CCTA Response to the CMA Consultation on the Strategic Review of Markets Remedies (2026)

1. Introduction

The Consumer Credit Trade Association (CCTA) represents smaller and specialist lenders across the UK consumer credit market, including home-collected credit and high-cost short-term credit providers.

We recognise and respect the CMA's statutory responsibility to review market remedies to ensure they remain necessary, proportionate and effective. Market Investigation Orders are significant structural interventions. They should continue only where there is clear and current evidence of an Adverse Effect on Competition (AEC) within the meaning of the Enterprise Act 2002.

The consumer credit landscape in 2026 differs materially from that which existed in 2007 and 2015. Market structure, firm numbers, regulatory oversight, pricing controls, supervisory intensity and consumer protection frameworks have all changed.

This review presents an important opportunity to ensure that competition policy reflects current market realities and supports a sustainable, competitive credit market that contributes positively to economic growth and financial resilience.

2. The AEC test under the Enterprise Act – relevance to this review

Under Part 4 of the Enterprise Act 2002, the CMA must determine whether any feature, or combination of features, of a market prevents, restricts or distorts competition. That finding constitutes an Adverse Effect on Competition (AEC).

Two principles are central.

First, the AEC test is focused on competition. The CMA must identify specific market features that distort competition and demonstrate a causal link between those features and weakened competitive outcomes.

Second, remedies must be effective and proportionate in addressing the identified AEC. Where market conditions have materially changed, the continued operation of remedies requires fresh justification grounded in current evidence.

In the context of this strategic review, the core statutory questions are:

- Do the features that gave rise to the original AEC still operate in a way that prevents, restricts or distorts competition?
- Have regulatory and structural changes mitigated those features?
- Are the remedies still proportionate given today's market scale and structure?

It is important that historic findings do not become permanent architecture without reassessment. Competition policy must evolve alongside markets.

3. Why this review matters in 2026

The UK Government has placed renewed emphasis on economic growth, labour market participation and financial inclusion. Access to regulated credit is a component of that ecosystem.

For many consumers served by smaller and specialist lenders, credit is not discretionary spending. It enables:

- Continued participation in work and education
- Mobility through vehicle finance
- Household resilience in the face of income volatility
- The ability to manage essential expenditure without falling into arrears or informal borrowing

A diverse and sustainable credit market contributes to economic activity at the local and national level. Smaller lenders support employment, retail activity, mobility and consumption in communities often underserved by mainstream finance.

Competition policy should therefore ensure that remedies designed to enhance competition do not inadvertently contribute to market contraction or reduced capacity.

A remedy that weakens viable supply can, over time, reduce effective competition rather than strengthen it.

Part A – Home Credit Market Investigation Order 2007

4. Market structure has fundamentally changed

The home credit market has contracted significantly. Lending volumes are a fraction of historic levels, and several major providers have exited.

The scale of contraction in the home credit market is material. The market is now estimated to be approximately one-tenth of its size at the time of the 2007 Order.

We believe that between April 2019 and April 2022 alone, the value of loans issued reduced from £1.3 billion to £280 million — a decline of over 75% in three years. Five of the original six major providers have exited. These figures indicate structural contraction rather than entrenched competitive dominance. In such a materially reduced market, the competitive dynamics underpinning the original AEC finding warrant fresh assessment.

The original Order was introduced in a market characterised by several large, established players and concerns about their competitive dynamics. That has now changed.

Today, the central feature of the market is contraction rather than entrenchment. In a much smaller market, the competitive assessment necessarily changes.

The CMA should therefore reassess whether the structural features that previously gave rise to an AEC continue to operate in a way that prevents, restricts or distorts competition.

5. Interaction with FCA regulation

Since 2014, consumer credit conduct regulation has been overseen by the Financial Conduct Authority.

Subsequent reforms include:

- Consumer Duty
- Enhanced affordability and creditworthiness requirements
- Strengthened disclosure rules
- Greater supervisory intensity
- Developments in credit information governance

Many transparency and conduct concerns that may have formed part of the original AEC analysis are now addressed through FCA regulation.

Where sector regulation has materially strengthened, it is appropriate to reassess whether parallel CMA remedies remain necessary to address a live competition concern.

6. Risks of maintaining the status quo

Maintaining the Order without reassessing proportionality carries risks:

- Fixed compliance costs fall on a shrinking number of firms.
- Market exit becomes more likely.
- Concentration increases by default.
- Consumer choice narrows further.

In communities where regulated credit withdraws, research has identified signs of displacement towards informal or illegal lending.

While illegal lending is not itself an AEC issue, displacement effects are relevant when considering whether remedies support or undermine effective competition in practice.

A remedy that contributes to contraction in an already diminished market may no longer advance competition objectives.

7. CCTA position – Home Credit Order

The CMA should conduct a fresh AEC assessment grounded in current market evidence.

In our view:

- The structural conditions underpinning the original AEC have materially changed.
- FCA regulation now addresses many conduct and transparency concerns.
- The proportionality of maintaining the Order in a significantly smaller market is doubtful.

We therefore support revocation of the Home Credit Market Investigation Order 2007.

Part B – Payday Lending Market Investigation Order 2015

8. Changed competitive conditions

The Payday Lending Market Investigation Order 2015 was introduced alongside major FCA interventions, including the statutory price cap.

Since then:

- The number of firms has reduced substantially.
- Market volumes have declined.
- Pricing is capped.
- Consumer Duty has strengthened outcome-focused supervision.

The competitive environment is materially different from that assessed in 2015.

Since the introduction of the FCA price cap and enhanced supervision, the HCSTC market has seen an estimated 60–70% reduction in loan volumes and an approximately 85–90% reduction in the number of active firms. While some researchers place the reduction in lending volumes at about 80-90%.

The CMA should reassess whether the previously identified market features that distort competition remain present to the same extent.

9. FCA-authorised PCW obligations

The requirement to publish information on FCA-authorised price comparison websites was designed to enhance transparency and consumer switching.

In a significantly reduced, price-capped market with stronger FCA financial promotion rules, the incremental competitive benefit of this obligation should be reassessed.

The CMA should consider whether the original information asymmetry concerns remain sufficiently severe to justify continued mandatory obligations, particularly given the market's reduced scale.

10. Summary of borrowing requirements

The summary of borrowing provisions was introduced to improve transparency for repeat borrowing.

Since 2015:

- Digital access to account information has expanded.
- FCA disclosure and outcome requirements have strengthened.
- Consumer Duty requires firms to ensure understanding and fair value.

The CMA should assess whether these provisions address a current competition distortion or whether they now duplicate sector regulation.

11. Growth, access and sustainable competition

Smaller and specialist lenders serve consumers who are often excluded from mainstream credit models.

Where these firms operate sustainably and competitively, they:

- Support labour market participation
- Enable vehicle ownership and mobility
- Facilitate retail activity
- Contribute to local economic resilience

If regulatory layering and historic remedies impose disproportionate burdens on a diminished number of firms, the long-term effect may be reduced entry, lower innovation and greater concentration.

Competition policy should support dynamic and sustainable competition. That includes recognising when remedies designed for a larger market may no longer be proportionate in a materially smaller one.

12. Conclusion

The Enterprise Act framework requires a current, evidence-based assessment of whether market features prevent, restrict, or distort competition.

The consumer credit markets affected by the 2007 and 2015 Orders have changed substantially in size, structure and regulatory oversight.

In our view:

- The competitive conditions underpinning the original AEC findings have materially evolved.
- FCA regulation now addresses many of the concerns previously identified.
- The proportionality of maintaining historic Orders in a contracting market requires careful reassessment.
- Sustainable access to regulated credit contributes to effective competition, economic participation and growth.

We therefore encourage the CMA to undertake a fresh AEC-focused analysis and to revoke the existing Orders where the current evidence does not justify their continuation.