

Christopher Woolard
Interim Chief Executive
Financial Conduct Authority
London
E20 1JN

21 September, 2020

Direct Dial: 01494 545716
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Dear Christopher,

Consumer credit and coronavirus: Additional guidance for firms

The BVRLA represents the demand side of the automotive industry. Our members engage in vehicle rental, leasing and fleet management, purchasing around 50% of new vehicles sold annually in the UK. The sector supports over 465,000 jobs and supplies UK businesses and consumers with a combined fleet of over five million cars, vans and trucks.

The BVRLA welcomes the opportunity to comment on the FCA's Draft Additional Consumer Credit Guidance in response to the coronavirus pandemic. We believe that it is the right approach to prepare firms to return to providing their customers with the tailored support the FCA usually expects. BVRLA membership is broadly supportive of the guidance.

There are, however, seven areas of concern which we believe should be highlighted:

- **Consultation deadlines:** The extremely compressed consultation deadlines across the pandemic do not allow for the full time needed to accurately gather all member views and possible challenges. More reasonable response deadlines should be used.
- **Specific guidance:** The decision to move away from specific guidance and towards a combined document has created an additional and unneeded level of complexity. Motor finance-specific guidance would have been preferred.
- **Repossessions guidance:** The requirement to only start repossession action once all forbearance options have been actively considered and evidenced should instead require 'all reasonable forbearance options' to have been considered and evidenced.
- **Preventing escalating balances:** The guidance requires, as a minimum, firms to suspend, reduce, waive or cancel any further interest, fees or charges. This requirement should be revisited, as it will have major financial implications for firms who have already granted an extended forbearance period where they may have waived any additional interest.
- **Voluntary terminations:** If the FCA wishes to create guidance around the treatment of voluntary terminations (VTs) beyond current rules then it must be more detailed than the mentions in the draft guidance and should be consulted on separately. Partial guidance will cause more confusion than clarity.
- **Consistency on complaints:** The FCA must work closely with the FOS to ensure that there is a consistent approach to any potential complaints. The unprecedented nature of the coronavirus pandemic, differing time frames for different products and confusion in early messaging all create a need for a joined-up approach.
- **Consumer Credit Act review:** The Consumer Credit Act has shown itself to be unnecessarily burdensome for firms trying to help customers. We ask that the FCA work to ensure that it is reviewed.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Gerry Keaney', with a stylized flourish at the end.

Gerry Keaney
Chief Executive

British Vehicle Rental and Leasing Association

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About the BVRLA

- Established in 1967, the BVRLA is the UK trade body for companies engaged in vehicle rental, leasing and fleet management.
- BVRLA members are responsible for a combined fleet of over five million cars, vans and trucks on UK roads, that's 1-in-8 cars, 1-in-5 vans and 1-in-4 trucks. The vehicle rental and leasing industry supports over 465,000 jobs, adds £7.6bn in tax revenues and contributes £49bn to the UK economy each year.
- On behalf of its 1,000+ member organisations, the BVRLA works with governments, public sector agencies, industry associations and key business influencers across a wide range of road transport, environmental, taxation, technology and finance-related issues.
- BVRLA membership provides customers with the reassurance that the company they are dealing with adheres to the highest standards of professionalism and fairness.
- The association achieves this by maintaining industry standards and regulatory compliance via its mandatory Codes of Conduct, inspection and governance programme and government-approved Alternative Dispute Resolution service. To support this work, the BVRLA promotes best practice through its extensive range of training, events and information-sharing activities.

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