



**Department for Business, Energy and Industrial Strategy**

**Consumer Contract Regulations 2013 review: call for evidence**

**Response from:**

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## Response to BEIS call for evidence: review of Consumer Credit Regulations 2013

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### *Bona-fides*

### **BVRLA, the industry and its members**

- Established in 1967, the British Vehicle Rental & Leasing Association (BVRLA) is the UK trade body for companies engaged in vehicle rental and leasing.
- 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 programme and conciliation service. To support this work, the BVRLA shares information and promotes best practice through its extensive range of training and events.
- On behalf of its 980+ members, 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 members are responsible for a combined fleet of almost five million cars, vans and trucks, supporting around 465,000 jobs and contributing £49bn to the economy each year. For more information, please visit [www.bvrla.co.uk](http://www.bvrla.co.uk).

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### Introduction

The BVRLA welcomes the opportunity to contribute to the review of Consumer Credit Regulations 2013, on behalf of the vehicle rental and leasing sector. Our leasing members provide products to consumers on a personal contract hire basis while our rental members offer consumers daily, weekly and monthly rental contracts – and our contribution to the review is informed by their experience. Broadly, BVRLA members see this review as an opportunity for simplification and enhancement of consumer protection and customer experience. The amount of information currently required to be provided to customers sometimes results in an ‘overload’ which could cause confusion for the consumer and lead to misunderstandings between them and the trader.

### Consultation questions

#### Information which trader must provide to consumers for on premises contracts

Q1. Do you consider that the information requirements relating to on premises contracts are clear and comprehensible? Please highlight any areas you believe are unclear.	Not applicable – in the main, BVRLA members are involved in off premises contracts.
Q2. Do you consider that all the information which traders are required to provide for on premises contracts is appropriate to achieve the objectives of the CCRs? Please explain.	N/A
Q3. Are there any requirements in relation to on-premises contracts that you consider are no longer needed to meet the objectives?	N/A
Q4. Are there other requirements in relation to on-premises contracts that should be added to reflect changes in the way the market operates?	N/A
Q5. Do you have any views about the time the information should be required for on-premises contracts and format by which it is delivered?	N/A
Q6. Do you have any other views on the information requirements for on premises contracts and the impact on business and consumers (e.g. in terms of the appropriateness and balance of burdens or the usability of the information)?	N/A

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<p>Q7. Bearing in mind the objectives of the CCRs are there any additional forms of contract or trade that you believe should be covered (or existing ones where the rules are not necessary, where possible)?</p>	<p>N/A</p>
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### Information relating to distance and off-premises contracts

<p>Q8. Do you consider that the information requirements relating to distance and off premises contracts are clear and comprehensible? Please highlight any areas you believe are unclear.</p>	<p>No. There is currently a disparity which can be addressed through this review.</p> <p>Consumer Hire (CH) is a combination of a financially regulated product, the supply of goods and supply of services. In that respect it is quite individual and not truly addressed in the regulations. The evolution of the Consumer Credit Act (CCA) means that for a leasing company to comply it is necessary to review all the following:</p> <ul style="list-style-type: none"> <li>• Consumer Credit Act;</li> <li>• Amending regulations;</li> <li>• Supplementary information requirements;</li> <li>• Additional obligations under Consumer Rights Act (CRA);</li> <li>• Additional obligations under CCR;</li> <li>• FCA Rules; and</li> <li>• FCA Guidance.</li> </ul>
<p>Q9. Do you consider that the information which traders are required to provide for distance and off premises contracts is relevant and appropriate in light of the objectives of the CCRs?</p>	<p>We believe that the level of the information provided to consumers is considerable and creates a situation where the important facts could be missed. This review is an opportunity to simplify things and reduce the information overload on consumers.</p> <p>Taking our sector as an example, some of the information leasing companies are required to provide fall under the following:</p> <ul style="list-style-type: none"> <li>• Pre-Contract Information under CCA (PCI);</li> <li>• Information under CCR;</li> <li>• Credit application information;</li> <li>• Data protection information; and</li> <li>• Vehicle specification.</li> </ul>

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	<p>Clearly, the information a customer is expected to review, understand and approve is considerable.</p> <p>In relation to the PCI, we believe it is:</p> <ul style="list-style-type: none"><li>• long;</li><li>• out of date (for example with references to Trading Standards rather than CAB); and</li><li>• not user friendly.</li></ul> <p>The information format for PCI means that a customer can receive two full pages of text, the format of which cannot be altered. The restrictive wording means that leasing companies are unable to amend terms to draw out key points relevant to consumer contract hire (CCH). For example:</p> <ul style="list-style-type: none"><li>• the “<i>Missing Payments</i>” warning refers to an impact on Credit Rating, but BVRLA members are not allowed to add the key piece on repossession; and</li><li>• the wording relating to your “<i>Right to Cancel</i>” does not provide the information required under the 2013 regulations so there is a need to provide further details. Some BVRLA members report that the wording used in this area has caused issues with customers – in particular, a member has a complaint decision pending with the Financial Ombudsman Service relating to insufficient information being provided at this stage.</li></ul> <p>The above means that there is a risk the customer does not fully appreciate the key points they should be aware of, particularly around early termination which could lead to dissatisfaction at end of the contract.</p> <p>We believe there should either be a:</p> <ul style="list-style-type: none"><li>• clearer link between the PCI and CCR requirements to avoid duplication and confusion; or</li><li>• consideration be given to repeal the PCI under CCA for a CCH relevant format.</li></ul>
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<p>Q10. Are there any requirements that you consider are no longer needed to meet the objectives?</p>	<p>No comment</p>
<p>Q11. Are there other requirements that you would like to see added? If so what and why?</p>	<p>The consumer hire market applies wear and tear, early termination and excess mileage charges. The information requirements do not address these.</p> <p>Rather than try to fit these key topics into the current Pre-Contract Information and/or CCR structure it would be useful for these to be addressed as separate headings required of all suppliers.</p> <p>A better understanding of each would:</p> <ul style="list-style-type: none"> <li>• improve understanding;</li> <li>• reduce complaints at end of contract; and</li> <li>• improve the reputation of the industry which is wrongly regarded as applying hidden end of contract charges.</li> </ul>
<p>Q12. Do you have any views about how the objectives are being met by the rules on the time the information is required and format by which it is delivered?</p>	<p>Where there is a direct sale by telephone providing information in a timely manner is difficult.</p>
<p>Q13. Our approach under the CCR's has generally been to leave it to traders to determine and specify the main characteristics of the goods or services, to the extent appropriate to the medium and goods and services. Do you think this is the right approach?</p>	<p>Yes. Offering that flexibility to traders is helpful as there are products with certain characteristics that are usual to that trade.</p> <p>We would add that where a product or service is regulated, then the requirements of the regulator should also be considered.</p>
<p>Q14. Do you have any other views on the information requirements for on premises contracts and the impact on business and consumers?</p>	<p>Information requirements specific to consumer hire would benefit traders and customers as it is a growing market.</p>

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### Cancellation rights and responsibilities for distance and off-premises sales

<p>Q15. Do you think that 14 Days is an appropriate withdrawal period in light of the objectives of the Regulations for:</p> <p>(a) off premises contracts?  (b) distance contracts for goods?  (c) distance contracts for services?</p>	<p>Yes, but clearer guidance is required on when the 14 days starts for mixed contracts such as Consumer Hire as this causes confusion. For example, with hiring of goods, the 14 days starts from delivery while with contract hire, it starts when the contract is signed.</p>
<p>Q16. Do these timescales create any issues for consumers or traders? Please give details.</p>	<p>In CH the leasing company will, in many cases, purchase vehicles (with bespoke specifications and of high value) once the contract is signed and before delivery. Leasing companies take significant risk in purchasing large value items while still in the Cooling Off period to meet customer demand.</p> <p>The current provisions allow a charge if delivery has been made in the Cooling Off period but not if the leasing company has started to fulfil its ordering obligations – which has serious cost implications which we explain below.</p> <p>Leasing companies do not hold a bank of vehicles and so place orders on receipt of a signed contract from the customer. Once the vehicle has been delivered to the customer, its value has already depreciated. If the customer then changes their mind, our members are left with an asset that:</p> <ul style="list-style-type: none"> <li>• they cannot lease to a new customer because it is not brand new; and</li> <li>• If they sell the vehicle, they lose a significant sum of money because of the depreciation.</li> </ul> <p>Given that vehicles are high value assets, we would argue for an exemption.</p>
<p>Q17. Do you consider the extension of the cancellation period to 12 months, where the trader fails to provide the consumer with information about their cancellation rights, is appropriate? If you think it is disproportionate, please explain.</p>	<p>No. We would advocate a cancellation and return of the product after 12 months.</p>

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Q18. Do you agree that the existing sectoral exemptions to the right of return are appropriate?	No comment
Q19. Consumers have no rights to cancel when they have requested an urgent call out from a trader, (for example for urgent repairs or maintenance). Do you think that it is sufficiently clear what constitutes an urgent call out? Do you have concerns that this leads to the no cancellation right?	No comment
Q20. Do you have any views about the rights and responsibilities to: (a) return of goods in the event of cancellation? (b) supply of services in the cancellation period? (c) supply of digital content in the cancellation period?	The requirement to return goods does not consider the risk that a leasing company takes in delivering high value items or the cost of collection. Either the CH market or high cost/bulky items should be considered separately.

### Measures to prevent hidden costs

Q21. Do you think that these measures are effective to ensure that consumers do not incur unexpected additional costs?	No comment.
Q22. Do you have any suggestions that could make them more effective? Please provide details.	Specific requirements for certain markets, such as CH, would mean that a customer could compare a company's position on early termination, for example.



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### General questions

Q23. Do you consider that the regulations have achieved their intended objectives (i.e. increasing consumer confidence and ensuring the provision of upfront information)?	No comment
Q24. Do you think the objectives remain appropriate? If not, what other objectives should be considered?	Yes
Q25. Could any of the objectives be achieved in a non-regulatory way? If so, how?	No comment
Q26. Are there any areas where you believe there could be better enforcement of the regulations? Please explain and provide evidence.	No comment
Q27. Are there any particular issues or difficulties for enforcers of the regulations? Please explain.	No comment
Q28. Are there specific concerns of consumer detriment, in particular concerning transparency of information when purchasing goods and/or services in the context of unsolicited visits by a trader to a consumer's home or commercial excursions organised by a trader? Please give details.	No comment
Q29. Do consumers understand their rights and where to go to complain when things go wrong?	Yes
Q30. Are there any other comments on the regulations (e.g. on the additional areas of UK application) that you would like to make that have not been captured above?	As the consumer landscape evolves quite rapidly with technological advances and innovation, there is a strong need to ensure that the regulations are fit for the future. For example, how will the regulations address innovation such as peer-to-peer models, which we feel raise some concerns for consumer protection? Most providers see themselves as simply facilitating a transaction between the consumer and trader and should therefore bear no responsibility for ensuring the consumer is protected.



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We hope our comments and observations are helpful to BEIS. We would be happy to provide any additional information, if necessary.

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