CCTA Response to the Home Credit Market Investigation Order 2007

Consumer Credit Trade Association
Response to the provisional decision on the strategic review of CMA market remedies

CCTA position

- CCTA welcomes the proposed removal of most remaining provisions of the Home Credit Market Investigation Order 2007 but believes the Order should also be revoked in full, including Part 5.

- The market and regulatory framework have changed substantially since the Home Credit Order was introduced. Part 5 now creates a separate process, additional operational and legal risk, and unequal treatment between home credit and other regulated credit products.

- Once the wider remedy package has been removed, Part 5 cannot credibly stand alone as a competition intervention without evidence that it independently addresses a continuing adverse effect on competition. Full revocation would not remove customers' protections under the Consumer Credit Act, FCA rules, the Consumer Duty or the FCA's vulnerability framework.

CCTA welcomes the CMA's provisional decision to remove Parts 2, 4 and 6 and Articles 30, 31 and 32 of the Home Credit Market Investigation Order 2007. This recognises that substantial elements of the Order have been overtaken by changes in the market and the wider regulatory framework.

However, CCTA believes the same reasoning supports complete revocation of the Order, including the remaining provisions concerning early-settlement rebates in Part 5.

The market and regulatory framework have changed

The Order was introduced following a market investigation undertaken more than 20 years ago and findings published in 2006. The home-credit market, the firms operating within it and the regulatory framework have all changed materially since then.

Consumer-credit firms are now regulated by the FCA and subject to detailed requirements under the Consumer Credit Act, the FCA Handbook and the Consumer Duty. These include requirements concerning product design, fair value, customer understanding, customer support and the identification and fair treatment of customers in vulnerable circumstances.

Existing early-settlement protections would remain

Customers would continue to have statutory early-settlement rights under the Consumer Credit Act and the Consumer Credit (Early Settlement) Regulations 2004 if Part 5 were removed.

The issue is therefore not whether home-credit customers should retain early-settlement protection. It is whether there remains an evidenced competition justification for home-credit lenders being required to operate a separate and more prescriptive process from other regulated consumer-credit providers.

Part 5 modifies the generally applicable early-settlement arrangements specifically for homecredit agreements. It requires an enhanced rebate calculation, a 13-day rather than 28-day settlement period in relevant circumstances, and additional information in settlement statements.

Operational burden and risk

Maintaining this separate process creates an operational and legal risk. A lender must ensure that a request relating to a home-credit agreement is identified and handled under the product-specific requirements of the Order rather than solely under the generally applicable Consumer Credit Act process.

The fact that the process may be used infrequently does not remove that risk. Infrequently encountered exceptions can be harder to embed, maintain, and apply consistently.

A level playing field

The requirement creates an uneven regulatory position. Home-credit lenders must maintain a separate process that does not apply to providers of other regulated credit products serving customers with similar circumstances and needs.

We do not believe that a product-specific distinction introduced in 2007 remains justified without clear evidence of a continuing competition problem that cannot be addressed through the current regulatory framework.

A wider understanding of vulnerability

The understanding of consumer vulnerability has also developed substantially. Vulnerability is now recognised by the FCA as a spectrum of risk arising from factors including health, life events, financial resilience and capability. It may affect customers using any form of consumer credit.

Many home-credit customers may have characteristics of vulnerability. However, the appropriate response is the consistent application of the FCA's vulnerability framework and the Consumer Duty, based on customers' actual circumstances and needs. The continued use of a particular credit product should not, by itself, determine whether a customer receives a different statutory early-settlement process.

Retaining Part 5 risks preserving a historic product-based distinction rather than supporting consistent outcomes for vulnerable customers across the consumer-credit market.

Can Part 5 stand alone?

The CMA has already accepted that major elements of the original remedy package are no longer appropriate. In 2024, it removed the price-comparison website provisions because of changed circumstances. The present provisional decision would remove most of the other substantive requirements. This would leave Part 5 as the only significant product-specific remedy within the Order.

CCTA does not believe there is a sufficient contemporary competition justification for preserving that isolated requirement. Maintaining part of an historic remedy should require positive evidence that it continues to address a current adverse effect on competition and that its benefits justify the additional complexity and unequal treatment it creates.

Conclusion

CCTA therefore encourages the CMA to revoke the Home Credit Market Investigation Order 2007 in full. This would remove an outdated, product-specific regulatory layer while preserving customers' protections under the Consumer Credit Act, FCA rules, the Consumer Duty, and the FCA's vulnerability framework.

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