974 Act separately in relation to each home credit loan agreement that has been made between—

(i) the debtor and the creditor; or

(ii) the debtor and any person who is an associate of the creditor on the date the request is received; and

(b) set out the total of the amounts shown in the statement by virtue of paragraph 3(j) of Schedule 1 to the 2007 Regulations as applied by subparagraph (a) above.

(3) In its application to this article, the 2007 Regulations shall have effect as if—

(a) at the end of regulation 11, there were added—

'(3). Paragraphs (1) and (2) shall not apply in the case of a statement given pursuant to a request under the Home Credit Market Investigation Order 2007 and, in such a case, the statement shall relate to a period—

(a) beginning with the date of the making of the agreement or 12 months before the request is received (whichever is the later); and

(b) ending on a date not more than 14 days before the statement is given.';

and

(b) regulations 45 to 48 (transitional provisions) were omitted.

(4) Paragraph (1) does not apply to— (a) a request made less than three months after a previous request by the debtor to the creditor or any of his associates made

under that paragraph was complied with; or (b) a request received before the date that section 6 of the Consumer Credit Act 2006 comes fully into force.

(5) Paragraph (1) does not apply to a request of the kind mentioned in that paragraph if every home credit loan agreement that has been made between—

(a) the debtor; and

(b) the creditor or person who is an associate of his on the date the request is received; was finally discharged more than 12 weeks before the request was received by the creditor.

(6) For the purposes of this article, an agreement is finally discharged on the first day that the following condition is satisfied, namely that no sum is, or will or may become, payable by the debtor under the agreement.

(7) In this article, 'give' has the same meaning as in the 1974 Act.

(8) For the purposes of this article, a request received by an agent employed by the creditor shall be deemed to be a request made to the creditor.

### **23. Prohibition on provisions inconsistent with this Part**

A person shall not, as creditor, enter into a home credit loan agreement that is inconsistent with the rights of the debtor under this Part.

## **PART 5**

### **Early settlement rebates**

#### **24. Interpretation of Part 5**

In this Part, 'early settlement' and 'rebate' have the same meanings as in the Consumer Credit (Early Settlement) Regulations 2004.

#### **25. Amount of rebate**

(1) A person shall not, as a creditor, enter into a home credit loan agreement unless it contains an express provision giving the debtor the right, in the event of early settlement, to a rebate that would in all circumstances be equal to or greater than the amount determined in accordance with paragraph (2).

(2) The amount determined in accordance with this paragraph is the rebate the debtor would be entitled to under the Consumer Credit (Early Settlement) Regulations 2004 if—

- (a) in regulation 4(2), the words 'where the creditor so elects' were omitted;
- (b) in regulation 5(1)(a), for '28 days' there were substituted '13 days'; and
- (c) regulation 6 (deferment of settlement date) were omitted.

(3) For the purposes of this article, an agreement embodies a provision if the provision is set out either in the agreement or in another document referred to in it.

(4) Paragraph (1) shall not apply to an agreement entered into during the period of three months beginning with the date of this Order.

## **26. Early settlement statements**

(1) This article applies where—

(a) a creditor under a home credit loan agreement has received a request under section 97 of the 1974 Act and is, accordingly, required by that section to give the debtor a statement in the form prescribed by the Consumer Credit (Settlement Information) Regulations 1983;

(b) the agreement was entered into after the expiration of the period of three months beginning with the date of this Order;

(c) the debtor would be entitled to a rebate under the agreement on early settlement if early settlement takes place not later than the 13-day settlement date; and

(d) the 13-day settlement date is earlier than the 28-day settlement date.

(2) In such a case, the creditor shall include in the statement, in addition to the information required under those Regulations—

(a) the amount of the rebate the debtor would be entitled to under the agreement on early settlement calculated on the assumption that early settlement takes place on the 13-day settlement date; and

(b) the total amount payable by the debtor required to discharge his indebtedness under the agreement after taking into account the amount of the rebate shown in accordance with sub-paragraph (a).

(3) For the purposes of this article—

(a) the 13-day settlement date shall be taken to be the date of the expiration of a period of 13 days after the day on which the creditor has received the request from the debtor, unless a later date is requested by the debtor; and

~~(b) the 28 day settlement date shall be taken to be the settlement date as determined in accordance with regulation 5(1)(a) of the Consumer Credit (Early Settlement) Regulations 2004.~~

## **PART 6**

### **Further information requirements**

#### **27. Interpretation of Part 6**

In this Part—

‘appointed day’ means such date as is specified for the purposes of this Part in a notice published by the CC CMA, being a date that is at least 21 days after the relevant date;

~~‘relevant date’, ‘relevant website’, ‘representative APR’ and references to a class of home credit loan agreements have the same meanings as in Part 3;~~

‘supply’, in relation to information, means communicate the information orally or give a statement in writing containing the information;.

#### **28. Supply of information to the ~~OFT~~ CMA**

Schedule 3 shall have effect.

#### **30. Duty to provide information in documents delivered to an individual**

(1) Subject to paragraph (3), this article applies to every advertisement which is a document delivered or sent to an individual or left at the address of an individual for the purposes of a person’s home credit loan business.

(2) Subject to paragraphs (4) and (5), a person carrying on a home credit loan business (or an associate of such a person) who causes such an advertisement to be so delivered, sent or left must ensure that—

(a) the advertisement contains the forms of wording set out in Part 2 of Schedule 4; and

(b) if the advertisement includes any of the items listed in Schedule 2 to the Advertisements Regulations, the wording required under sub-paragraph (a) is shown in characters of not less than the size of the characters in which those items appear or in any other case not less than the size of characters in Arial font size 11.

(3) This article does not apply to an advertisement which is a document to which article 31 applies.

### **31. Duty to provide information in payment books etc**

(1) This article applies to every document which—

(a) is delivered or sent by a creditor to a debtor (or person acting on the debtor's behalf) under a home credit loan agreement or left by such a creditor at the address of such a debtor (or a person acting on the debtor's behalf); and

(b) is for recording payments under the agreement.

(2) A creditor under a home credit loan agreement who causes such a document to be so delivered, sent or left must ensure that—

(a) the forms of wording set out in Part 2 of Schedule 4 are set out on the front cover (if the document is in the form of a book) or (in any case) the first page of the document; and

(b) the wording required under sub-paragraph (a) is shown in characters of not less than the size of characters in Arial font size 11.

### **32. Duty to supply product information on request**

(1) This article applies where a person ('the enquirer') makes a request (oral or in writing and however expressed) to a person who carries on a home credit loan business ('the supplier') to be provided with particulars of the terms on which the supplier is willing to enter into home credit loan agreements.

(2) In those circumstances, the supplier shall supply the enquirer with the information described in article 17(2)(a), (b) and (c) in relation to each class of home credit loan agreement that he holds himself out as willing to enter into with members of the public.

(3) However, if the request is in terms that indicate that the enquirer requires only a limited category of information, paragraph (2) shall apply only to the extent that it includes that category of information.

(4) Subject to paragraph (5), if the request is made orally the supplier shall— (a) communicate the information to the enquirer orally within 24 hours after receiving the request; or (b) give him a statement in writing containing the information within seven days after receiving the request.

(5) The supplier shall give the enquirer a statement in writing containing the information within seven days after receiving the request if—

(a) the request is made orally and the enquirer asks for the information to be given in writing; or

(b) the request is made in writing.

(6) For the purposes of this article, a request received by an agent employed by a person who carries on a home credit loan business shall be deemed to be a request received by that person.

(7) Nothing in this article shall affect the operation of section 49 of the 1974 Act (prohibition on canvassing).

(8) In this article, 'give' has the same meaning as in the 1974 Act.

Signed by authority of the Competition Commission

Peter Freeman

Group Chairman, Competition Commission,

13 September 2007



## SCHEDULE 1

<b>Expression</b>	<b>Provision in the order</b>
Accounts	Article 2(5) Schedule 2, para. 1(b)
Advertisement and references to publishing an advertisement	Article 2(3)
Agent (and number of agents employed)	Article 5
Applicable number	Article 5(4)
Applicable turnover	Article 6(3)
Appointed day	Article 27
APR (other than in the expression 'rounded APR')	Article 14(2)
Associate	Article 2(2)
Authority	Article 14(4)
Business year	Article 6(5)
CMA	Article 2(1)
Commencement date	Schedule 2, para. 1(a)
CRA	Article 11(2)
Credit	Article 2(2)
Creditor	Article 2(2)
Credit reference agency	Article 2(2)
Data subject	Schedule 2, para. 1(d)
Debtor	Article 2(2)
Debtor-creditor agreement	Article 2(2)

Early settlement	Article 24
Employed	Article 5(6)
Give (in relation to article 22)	Article 22(7)
Give (in relation to article 32)	Article 32(8)
Holds himself out	Article 16(4)
Home credit business	Article 4
Home credit loan agreement	Article 3
Home credit loan business	Article 4
Home credit turnover	Article 6
Home credit voucher agreement	Article 3
Individual	Article 2(2)
Large lender	Article 14(8)
Name	Article 14(3)
Personal data	Schedule 2, para. 1(d)
Positive, delinquent and default data	Schedule 1, para. 1(b)
Rebate	Article 24
Regulated agreement	Article 2(2)
Relevant agreement	Schedule 1, para. 1(c)
Relevant agreement in question	Schedule 1, para. 2
Relevant contract	Schedule 1, para. 2
Relevant date	Article 15
Relevant category	Article 9(2)
Relevant voucher	Article 3(4)
Representation	Article 2(2)
Shared records	Article 11(5)

Subscribers to shared data	Article 11(5)
Supplier	Article 32(1)
Supply	Article 27
The Advertisements Regulations	Article 2(1)
The 1974 Act	Article 2(1)
The Principles	Article 11(1)(a)
The Rules Managing SCOR'	Article 11(1)(b)
The 13-day settlement date	Article 26(3)
The 28-day settlement date	Article 26(3)

## **SCHEDULE 2**

Articles 12(2) and 13(1)

### ***Requirements for data sharing contract***

1. In this Schedule—

(a) 'commencement date' means the date that this Order comes into force.

(b) 'positive, delinquent and default data' and 'accounts' have the same meanings as in paragraph 2.1 of the Principles;

(c) 'relevant agreement' means a home credit loan agreement or a home credit voucher agreement; and

(d) 'personal data' and 'data subject' have the same meanings as in the Data Protection Act 1998.<sup>11</sup>

2. In order for a contract ('the relevant contract') between a person and a CRA to be treated, for the purposes of article 12, as a contract between the person and the CRA which complies with this Schedule at the time the person enters into a relevant

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<sup>11</sup> 1998 c.29.

agreement ('the relevant agreement in question'), the contract must comply with the following provisions of this Schedule.

3. The relevant contract must impose a requirement on the person—

(a) to provide positive, delinquent and default data on a regular (minimum monthly) basis to the CRA on all accounts relating to relevant agreements (within the meaning of this Schedule) which he has entered into as the creditor; and

(b) to indicate, when providing such data, that the data relate to a relevant agreement within the meaning of this Schedule.

4. The requirement must be in force at the time the relevant agreement in question is entered into.

5. Paragraph 4 shall not apply if—

(a) the relevant contract provides for the requirement to come into force within a specified period (not exceeding three months) after the person enters into the relevant contract and that period has not expired when he enters into the relevant agreement in question; and

(b) the person has not prior to entering into the relevant contract, entered into more than one contract which imposes a requirement on him that complies with paragraph 3(a) and (b).

6. For the purposes of paragraph 5, any contract that terminated before the commencement date shall be ignored.

7. Paragraph 3 does not require the relevant contract to impose a requirement on the person to provide to the CRA personal data which satisfy both of the following conditions.

8. The conditions are that—

(a) the personal data relate to a relevant agreement entered into before the commencement date; and

(b) the data subject has not consented to the personal data being provided to the CRA.

## **SCHEDULE 3**

Article 28

### **Supply of information to the CMA**

1. Any person carrying on a home credit loan business is required to provide to the CMA any information and documents required for the purposes of enabling the CMA to monitor and review the operation of this Order or any provisions of this Order.
2. Any person carrying on a home credit loan business may be required by the CMA to keep and produce those records specified in writing by the CMA that relate to the operation of any provisions of this Order.
3. Any person carrying on a home credit loan business and whom the CMA believes to have information which may be relevant to the monitoring or the review of the operation of any provisions of this Order may be required by the CMA to attend and provide such information in person.
4. The CMA may publish any information or documents that it has received in connection with the monitoring or the review of this Order or any provisions of this Order for the purpose of assisting the CMA in the discharge of its functions under or in connection with this Order.

## **SCHEDULE 4**

Articles 29, 30 and 31

### ***Form of wording to be used in advertisements and documents for recording payments***

#### *Part 1*

#### *Part 2*

'All home credit customers are entitled to a free detailed statement once every 3 months; just ask'

### **Annexe 3: proposed amendments to the Explanatory Note to the Home Credit Order 2007 (subject to representations received in response to this consultation)**

Paragraph 1: omit “Another remedy requires lenders to publish information on the price of loans on a website, making it easier for customers to shop around and compare offers”.

Paragraph 8(b): substitute text with “Part 3 has been revoked.”

Paragraphs 18 – 20: for “OFT” substitute “CMA”.

Paragraph 22: for “CC” substitute “CMA”.

Paragraph 29(b): for “Callcredit” substitute “Transunion International UK”; for “licensed” substitute “authorised”.

Paragraphs 35 – 62: substitute text with “Part 3 has been revoked.”

Paragraph 83: for “OFT” substitute “CMA”.

Paragraphs 84 – 87: substitute text with “Article 29 has been revoked alongside Part 3.”

Paragraph 88: for “Parts 1 and” substitute “Part”; omit “As noted above, Part 1 wording is a statement drawing attention to the relevant website.”

Paragraph 90: for “Parts 1 and” substitute “Part”.