CMC Strategic Review of Market Remedies – Store Card Market Investigation Order 2006 (Varied 2011)

FLA Response: 2 March 2026
Author: Fiona Hoyle
Distribution: CMA

INTRODUCTION

- The Finance & Leasing Association (FLA) is the UK's leading trade body for the asset, consumer, and motor finance sectors. Together our members provided £116 billion in the form of consumer credit, representing almost a third of total new consumer credit written in the UK. This includes credit cards, revolving credit, personal loans, motor finance, mortgages and point-of-sale finance. Our members include banks, subsidiaries of banks and other large and medium-sized lenders operating in the consumer credit market.

- We welcome the CMA's *Strategic Review of Market Remedies,* to ensure that longstanding remedies that are no longer needed can be removed. We also support the CMA's 4Ps framework of *Pace, Predictability, Proportionality* and *Process* aimed at enhancing business and investor confidence in UK competition and consumer regimes, to ensure that the regulatory environment is conducive to growth.

- In this response we focus on the ***Store Card Market Investigation Order 2006*** (Varied 2011) (the Order), as FLA members previously provided store cards. Twenty years later, we strongly believe that the Order should be revoked as part of this Review. The store card market has contracted, consumers are now well-protected via FCA regulation, and the prescribed nature of the Order is at odds with how the FCA wants to regulate consumer credit in the future.
- We look forward to working with the CMA as part of this Strategic Review and would be happy to set up a meeting to discuss this response in more detail.

Executive Summary

- **Store Cards**: Since the Order was introduced 20 years ago, store cards have fallen out of mainstream use. Retailer-branded cards are rarely limited to use in a retailer's stores alone (or group of stores) and are instead credit cards or digital credit products (which do not fall within the remit of the Order as they do not involve the use of a plastic card) which consumers use across different retailers to purchase goods and services. Consumers want a more flexible product which allows them to shop around more widely, and they also want the ability to compare products to get the best deal. Together, this has driven greater competition and choice. The store card market is therefore very different to that investigated by the Commission in advance of the Order.

- **Stronger FCA Regulation**: Over the past 12 years, the FCA has been a highly active regulator of the consumer credit industry, with firms subject to an extensive regulatory framework via the FCA Handbook, CONC and the Consumer Duty. Consumer protection and delivering good customer outcomes sit at the heart of the regime, including delivering Fair Value through pricing/charges and Customer Understanding through the information firms provide. The remaining store card customers are now subject to more extensive support and protection compared to when the Order was introduced. The remedies included in the Order are therefore no longer needed and lead to unnecessary duplication.

- **Increased Consumer Protection:** FCA regulation does not allow anti-competitive pricing, inadequate disclosures and unclear pricing practices across any regulated product. The harms initially identified in relation to store cards are now addressed by FCA regulation and would be subject to comprehensive supervision and enforcement should they arise.

- **Outcomes-based regulation**: The FCA's Consumer Duty was introduced in July 2023 and seeks to promote more outcomes-focused regulation and a move away from detailed and prescriptive rules. The prescriptive remedies in the Order run counter to this approach and prevent lenders from providing information in a way which best meets the needs of their different customer groups.

- **Proportionate**: Consumer Credit lenders are already subject to a complex regulatory framework via the Consumer Credit Act, FCA regulation, case law and Financial Ombudsman decisions. The Order creates another layer of duplicating regulation, which has not been reviewed for 15 years. Revoking the Order will assist in delivering a more proportionate approach, in line with the CMA's 4Ps commitment.

CMA Changes in Circumstances

(a) **Market Developments:** *Changes in the market and competition landscape since the remedy was introduced. For example, the entry and expansion of competitors to the bound businesses or a change in consumer behaviour***.**

- As noted above, the store card market is now extremely small and only a minority of store card customers have revolving balances. Many of the remaining accounts now operate as cardless revolving credit products. This contraction has led to store cards no longer being seen as a separate product segment and the FLA no longer publishes data on store cards separately, as the sample is too small.
- The demise of store cards was the result of retailers wanting to work with a wider range of lenders, which would in turn provide access to a larger cohort of potential customers. The store card model (which entailed a retailer working with a single lender and a more limited customer base), became less attractive and curtailed

growth. Consumers also wanted the option of being able to shop across different retailers with the same credit facility, without being restricted to one retailer. Credit cards and other credit products have subsequently met the needs of retailers and consumers in place of store cards.

- The point-of sale (POS) market has also seen fundamental change with the launch of Deferred Payment Credit, which now has more than 11 million customers. DPC (which would not in any event fall within the remit of the Order) will be fully regulated by the FCA by Summer 2026, and it is likely that more POS lenders will enter this market giving customers more borrowing options to choose from depending on what they are buying, how they want to pay and over what period.
- The Government's commitment to reviewing the Consumer Credit Act is expected to give lenders greater flexibility in product design. The CCA is currently prescriptive on the types of products which lenders can offer, and any innovation must work around these constraints. Lenders want to be able to provide products which better suit their customers' needs and circumstances. The introduction of outcomes-based regulation, greater use of AI and the CCA Review are likely to lead to transformational change in how consumer credit is provided to UK consumers over the next few years.
- We do not believe that store cards will become a mainstream credit product again, based on the market developments outlined above.

(b) **Age and Impact:** *The age of the remedy indicates that the remedy no longer addresses the original competition problem and/or consumer detriment which it was designed to remedy. For example, a remedy which predates developments such as the internet or a remedy requiring bound businesses to provide information to consumers which is no longer used or is no longer relevant to them.*

- The Order sought to address consumer harms identified two decades ago and we do not believe they still present material risks to consumers.
- The remedies were focused on customers receiving information on interest rates, fees and charges, repayments options and PPI charges, and ensuring customers had the information they needed to make informed borrowing decisions before completing an application. FCA regulation requires lenders to provide customers with comprehensive information on a similar footing and in a format they can understand. Changes to how PPI is sold have also been introduced.
- The Order prescribes both the type of information, where it should be provided and mandates the use of capital letters. This does not align with the FCA's Consumer Duty which moves away from a *one-size fits all* approach to how information is provided, as customers groups differ.

- Early consultations as part of the CCA Review have already looked at the role of prescribed information and how it no longer meets the needs of consumers, as it often fails to present information in a way customers can understand.

(c) **Regulatory Landscape:** *Changes to relevant regulations or legislation affecting the appropriateness of the remedy. For example, alternative regulatory or legislative solutions have been introduced to address the original competition problem.*

- As noted above, the regulation of consumer credit has changed materially over the past 12 years. When the Order was made, consumer credit was regulated by the CCA and subject to oversight by the Office of Fair Trading which adopted a higher-level approach to supervision compared to the FCA.
- Consumer Credit came within the FCA's remit in 2014, and the pace of regulatory change has been constant since then. Firms must comply with the FCA Handbook, detailed rules in the Consumer Credit Sourcebook (CONC) and outcomes-based regulation under the Consumer Duty. Together, these cover the entire customer journey and how firms manage and conduct their businesses. They also provide far more extensive consumer protections compared to when the Order was made.
- The FCA has conducted a *Credit Card Market Study* and remedies have been in place since 2018. These included store cards in certain respects (as the FCA noted they were like credit cards but also recognised their limited usage and risk). Many credit card lenders applied the same remedies across their residual store card product as well, for ease of delivery and to avoid running dual processes. These have delivered further improvements to how store cards are marketed and serviced, which diminish the need for the Order.
- The CMA's Review seeks a regulatory environment which is conducive to growth and the FLA supports this. In response to the Government's growth agenda, the FCA is also reviewing its regulatory framework to identify aspects which might curtail competition and growth. We know that funders and investors are concerned at the scale of duplicate regulation, which can make the UK consumer credit market less attractive to do business in. We strongly believe that overlapping and duplicating regulation should be removed and that this should include the Order.
- For the past 30 years, the FLA has operated the FLA Lending Code which covers consumer and motor finance. Over 80 firms subscribe to the Code, making it one of the most widely supported Codes in the credit sector. Following a detailed review in 2025, we have decided to retire the Code as many of the provisions (including those on store cards) are now caught by FCA regulation and the Consumer Duty. Requiring members to continue to adhere to the Code would result in unnecessary duplication and resource. Effective regulation needs to keep pace with market developments.

(d) **Changes to the bound businesses:** *Structural, behavioural or other changes to businesses bound by the remedies. For example, the bound businesses have exited the relevant market.*

- Many lenders have stopped offering store cards and exited the market. As noted above, the number of customers is much smaller and those that do remain are now subject to extensive protections under FCA regulation.

2 March 2026