



Consultation Document

CP13/14 Regulatory fees and levies policy proposals for 2014-15

Response from:

British Vehicle Rental and Leasing Association

River Lodge

Badminton Court

Amersham

BUCKS HP7 0DD

Tel: +44 1494 434747

Fax: +44 1494 434499

E-mail: info@bvrla.co.uk

Web: www.bvrla.co.uk



Response to Financial Conduct Authority

Bona-fides **BVRLA, the industry and its members**

- Established in 1967, the British Vehicle Rental and Leasing Association is the UK trade body for companies engaged in the rental and leasing of cars and commercial vehicles. Its members operate a combined fleet of 2.75 million cars, vans and trucks.
- BVRLA members buy nearly half of all new vehicles sold in the UK, supporting around 184,000 jobs and contributing more than £14bn to the economy each year.
- By consulting with government and maintaining industry standards, the BVRLA helps its members deliver safe, sustainable and affordable road transport to millions of consumers and businesses. For more information, visit www.bvrla.co.uk.

Executive Summary

We welcome the opportunity to comment on the proposals from the Financial Conduct Authority on the fees and levies for 2014/15 for consumer credit licence holders.

Specific Comments

1. Do you agree with our proposals for consumer credit application fees?

The application fees seem to strike the right balance and recognise the more complex a business is the more complex their application process will be. Although, with the limited permission regime it does seem likely that very few firms will have consumer credit income which is less than £50,000.

It may therefore be more appropriate for the two bands to be consumer credit income up to £100,000 and consumer credit income over £100,000.

We note the changes to the consumer credit application fees which were sent through on 16 December for full authorisation. These do seem fairer for smaller businesses with turnover below £100,000 who operate in the more complex areas and would be applying for full authorisation.



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3. Do you agree with our proposed structure for periodic (annual) fees for consumer credit firms?

We believe the income split boxes do not go far enough and the vast majority of firms will very quickly exceed £250,000 worth of consumer credit income.

For example, we estimate that the average monthly payment by a consumer for a leased car would be in the region of £250. Under the bandings in the consultation a leasing company would only need to provide 83 financial products before they would be over the threshold.

This would leave the vast majority of firms having to calculate their own variable fees and create additional administration for the FCA and our smaller members.

We recommend that more bands are added to the minimum fees to reduce the administration for both FCA and consumer credit firms.

4. Do you have any comments on our draft definitions of consumer credit income and proposals for reporting the data?

The definitions seem sensible and using the data reporting as part of the standard seems the most simplistic way forward.

6. Do you have any comments on our proposed approach to the ombudsman service levy for consumer credit firms?

We support the approach for the levy and are pleased there will be no additional reporting burdens with regards to this fee.

7. Do you have any comments on our proposed approach to the Money Advice Service levy for consumer credit firms?

We understand that the Money Advice Services was set up by Government to help people make the most of their money. Whilst we understand the value of this service we do not believe it is reasonable to expect firms to pay to fund the service based on their income.

We would suggest that it should be based on the risk to consumers of the business providing consumer credit and table 2.1 in the consultation could be used as a basis for this.



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This seems fairer as many firms could be providing consumer credit in line with the law and their customers have no need to contact the Money Advice Service ever in comparison with another firm who provides high-cost-short term credit that is more likely to have consumers who require assistance from the service.

12. Do you agree with our proposal to calculate the first year's periodic fee of a newly authorized firm on a monthly pro-rata basis?

We agree with this as a more equitable approach than calculating fees on a quarterly basis.

Closing Comments

We welcome the opportunity to continue our constructive dialogue and hope our comments go some way to assist the FCA in developing their fee proposals.



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Leasing Members

In general, vehicle leasing is an arrangement where the user simply hires the use of the vehicle and assumes operational responsibility for a predetermined period and mileage at fixed monthly rental from the owner (the leasing company). Legal ownership is, in the majority of cases, retained by the leasing company.

Short Term Rental Members

Rental Members offer hourly, daily, weekly and monthly rental of vehicles to corporate customers and consumers. As explained above, rental members are the owners of the vehicle.



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Response from: British Vehicle Rental and Leasing Association
Address: River Lodge
Badminton Court
AMERSHAM
Bucks HP7 0DD

Contact: Mr Jay Parmar, legal and policy director

Phone: +44 1494 545706

Fax: +44 1494 434499

Email: jay@bvrla.co.uk