Our Quarterly Magazine • Issue 74 • October 2015

BCA REVIEW

Representing UK alternative lenders

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Reflection and Projection

A look ahead to our Annual Conference and Dinner 2015

27 November, Radisson Blu Hotel
East Midlands Airport

Featuring

Conference tasters · Our trade exhibitors · Conference programme

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WELCOME TO REVIEW

A message from the CEO

This is the first time I have been asked to write the Chief Executive's introduction for Review magazine. So it is an opportunity for me to briefly thank all of those that have provided such a warm welcome to the BCCA.

I have always thought that Review is a window into our trade association, for example providing some insight into the issues that we are dealing with on a day-to-day basis.

In this edition you will find that there are articles that make mention of cheque imaging, financial promotions, banking and the future of trading standards. There are also updates on regulatory developments during a period considerable change.

A strength of the BCCA is that we represent a range of firms, often with differing models but all with overlapping interests. There are lenders and there are cheque cashers. There are those operating online and those who operate on the High Street. That means the BCCA team are tracking and engaging with a number of issues.

One of our objectives is to provide you with the information required to make the best decisions in your business. So some of our articles outline changes that are already in place, whilst others are meant to provide you with a warning of what is on the horizon.

We also wanted to use this edition to provide a taste of our Annual Conference to be held on 27th November, and we have asked some of those leading our conference sessions to provide a brief introductory article. Hopefully they will pique your interest.

Conference provides an opportunity to engage directly with organisations that are making decisions that impact on the environment within which we operate. So we would recommend that those involved in third party cheque cashing to consider coming along to hear Gordon Madgwick of the Cheque and Credit Clearing Company.

He will be able to provide an update on the future of the cheque, and also the detail behind the cheque imaging process. With the legislation now in place, you will be able to hear more about the steps that the banks will take to ensure that funds are normally approved by the close of the second day.

We know that Members will also be interested to hear more from the Financial Conduct Authority. It is clear that they are starting to think about the next stage – as we move from authorisation to supervision.

In advance of that we are carrying an article from the regulator on the Thematic reviews they have underway on early arrears and staff incentives. As a trade association we have been involved in a number of discussions with the regulators about these reviews. It is plain to see that every step in the customer journey is under review from financial promotions, through to affordability and collections.

With that in mind, I would also draw your attention to the article from James Tate-Smith of CallCredit on how information can help in identifying vulnerable customers. It shouldn't be a surprise to any lender to hear that our relationships with vulnerable customers continue to be part of nearly every discussion I have had with the Financial Conduct Authority.

It is an issue that is coming up in authorisation discussions and I am sure it will be a regular agenda item when we get to authorisation. We will be running more briefings and training on Vulnerable Customers and we would urge you to make the most of these.

In particular we are delighted that Anthony Sharp will be running a training session for us on 7th December. This course will look at what the FCA has written on vulnerable customers and the concepts of vulnerability. It will provide advice on good practice, and we recommend it to our Members.

So to conclude, this edition of Review aims to provide you with some useful information from expert writers, it gives you a flavour of what to expect at our Annual Conference and highlights some of the issues on the horizon. It truly is a window into the BCCA, so please enjoy.

I will close by making my request for Members to look out for our regular updates, including our weekly newsletter. Do not hesitate to contact us if you have any views on any of the issues we are tackling, or any new issues you want to suggest.

Jason Wassell

Chief Executive Officer
Contact Jason on 07734 695714
or email jason@bcca.co.uk

Regulatory Roundup

Clare Hughes of Eversheds LLP takes a look at the latest developments in the sector

"With 2015 drawing to a close, we will be taking a look over recent developments impacting the credit industry in our regulatory round up presentation at this year's annual conference. 2015 has been a busy year with a lot of initiatives coming out of the Financial Conduct Authority (FCA) and all indications are that there is little sign of it letting up. Recent developments which we will cover include:

The FCA's recent publication PS15/23: Consumer credit – feedback on CP15/6 and final rules and guidance

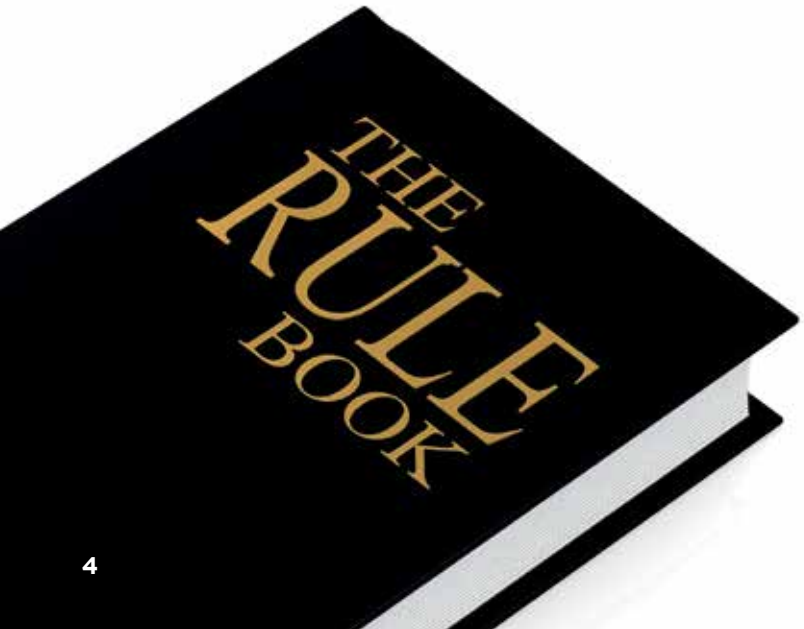
In this Policy Statement the FCA has published the next wave of changes to its consumer credit rules and guidance. Most of the changes come into force on 2 November 2015, though some changes came into force on 28 September 2015.

"All indications are that there is little sign of it letting up."

Recent changes to complaints rules and new rules on basic rate numbers

This covers the new rules in relation to how firms handle complaints. The key points to note are:

- *Firms are permitted to handle complaints less formally, without sending a final response letter, by the close of three business days after the date of receipt;*
- *All complaints must be reported to the FCA, including those handled by the close of three business days; and*
- *Firms will be required to send a 'complaints return' to the FCA twice a year on the number of complaints they receive.*



The new complaints reporting and publication rules come into force on 1 January 2016.

In addition, from 26 October 2015, existing customers calling a firm for any reason whatsoever cannot pay more than a basic rate telephone call.

The FCA's thematic review on early arrears management in unsecured lending

This thematic review aims to examine how lenders treat customers in early arrears and what the outcome for those customers are. The results are expected to be published in the second quarter of 2016.

The FCA's thematic review into staff remuneration and incentives

This thematic review aims to understand the nature of staff incentives, remuneration and performance management arrangements in the consumer credit market. Results are expected to be published in Q1-Q2 2016.

The Consumer Rights Act

We will also provide a refresher on the Consumer Rights Act which came into force on 1 October 2015. Whilst this Act consolidates existing UK consumer law it also brings in some significant changes to the laws applying to goods, services, digital content and unfair terms.

The above is just a selection of what has happened this year, which underlines just how busy this year has been. We hope you will find our round up interesting and look forward to seeing you at the BCCA Conference."

Clare Hughes

Clare is a consumer finance specialist. Her practice focuses on advising clients on compliance with all aspects of the Consumer Credit Act and the CONC sourcebook of the FCA's handbook. She works with a wide range of clients including retail banks, credit card lenders, short terms lenders, asset finance providers, brokers and debt collection businesses. Her work with clients covers loans, credit cards, overdrafts and current accounts as well as asset finance products, and involves advising on origination issues, marketing, credit documentation drafting and post contractual issues including compliance with statements and notices requirements. She also has considerable experience in advising clients on the regulatory aspects of transactions including portfolio sales and securitisations.

Clare, a barrister, previously worked as a specialist consumer lawyer at the Office of Fair Trading.

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Supporting consumers

Conference panel member Joanna Elson MBA outlines the role of the Money Advice Trust.

"Since 1991, the Money Advice Trust has been helping people tackle their debts and manage money wisely. The charity runs National Debtline, which last year helped nearly 300,000 individuals with problem debts, and Business Debtline, which provides free expert advice to around 40,000 self-employed people and other small business owners a year. In 2014 the Trust, through these advice services and its Wiseradviser training programme for advisers working in other organisations, helped 1.2 million people.

"Empowering and supporting clients to get on top of their finances and resolve their debt problems."

Through free, independent and confidential advice offered by phone and online, National Debtline and Business Debtline follow a model of assisted self-help - empowering and supporting clients to get on top of their finances and resolve their debt problems.

Beyond the direct delivery of debt advice, the charity's Wiseradviser training programme supports advisers working in both charitable and commercial organisations across the UK, enabling them to provide high quality debt and money advice. The Trust also seeks to improve the UK's money and debt environment as an impartial, balanced and evidence-based thought leader.

"Supports advisers working in both charitable and commercial organisations."

The charity is currently working its way through an ambitious 3-year plan to help more people more effectively, and is investing heavily in partnership working and technological innovation to deliver high quality advice in the most cost-effective way possible. This has included the launch of new websites for National Debtline and Business Debtline, and the introduction of webchat services to provide an additional channel for the delivery of debt advice online.

This year the Trust has seen an increasing focus across a number of sectors on vulnerability and the support which can be offered to customers in vulnerable circumstances. Through its range of commercial training and materials the charity works closely with organisations to identify customers in financial difficulty and recognise when they are able to support them as well as when it is best to signpost them to other specialist organisations. The Trust has also been working closely with the British Bankers Association on the development of their Financial Services Vulnerability Taskforce, which is being chaired by Joanna Elson. The Taskforce is a cross-sector initiative bringing together key stakeholders to share and influence best practice for customers in vulnerable circumstances."

Joanna Elson OBE
Chief Executive, Money Advice Trust

Joanna is Chief Executive of the Money Advice Trust, whose vision is to help people across the UK to tackle their debts and manage their money wisely. The Trust helps around one million people a year to manage their debts via National Debtline and Business Debtline, and via its training services branded Wiseradviser.

Previously, Joanna was Executive Director at the British Bankers' Association running their policy department for personal and small business customers. Before that she was a House of Commons researcher and prior to that a primary school teacher.

In 2010, Joanna was awarded an OBE for services to people in debt.

Joanna is a member of the advisory panel of the Commission for Financial Inclusion, the ABCUL/Lloyds Banking Group Grants Committee, H M Treasury's Home Finance Forum, poverty alleviation charity Turn 2 Us's Strategic Development Group, the Chartered Banker Professional Standards Board Advisory Panel, and the British Bankers' Association's Consumer Panel. From 1 January 2015 she will be a trustee and director of the Friends Provident Foundation. She is also a school governor. Joanna is a Chartered Director, having successfully sat the Institute of Directors exams.

She lives in North London with her husband, Simon Horne, who is a Headteacher, and their three daughters. In her spare time she reads, cooks and climbs Munros (Scottish mountains over 1000m).

FCA Thematic Reviews

Understanding the sector

Philip Salter of the FCA explains the role of the current thematic reviews in the sector.

"Our first year as the consumer credit regulator was marked by our work to raise standards – particularly in the high-cost short-term credit and debt management sectors. There were issues in these areas that the Office of Fair Trading had not been able to resolve and that we needed to act on quickly.

As we move through the second year of the transition to the new regulatory regime we want build on the achievements of last year and broaden our focus to look at wider consumer credit markets.

This summer we met with representatives from Consumer Credit trade associations at our quarterly trade body event including the BCCA. At the event we presented data on the latest numbers of consumer credit firms successfully meeting our standards and going through authorisation along with some of the lessons learned from the process. The forum also provided an opportunity for us to feedback on what areas we see as being a priority for the year ahead.

A key plank of the strategy for the year ahead was originally set out in our Business Plan for 2015/16. Here we highlighted that we will carry out two new thematic reviews. The reviews will engage a wide spectrum of consumer credit firms and address issues which we believe are of significance to a broad audience.

Thematic reviews are an important tool for the FCA as they help us understand and form a view on what is happening across a sector and they provide us with a basis to explain to the industry as a whole our expectations of how firms should operate.

Thematic review into staff incentives and remuneration

We are reviewing staff remuneration and incentives and the associated controls across a broad range of consumer credit sectors. We have included a mix of business sizes, including both firms who sell to – and collect from – consumers and firms where consumer credit is secondary to their main business.

Firms' approach to these issues, whatever their sector, can promote and reinforce a culture which seeks to deliver good outcomes for customers. Conversely, they can be a driver of poor customer outcomes if the risks they create are not properly managed. This review follows on from previous work by the FCA, and the FSA before it, on staff incentives, remuneration and performance management. This earlier work was not directly aimed at consumer credit firms, but should be of interest to all the firms we regulate. This thematic review will build on our work in other sectors, shaping a view of how firms' reward arrangements and the related controls operate in the consumer credit market.

While we recognise that firms may wish to incentivise their staff, it is vital that schemes do not lead to poor customer outcomes. Our focus will primarily be on the risks that can arise and how firms control and mitigate those risks. We will also seek to examine good and poor practices and take action, where necessary, to mitigate risks to consumers.

Thematic review into early arrears management in unsecured lending

We also committed to examining the ways in which unsecured consumer credit debts are collected. This review examines the extent to which firms involved in the recovery and collection process are following our rules, treating customers fairly and showing appropriate forbearance. Having conducted some initial analysis we have decided to focus this work on the early stages of the collections process: how customers are treated by lenders when they first experience arrears and payment difficulties.

We are focussing on this aspect of the collections process because a firm's early arrears approach often establishes the tone of its relationship with customers and sets the customer on a particular path. The project will take a broad definition of early arrears – from the identification of customers in probable difficulties at a pre-arrears stage to the point at which the lender formally defaults the customer and/or charges off the debt.

Our aim is to test whether firms have due regard to the interests of their customers and exercise appropriate forbearance to reduce the risk that customers' financial situations unduly worsen as a result. We are looking to assess whether firms are compliant with existing FCA rules including the Principles for Businesses and consider whether good and poor practices are employed. This review will build upon our previous review of arrears and forbearance in the specific area of high-cost short-term credit, broadening our focus to examine arrears in a range of unsecured lending products, including personal loans, credit cards and retail finance.

Given the nature of the work we're often not able to say very much as a review is progressing. We do however intend to keep trade associations updated on our progress with the next event due to take place in early November. We expect to conclude both reviews in 2016, at which point we will publish reports setting out our findings and any actions we expect relevant firms to take – please look out for these.

More information on this and all FCA thematic reviews can be found on the FCA website."

Philip Salter, Director of Retail Lending (Acting), Supervision – Retail & Authorisation Division, Financial Conduct Authority Philip Salter's career in financial services regulation spans 20 years. He is currently the Acting Director for Retail Lending and is responsible for the FCA's supervision of both unsecured and secured credit. Philip's experience covers the regulator's two firm-facing functions – Authorisation and Supervision – and also Internal Audit. In the build up to the FCA becoming responsible for regulating more than 50,000 consumer credit firms Philip took a lead role in designing, and subsequently running the FCA's supervision of consumer credit. Prior to this Philip has worked with firms in the life insurance, retail intermediaries, and banking sectors.

Don't forget that the FCA will be represented at our Conference on 27 November. They will be part of the panel session and heading the break out session for the "next phase for authorised firms". We understand that they will be promoting the move from authorisation to supervision, a session well worth attending.

Data protection

Preparing for the new legislation

A topic that is always in the news is Data Protection and we were delighted when Alastair Barter, Senior Policy Advisor at the Information Commissioner's Office, accepted our invitation to speak at our Annual Conference on 27 November 2015. Alastair has provided us with an insight into his talk at the event in Castle Donnington.

"The new Regulation will be based on the same principles that govern information handling today."

"As personal data becomes an ever more important asset for organisations, understanding the legal framework of information becomes increasingly significant. In 2012, the European Commission proposed new data protection Regulation.

Negotiations are very much ongoing, but if all goes according to plan, we'll know pretty much what's going to be in the Regulation by the end of this year. Many of the changes have been proposed to better reflect the way personal data is created and used in the digital age – from cloud computing and 'big data' analytics to the vast amounts of user generated content posted online.

Whilst some of the details will be changing in the future, the new Regulation will be based on the same principles that govern information handling today. My session at the BCCA Conference will look at the main proposed changes to the law and what organisations can do now to prepare. It will also draw on research to reflect what consumers expect from privacy law, the regulators tasked with upholding it, and the organisations they interact with."

Alastair Barter
Senior Policy Officer (Business and Industry), Strategic Liaison, ICO
Alastair joined the Information Commissioner's Office as a Senior Policy Officer in 2010. He works in the ICO's Business and Industry Group in a policy development and liaison role covering a range of data protection issues in the areas of finance, credit, debt recovery, anti-fraud initiatives and information security.

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BCCA

BCCA Conference & Dinner 2015

Reflection & Projection

27th November 2015

Radisson Blu Hotel,
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Conference:
Member - £120pp
Non-member - £240pp

Dinner:
£100pp

Conference & Dinner:
Member - £200pp
Non-member - £300pp

All rates are subject to vat

Our Conference & Annual Dinner 2015

"Reflection and Projection"

Have you booked your places yet?

Time is running out so book your place. BCCA Annual Conference and Dinner will be held at **Friday 27 November 2015 at the Radisson Blu Hotel, East Midlands Airport, Castle Donnington, Derbyshire.**

Conference – sponsored by Motormile Finance Limited

All speakers have confirmed their participation, see the agenda below, the exhibition area is **NOW FULL** with the following organisations taking part: Anchor Computer Systems; CIFAS; Cashflows Limited; Dynmark International Limited; Equifax; Financial Conduct Authority; Green Fairy UK Limited; Hello Soda Limited; Hitec (Laboratories) Limited; Information Commissioner's Office; MoneyGram International; SCL; SLL Capital Limited; Unicorn Training and Wisteria.

Annual Dinner

Held the evening of the conference, the menu has been agreed, and can be seen on page 15. Lowell Cunningham, executive chef, provides some details of his career so far on page 14.

We have a limited number of corporate tables available where you can reserve eight places for a cut price of just £650, normal cost £800.

We have also secured plenty of rooms at the hotel, and at a discounted rate, so that you can have a really good time with no work the following day. All you have to do is contact the Hotel on 01509 670575 and ask for reservations.

The discount only applies to rooms booked by 30 October.

As at previous events we will be raising money for a charity; this year, Text Santa, and collection points will be placed around the conference area.

About the venue

The hotel itself is less than half a mile from the M1 motorway on the perimeter of the Airport with first class rail links from both London and the North.

Check out the fees for attending both events on page xxx, and watch the website for further details.

To reserve your place contact BCCA by email to info@bcca.co.uk and we will be delighted to book you in.

Conference Agenda

Annual Review Richard Fuller and Jason Wassell

Regulatory Round Up Clare Hughes – Eversheds LLP

Panel Session 'Where do we go from here.....'

- Joanna Elson – Money Advice Trust
- Louise Marfany – Financial Conduct Authority
- Karen Taylor – Themis Chambers
- Denise Crossley – Motormile Finance Limited
- Conference Sponsor

The future of financial promotions in consumer credit
Karen Harms – Advertising Standards Authority (ASA)

Annual General Meeting (AGM) - Members only

Illegal Money Lending – Perspective on the last 12 months
David Benbow, Illegal Money Lending Team

Break Out Sessions

Third party cheque cashing – cheque imaging update
Guest speaker - Gordon Madgwick of Cheque and Credit Clearing Company

Next phase for authorised firms – your ongoing obligations and what to expect from FCA supervision
Guest Speaker - Louise Marfany, Manager, Consumer Credit Department, Retail Lending at the FCA

'The future of consumer protection in the UK'
Leon Livermore, Trading Standards Institute (TSI)

Information Commissioner's Office – Data Protection update
Alastair Barter, ICO Senior Policy Officer

Chairman's Closing Remarks Richard Fuller

Annual Dinner

About Lowell Cunningham, our chef

BCCA Annual Dinner will follow the conference and, to whet your appetite, we have printed the menu for the meal on page 15.

To support the night we asked the Executive Chef of Radisson Blu, Lowell Cunningham, to tell us about his career so far.

"Throughout my career I have worked at a range of different establishments. I started my career at Turnberry Hotel in Scotland at the age of 16 and have never looked back since! Turnberry was known for its quality and is at the top of its class, operating at the level of 5 red star and having 3 rosettes. This hotel has a renowned reputation and accolades and this gave me a great start in my career, if not a head start.

From Turnberry I chose to widen my culinary knowledge into the corporate hotels market and joined the Hilton group. Working at a range of Hiltons over a 3 year period gave me great oversight into what the company offered ranging from quality dining to banqueting for over 800 guests.

After 3 years with the Hilton group I chose to move on and at the time QHotels were on the rise. I felt the brands objectives not only matched that of my own but also felt I could be part of the team that was pushing a company forward to excellence.

I spent 7 and a half years with QHotels moving up and down the country from Cambridge to Scotland and then to Nottingham. It had always been my goal from day one to be a head chef by the age of 25. I accomplished this a year earlier than my target, at 24, and was then managing £1.6m food operation.

I am now 25 and am pleased to say I was lucky enough to join the Radisson Blu Company as executive chef and I look forward to what the future holds.

Becoming a chef was inevitable as it runs in the family from my grandfather being a chef in the navy to my mother owning her own catering business.

My end goal is to run a Michelin star restaurant but you do not need the accolades to be successful. Over the years I have realised that the same level of quality can be produced no matter where you are as long as you have the passion.

Anything is possible and at the end of the day it is all about the customer and their expectations!"

Don't forget!!

There will also be an auction following the meal in aid of our chosen charity for 2015, Text Santa.

TEXT SANTA®

This year the Text Santa appeal will benefit three charities, Macmillan Cancer Support, Make-A-Wish UK and Save the Children, and all proceeds from the BCCA event will go direct to the appeal.

BCCA

Annual Dinner

27th November 2015

Radisson Blu Hotel, East Midlands Airport

MENU

Starter

Hot, home smoked salmon, beetroot purée, potato crème fraiche and chive salad

Leek and potato soup, crispy cheese straw

Chicken liver parfait, red onion marmalade, grilled sour dough

Main

Red onion and goat's cheese tart tartin, dressed wild rocket, balsamic reduction (V)

Roasted supreme of chicken, wrapped in smokey bacon with tarragon cream sauce

Pan fried fillet of salmon, crushed new potatoes, beurre blanc

Dessert

Baked cheesecake with passion fruit coulis

Dark chocolate mousse served with a berry compote

Glazed lemon tart with vanilla and fresh mint syrup

Cheque Imaging

Gordon Madgwick, Director of Operations at the Cheque and Credit Clearing Company will be speaking at a break-out session on Third Party Cheque Cashing at our Conference on Friday 27 November 2015. Here he provides us with the background to the session.

"Through the pages of this magazine, members of BCCA have been kept fully updated on the progress of the proposed changes to the cheque clearance process. The new process – called cheque imaging - will allow cheques to be exchanged between banks via an image process rather than, as at present, having "hundreds of millions" of pieces of paper physically transported around the country every year.

One of the main benefits of an image-based system will be that the cheque clearing process will be speeded up. Cheque clearing times will be reduced from their current 'six weekdays' to 'next weekday' clearance at the very latest – with many banks likely to allow their customers to access their funds even quicker than this. This also means that once the cheque is paid-in, the person or business who wrote the cheque will find that the money will leave their account to a faster timescale too.

"An opportunity for members to ask me questions about such things as the potential impact on fraud."

introduced overnight – there is a huge amount of work which needs to happen behind the scenes before the changes can be made. What is definite, however, is that cheque imaging will not only bring cheque processing firmly into the 21st century, but more importantly it will protect cheques for as long as people want to use them."

"I will update Conference on the background to cheque imaging."

The new process is being overseen by the Cheque and Credit Clearing Company (C&CCC) – the organisation responsible for the cheque clearing system in Great Britain. Over the past couple of years they have been working hard with representatives of financial organisations, as well as all relevant stakeholders including consumer groups, charities and businesses' of all sizes to ensure that any reservations they may have about imaging are fully addressed.

At the Annual Conference on 27th November, BCCA members will have the opportunity to hear first-hand from me. I will update Conference on the background to cheque imaging, why it is being introduced, how it will work, when it will start, what image products will be available to cheque cashers, as well as exploring issues which may be relevant to BCCA members and their business models.

There will also be an opportunity for members to ask me questions about such things as the potential impact on fraud and/or compliance, or even lessons the UK can take from how other countries have successfully introduced cheque imaging.

The planned changes to the cheque processing model will extend across the whole of the UK but the new system cannot be

Gordon Madgwick
Cheque and Credit Clearing Company (C&CCC)
Gordon joined the C&CCC in June 2001 as Assistant Operations Manager and became Operations Manager in 2006 and then Director of Operations in 2015.

The role includes: managing the provision and daily performance of the clearing paper and data exchange facilities; the unpaids courier arrangements; to ensure the completion of the daily settlement; and to support and offer technical advice to any operational initiatives and projects. Gordon has also been greatly involved in the research and design side of the move to cheque imaging.

Before joining C&CCC, Gordon was Head of Operations, Clearing Services at NatWest Bank having entered Clearing in 1991 and represented the Bank at numerous C&CCC operational committees. He joined NatWest in 1972 and undertook several roles within branches before moving to internal audit and then joined a subsidiary company promoting its products and undertaking projects.

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The future of consumer protection is uncertain

Leon Livermore, Chief Executive of the Trading Standards Institute, will be one of our guest speakers at our Annual Conference, "Reflection and Projection", in November and he has provided a short summary of his presentation.

"Consumer protection is one of the oldest protections afforded to citizens and businesses. But what does the future hold? Tracing our roots back to Magna Carta and beyond the work of Trading Standards Officers plays a fundamental role in a modern society. However this role is often misunderstood. From traditional work such as weights and measures to more recent challenges protecting people from internet scams we enforce over 250 different pieces of law. Often our work is targeted at stopping things going wrong and the value of this work can be hidden.

But the consequences of failure are significant on both individuals and society. For example the 2001 foot and mouth outbreak cost the UK £8bn and one of our roles is to prevent such animal disease outbreaks. Fortunately we have had the resources to tackle the various diseases to hit the UK since then but with a loss of over 50% of our work force since 2010 and further cuts on the horizon how confident can we be that we can tackle the next outbreak?

"Being a victim often undermines a person's ability to live independently."

Another example where our work has a hidden benefit is protecting vulnerable people from scams. Be they rogue traders knocking at the doorstep or mass marketing scams the costs to victims is considerable. I personally have come across examples where vulnerable people have be "milked" by scam artists over a number of years to the tune of several hundreds of thousand pounds.

It's not just the financial impact, being a victim often undermines a person's ability to live independently. Research showed that a victim of door step crime was two and a half times more likely to die or go into care than someone who isn't a victim.

At a time of austerity I have a great deal of sympathy for Elected Members and senior officers in Local Government as they struggle to balance the books. The public may not rise up and campaign for regulators like they do for libraries but the loss of basic protections can have a much more profound impact on their lives.

Tackling young people's access to age restricted products, protecting vulnerable people in their own homes, ensuring that purchases are safe, as described and provide the correct quantity – these are core fundamental rights and protections that every citizen should enjoy. They also ensure that legitimate businesses enjoy fair competition and are protected."

Leon Livermore
Chief Executive, Trading Standards Institute

After 25 years in Local Government Leon joined the Trading Standards Institute as its Chief Executive in February 2013. He started his career in Kingston-upon-Thames as a Trainee Trading Standards Officer. After qualifying he spent another 8 years working for Kingston before moving to Westminster, where he established 24 hour multi-agency in the West End. In 2003 he moved to Cambridgeshire and enjoyed a successful 10 years managing services such as Trading Standards, Waste Management and the Environment Team. He finished his career at Cambridgeshire as Head of Supporting Businesses and Communities, a role that brought a real culture change and focus on what was important to people. Success during his time at Cambridgeshire included winning Beacon Status and the National Business Awards, as well as establishing the first Community Alcohol Partnership and Kick Ash. He also played a key role in Cambridgeshire's Total Places Pilot.

Away from work Leon enjoys village life with his family in Cambridgeshire and helps support a number of local youth organisations. He is a keen sportsman and enjoys most sports.

Financial promotions for consumer credit

Karen Harmes, Investigations Executive at the Advertising Standards Authority, will be a guest speaker at our Annual Conference, "Reflection and Projection" on 27 November. Karen will be presenting on the financial promotions in the consumer credit sector and has provided a "taster" of what she will be discussing.

"The political and media scrutiny that surrounds high cost, short-term credit advertising hasn't just fallen on the sector itself; as the UK advertising regulator we have to explain to our stakeholders, including those opposed to advertising of this kind, the rules that are in place and the role we play in making sure ads are responsible and truthful.

First and foremost, it's not the ASA's role or intention to stop firms from using creative and engaging advertising; rather we seek to ensure that companies treat consumers fairly. Advertisers won't always get it right, of course, and some of our decisions are finely balanced as illustrated in the case study below.

Last year, we challenged whether a TV ad for a secured loan was irresponsible because it used a light-hearted approach by including actors in Austrian costume, singing and dancing and featured a consumer who needed to borrow money to make ends meet. Following investigation, we banned the ad but, crucially, it's worth noting that in our ruling we recognised that elements of the ad were in line with the rules.

The ad made clear that taking out the loan was down to necessity, was a one-off and that any loan was subject to proof of income. In that respect, we concluded the advertiser had portrayed the seriousness of taking out a loan. However, we were concerned by the celebratory atmosphere of the ad as well the lack of emphasis on the potential consequences of taking out a loan. Looking at the ad overall, we concluded those elements presented a casual attitude to taking out a loan and trivialised the decision to borrow money.

While we will inevitably have to ban ads from time to time, our focus is on helping advertisers get their ads right. As part of that, our sister body, the Committee of Advertising Practice (CAP) provides a range of resources from bespoke advice and training to published formal advertising guidance.

To help you with your advertising, here are some top tips:

- *Where relevant, present information about interest rates clearly;*
- *Include important information needed by a consumer to help them decide if a short-term loan is suitable for their needs;*
- *Use references to how quickly and easy it was to obtain credit with caution;*
- *Avoid encouraging frivolous spending of borrowed money;*
- *Take care when using light-hearted or humorous ad executions; and*
- *Ensure that a light-hearted approach does not overwhelm the serious nature of taking out a loan.*

More information about CAP's full range of services can be found at www.cap.org.uk and you can find out about similar cases by searching our Rulings page at www.asa.org.uk/rulings."

Darren swears to his wife his wedding suit still fits.

(He swears a lot more when he tries to do it up)

We all bend the facts now and then. But advertisers are not allowed to. If an ad isn't legal, decent, honest and truthful it mustn't run.

Advertising Standards Authority

ASA

National Minimum and the Living Wage

Amy Paxton, Senior Employment Consultant at Croner Solutions provides details of impending changes to the National Minimum and Living Wage.

"The National Minimum Wage (NMW) requires that employers pay workers a minimum hourly rate of pay. Since October 2004, this has covered most workers over the age of 16. The minimum wage rate is set by the Government and is generally updated from 1 October each year.

There are seven key questions that employers need to consider to ensure they comply with the law:

1. *What is a worker?*
2. *What hours are counted as having been worked?*
3. *What type is the particular worker's job arrangement?*
4. *How many hours have been worked?*
5. *What is the pay for the work?*
6. *What is the hourly rate of pay?*
7. *Does this rate comply with the NMW?*

When calculating NMW an employer needs to ensure that the worker has been paid at least the NMW on average for the time worked in the pay reference period for that worker. E.g. where a worker is paid weekly the reference period will normally be one week. The reference period can be no longer than one month so if an employer does pay workers at intervals more than a month apart, they need to still use a one month reference period when ensuring NMW requirements have been met.

New rates from October

From 1 October 2015 the National Minimum Wage (NMW) rates increased to £3.30 for apprentices, currently exempt from the NMW (eg those under the age of 19 and older apprentices in the first year of apprenticeship), £3.87 for 16-17 year olds, £5.30 for 18-20 year olds and £6.70 for adults aged 21 and over.

The living wage

Included in the Summer Budget 2015 was the introduction of a new National Living Wage (NLW) of over £9 an hour by 2020. From April 2016, the new NLW will be £7.20 an hour for those aged 25 and over, this move is effectively adding an additional tier to the NMW.

Breaching NMW legislation

It is often the case that the underpayment of the NMW is made as a consequence of errors in calculation, poor record keeping or a lack of understanding of regulations governing this area, and therefore not necessarily the conscious decision of an employer seeking to deliberately underpay a worker. However the penalties will still apply in either circumstance. To eliminate this potential hazard employers need to keep a watching brief on the situation. Therefore, the usual yearly changing rates of the NMW need to be noted and applied, but also close attention needs to be paid to workforces that straddle age bands, where the apprentice rate is being applied, ensuring all relevant time worked for the purposes of NMW are adhered to or where deductions are made from a workers wages. All these issues have the potential to leave a worker underpaid and it is an employer's responsibility to prove, if needed that NMW has been paid."

Amy Paxton

Amy graduated from Birmingham University in 1998 with an upper second-class honours degree in Law. She completed the Legal Practice Course and qualified as a Solicitor in 2002. Since qualification, Amy specialised in Commercial and Employment Litigation acting on behalf of both employers and employees in Tribunal proceedings on a wide range of claims to include discrimination, unfair dismissal, TUPE transfers and breach of contract claims in the County Court. She has also provided sound legal and practical advice to a number of SME's on a wide range of non-contentious HR issues, including drafting contracts, policies and procedures. Amy joined Croner in March 2007 in a non-practising role.

An issue with banking?

How the BCCA are tackling the problem of the removal of banking facilities in our sector

Money Service Businesses have responded positively to the Money Laundering Regulations. Though many of our Members are small businesses, they are keen to play their part in tackling money laundering.

The BCCA has seen this demonstrated through the popularity of our AML courses and the interest in any information we can provide from HMRC. However, at the same time the Banks seemed to have taken a different approach and decided to de-risk through the withdrawal of services to Money Service Businesses.

Closing accounts

It's a story that we have heard a number of times over the years, as the banks decide to withdraw services and give an account closure notice to Members. We know that this has led to our Members having to withdraw from the market or find other ways of operating.

Often this comes from the centre, by-passing the local relationship manager and ignoring a history of good banking relations. We have heard that local managers are apologetic and sometimes even embarrassed.

It seems like a decision that is imposed from above and with little discussion or debate. When businesses offer to talk about the detail of their AML protections they find that there is no willingness to get into the detail.

Barrier to entry

This approach is increasingly a barrier to entry. For example, third party cheque cashing has long been a service that meets a real tangible need. Despite the banks seeking to reduce the time taken to cash a cheque there continue to be those that seek earlier access to their funds.

We are regularly approached by individuals that are keen to offer this service in their community and approach us for advice. But we have to set expectations about how hard it will be to get an account.

It is fair to say that we have heard on many occasions that the banks do not want the competition from new challengers. In areas like holiday currency and money transfer, we can see there is competition for the banks.

That may be an unfair allegation however the actions of the banks do have a consequence. It may be unintended, but there is an impact on competition and it is something the Regulators and Government Ministers should be looking at.

Building coalitions and campaigning

Campaigning on this banking issue, we find that the BCCA is not alone. Other businesses such as pawnbrokers, money transmitters, those that are working with new digital currencies and even international charities are all facing similar problems.

Earlier in the year the FCA made clear that it was concerned about the way in which banks were closing down accounts or turning away applicants in order to "de-risk" their businesses. They said that any withdrawal of services should be based on an individual assessment rather than a blanket policy.

https://www.fca.org.uk/about/what/enforcing/money-laundering/derisking

We welcome the involvement of the regulator, but we want to ensure that the FCA follows up on this statement and takes action. It will be too easy for banks to say that they are carrying out a review but not truly consider the specifics of a case.

It is important we keep up the pressure.

The BCCA is interested in hearing from Members, or former Members, that are willing to share their experience. By now we have heard examples of this 'de-risking' activity, but we need to gather the evidence so that we can make our case to Ministers and Regulators.

The more information we have the stronger our argument.

An A-Z guide

of conference exhibitors and sponsors

Anchor Computer Systems

Anchor Computer Systems has supplied software to the instalment credit industry for over 30 years. Our Sentinel system is used by over 200 organisations, from innovative start-ups through to well-established national businesses.

Our Sentinel system is highly flexible dealing with a wide range of finance agreements including secured and unsecured loans, leases, HP, Payday Loans, and revolving credit agreements.

The system offers an end-to-end solution from the initial application and underwriting including third party searches, through agreement administration and arrears management to settlement.

Optional web services enable applications from customers, brokers and affiliates over the internet.

Further links provide for Direct Debits and Debit Card payments alongside a number of integrations to Accounting systems.

For further details contact Mike O'Sullivan on 01248 672940 or email enquiries@anchor.co.uk

BCCA

We are a dynamic, forward thinking full service trade association for third party cheque cashers, short-term lenders and credit brokers.

We were established in 1994. Our members operate on both the high street and online and we have a very diverse membership.

We ensure that businesses that join us operate to high levels of compliance giving us a credible voice with regulators and legislators alike.

CashFlows

CashFlows have listened to the feedback of financial institutions and together we have created a simple, consolidated payment service allowing businesses to accept card payments and make bank payments at a transparent and fair cost.

As Principal Members of Visa Europe and MasterCard, we can issue business in a wide range of industry sectors with a Merchant Account allowing the acceptance of card payments. Specialising in the financial service sector we have an actuarial approach to fraud and risk management providing financial institutions with early warnings against potential exposure. To find out how CashFlows can support your business, visit www.cashflows.com

CIFAS

Cifas is a not-for-profit member association dedicated to the prevention of financial crime and internal fraud. We provide the most comprehensive and secure databases of shared fraud data to over 300 public and private organisations to help them prevent fraud, with over 200,000 confirmed frauds added every year. We also offer a range of complementary services in fraud prevention, utilising the latest technology and industry expertise. In the last five years, participating organisations have reported savings of billions of pounds through the use of Cifas: money that would otherwise have been lost to fraud.

Dynmark

Dynmark are leaders in powering Smart SMS; enabling brands and enterprises to create immersive, intelligent and valuable consumer communications via SMS.

In 2013 Dynmark launched the world's first Mobile Intelligence Platform, known as the "Intelligent Brain", which uses 'Big Data' analysis of our aggregated data to produce factual and behavioural information on mobile numbers and the devices they are assigned to. Dynmark enables customers to:

- Filter out dead and not active numbers
- Track click through activity in real-time
- Gain unique insights, facts and behaviours.
- Decrease spend whilst increasing revenue

More information at www.dynmark.com.

Equifax

With one of the largest sources of detailed consumer and business data in the UK, we can provide insight into the behaviours and drivers behind the economy helping our clients drive their businesses forward and consumers access the products and services they can reasonably afford.

We believe Equifax is unique precisely because we're big enough to know and advise, yet small enough to listen and respond. With more than 115 years' experience, clients trust us to help them compete in an increasingly challenging marketplace. But it's also the personal relationships we establish with our clients that make our business what it is: our clients tell us it's one of the main reasons why they enjoy working with us.

FINANCIAL CONDUCT AUTHORITY

We ensure that financial markets function well. This means ensuring that the whole financial industry is run with integrity, that firms provide consumers with appropriate products and services, and consumers can trust that firms have their best interests at heart.

We took over the regulation of consumer credit on 1 April 2014 from the Office of Fair Trading (OFT). This includes consumer lending (eg, credit cards, payday loans and peer-to-peer lending), debt managements and collection services, and credit broking.

Green Fairy Finance

Green Fairy are specialist providers of niche services to the alternative lenders market.

We specifically provide tracing services and next generation case management software. The Tracing is cutting edge and has industry leading results.

The case management software is hosted on powerful, secure servers allowing users to access data in real-time with powerful tools that give the user the ability to change, monitor and improve the business processes at any time.

GREEN FAIRY UK LTD - MANAGEMENT ACCOUNTANTS
Office: 01789336111 Email: john@greenfairyuk.co.uk
Mobile:07412131135 Website: www.greenfairyuk.co.uk

Hello Soda

At Hello Soda we build software products that deliver insight from smart data. Those insights help our clients to make better lending decisions. Our flagship product PROFILE will increase your lending to good customers and reduce lending to bad customers. PROFILE uses social media platforms with third-party data sources to gather billions of records about an individual, then sorts and segments these records in real-time, presenting them through a dashboard (or API) in a number of scores. These scores can be used for identity verification, increased customer acquisition, fraud prevention, social affordability, dynamic collections strategies and alternative risk analysis.

Hitec Laboratories Ltd

Visit Hitec's stand to learn how our award winning Governance, Risk & Compliance and Enterprise Content Management software solutions enable FCA regulated firms to evidence compliance and meet the Conduct Risk, SYSC, TCF and record keeping requirements of the FCA, whilst saving costs and improving efficiencies.

You can contact us through:
Website: www.hiteclabs.com Phone: 01628 600900
Email: enquiries@hiteclabs.com Contact Name: Ian Wilson

Information Commissioner's Office

The ICO is the UK's independent body set up to uphold information rights. As part of our role regulating the Data Protection Act, we offer help and support to organisations in the finance sector, including banks, lenders and credit reference agencies. Our website includes guidance on filing defaults with credit reference agencies and what agencies can do with information once a credit agreement has ended, as well as general advice on the law. Visit https://ico.org.uk/

MMF UK

MMF is a market leader in debt purchase of HCST, specialising in buying non performing portfolios within our specialist sectors of, Short Term loans, Motor Finance and Consumer Retail Finance. MMF is a strong market force within these sectors and has enjoyed rapid growth within the industry.

Our vision is to help build confidence in the debt recovery process by making the entire customer journey clear, easy to understand and less stressful for all those involved. We use skilled people and bespoke systems to gain better results which culminates in happy clients, customers and stakeholders.

MoneyGram

MoneyGram are a leading global Money Transfer business, operating in over 200 countries via 353,000+ worldwide Agents locations.

By offering the MoneyGram service, you can;

- Generate new Customers,
- Cross-selling opportunities
- New incremental revenues
- Earn high Commissions, payable on BOTH Fees and FX margin revenues
- Free POS software and Marketing/branding support
- Rely on exception service and support

SCL

SCL supplies market leading travel money point-of sale software for both small and large businesses. Our award-winning system, UltraPoS, not only manages the sale of foreign currency but also equips customers with a variety of reports, user and rate control, stock management, full audit trails, sanctions list checks and configurable compliance features. Secure, affordable and easy to use UltraPoS offers an efficient way to manage your FX business.

Tel: 01273 666600
Email: enquiries@scluk.com
Web: www.scluk.com

SLL Capital

SLL Capital Ltd (SLL) purchase book debts, free valuations and a fair price paid for spot sale or forward flow arrangements, SLL has experience in the HCSTC (payday) sector. Strong governance driving ethical collections, our aim is to always agree an affordable and sustainable payment. SLL treats its customers fairly.

24/7 online access giving customers payment choices, online tools to complete income and expenditure from any device and clearly signposted FREE debt help organisations and support groups. SLL provides a trained customer support team for those who need help. Call Mark Bryant on 020 8253 4131 or 07799 103815 mark@sllcapital.co.uk

Unicorn

Since 1988, Unicorn have been creating L&D and compliance solutions for the financial services industry.

With expert insight into compliance regulations the Unicorn team provide the learning tools fit for companies who care about business continuity and risk management.

Unicorn's 27 year industry experience and award-winning creativity has helped them grow to be a market leader. Unicornwill deliver an innovative solution just right for you. And to make it effortless, Unicorn can provide their own award-winning learning management system, SkillsServe, which is rated no.1 in the world for financial services by industry though leader, Craig Weiss.

Wisteria

Wisteria are specialist Alternative Lending accountants. At whatever stage your business is at we can add value and ensure that you follow best practice. We understand that the ultimate goal is to grow your business, add maximum value and then sell it. Our goal is to work with you to achieve this.

Wisteria are a London based firm of Chartered Accountants, Chartered Tax Advisers and Statutory Auditors.

Technology: A vital tool for meeting fca governance, risk & compliance, sysc obligations

Hitec (Laboratories) Limited provide an insight into how technology can help you under the new regulatory regime

A key priority for compliance professionals operating in financial services is to implement an effective Systems and Controls (SYSC) framework that ensures processes function properly. They must also be able to demonstrate that customers are treated fairly and advice provided to customers has a positive outcome.

Systems and Controls (SYSC) are requirements that are placed on directors and senior managers of regulated businesses under the FCA, to encourage these individuals to take appropriate practical responsibility for their organisations 'arrangements' on matters that are likely to be of interest to the regulator. Failure to implement effective Systems and Controls may lead to greater regulatory scrutiny, customer detriment, fines and reputational damage.

Implementing effective SYSC is a challenge that many firms face and evidencing it can be even harder.

***SYSC 6 (Compliance, internal audit and financial crime)** states "a firm must establish, implement and maintain adequate policies and procedures sufficient to ensure compliance of the firm, including its managers, employees and appointed representatives with its obligations under the regulatory system and for countering the risk that the firm might be used to further financial crime. "*

One way to demonstrate 'best practice' is to implement a technology based Policy Management solution that can ensure a clear compliance audit trail for the benefit of the Board, Senior Management, Auditors and Regulators.

The FCA requires firms to provide documented evidence of processes and ongoing monitoring. All firms must do their own monitoring and take reasonable steps to do the same with the activities of partners.

Policy Management software can make sure that the right policies and procedures get to the right people, that they become accountable by signing up to them and that the entire process is recorded and auditable. This kind of software can be easy to use and a cost-effective way to reduce the risk of regulatory fines and reputational damage.

SYSC 7 (Risk control) *states "a firm must have effective processes to identify, manage, monitor and report the risks it is or might be exposed to."*

It is mandatory that all regulated firms have vigorous governance arrangements and systems and controls in place to identify, monitor and manage risk. Risk Management software can be an effective way of managing risk and controlling and mitigating the likelihood of an event taking place in the first place.

But while most organisations have identified and evaluated business risk, often storing information in spreadsheets and word documents, this approach is time-consuming, inefficient, error prone and often criticised by auditors.

Risk Management software helps businesses protect all their stakeholders; shareholders, employees, customers and regulators by streamlining the entire Risk Management process, from risk identification, assessment and evaluation, through to mitigation, monitoring and reporting.

By identifying and proactively addressing risks, Risk Management software helps organisations minimise the impact and losses resulting from inadequate or failed internal processes, people, systems and external events.

SYSC 9 (Record Keeping) *states "a firm must arrange for orderly records to be kept of its business and internal organisations, including all services and transactions undertaken by it, which must be sufficient to enable the FCA to monitor the firm's compliance. A firm must retain records in a medium that allows the storage of information in a way accessible for future reference by the FCA."*

Regulated businesses are required to evidence the adequacy of access to and the security of its records so that it can demonstrate compliance and adherence to statutory obligations.

Enterprise Content Management (ECM) software can provide complete control over the capture, indexing, archival, retrieval, accessibility and delivery of every item of business-critical content via a single, secure, central repository.

Corporate information is retained in accordance with legal and regulatory guidelines, while instant access and 24-7 retrieval improves customer service - providing information at employee's fingertips, reducing the need for expensive floor space, eliminating copying and print, and improving employee productivity."

For further information about the software solutions that Hitec can bring to your business, please contact Pendle Jackson on 01628 600900 or email marketing@hiteclabs.com

Identifying and managing vulnerable customers is a key element of responsible lending

James Tate-Smith, Business Project Manager, Callcredit Information Group discusses lenders responsibilities

"One of the major themes of the new regulatory framework from the Financial Conduct Authority (FCA) has been for lenders not to have a detrimental impact on their customers through the loans they provide. Part of this guidance relates to the identification and management of 'vulnerable' consumers. The definition of 'vulnerable' is broad and credit and behavioural data can only identify certain key components. It is imperative that lenders are able to proactively identify early signs to ensure that consumers are dealt with fairly and responsibly.

It is also important that lenders have policies in place at an organisational level to manage customers who fall into the definition of vulnerable, in order to do so identification at an early stage is critical to success. Part of that policy may be to have close collaboration with the advice and charity sectors relevant to the case and to offer information as part of a firm's communication with the consumer. Another element of the approach may be to ensure that customers have a good knowledge of their financial situation and how it is reported to lenders. Free services such as Noddle.co.uk will provide that information alongside additional advice of how to dispute anything that the customer thinks may be erroneous, or to place notices on their file that will explain their situation to lenders.

In order to provide these services lenders need to identify existing customers who display early signs of vulnerability and also identify those new applicants with those indicators. There are 3 main indicators of financial vulnerability;

- *bad credit;*
- *use of high cost credit;*
- *and affordability.*

Bad credit relates to public data records such as County Court Judgments (CCJ) or bankruptcy, late arrears and payment plans or arrangements with lenders, all of which may suggest that a consumer is in financial difficulty.

The use of high cost credit is less easy to interpret and lenders need to exercise a greater level of care when using this data. Short-term loan and minimum payments on credit cards can be lifestyle driven and are not necessarily indicative of financial difficulty. These metrics should be studied over time to determine, for example, if the consumer makes persistent use of non-promotional rate minimum payments on cards or repeated use of short term lending, taking credit extensions on existing loans or missing payments, all of which may indicate financial stress.

Affordability is a much more complex consideration for lenders as it is possible for consumers on high incomes to be highly indebted and have low affordability and be exposed to interest rate increases or be significantly impacted by a job loss. Information on income and expenditure is required to make a meaningful affordability assessment without relying solely on applicant supplied information and lenders need to make the best use of the information available from third parties to ensure that income and debt levels can be corroborated and verified.

Used together these 3 areas of information are powerful tools to understand an applicant's likelihood of financial vulnerability and careful analysis of the interplay is crucial to that assessment in order to treat the consumer accordingly and ensure that this is fair and in line with the regulatory expectation.

What is clear is that in the future lenders need to be much more conscious of the impact of their lending decisions on their customers; both at the point of application and throughout their relationship with that consumer, and that the need to use data and intelligence to inform those decisions that has never been higher."

James Tate-Smith
James has worked at Callcredit for 6 years and is currently the product owner for our main Credit Reporting products including CallReport and BSB, with responsibility for Product development in the Alternative Finance sector. James has recently been involved closely with the development of our new faster credit reporting service, MODA.

To learn more about this subject don't forget that, in conjunction with Anthony Sharp FICM, we are holding a full day seminar on dealing with Vulnerable Consumers on Monday 7 December 2015 at the Hyatt Regency Hotel, Birmingham. Not a session to be missed and you can find details on our website www.bcca.co.uk/event/training.

Sector news

Lisa Holder, BCCA Compliance Manager brings you some latest news concerning the High-Cost Short-Term Credit sector.

CMA Payday Lending Market Investigation Final order

On 13 August 2015, the Competition and Markets Authority (CMA) published its final order on the payday lending market. Full details of which can be found on the payday lending market investigation homepage.

It is important to note that the first deadline that firms need to comply with in respect of the order is coming up, as firms must submit their first quarterly compliance report to the CMA within 3 months of the date the order was published.

Affordability

The FCA is requesting data from a number of firms to support their work into creditworthiness and repeat and multiple lending.

As you may be aware they committed in their Business Plan to undertake research into creditworthiness (including affordability), with a view to consulting on possible changes to rules and guidance, to provide further clarity for firms.

Separately, they have also previously committed to reviewing repeat and multiple lending in high-cost short-term credit (HCSTC).

In our discussions with the FCA it is clear that the regulator has been interested in whether this is an indication of unsustainable lending – and in turn a reflection on affordability models.

Broadly, their creditworthiness (including affordability) work will look at three themes:

- How firms currently assess creditworthiness (including affordability);
- the consumer impact of different approaches;
- the potential impacts of different regulatory approaches on consumer outcomes, competition and cost and availability of credit.

The Financial Conduct Authority finalises rules on complaints and call charges

In July, the FCA published its final rules on complaints. The new rules mean that from 30 June 2016 if a complaint is resolved by the close of business on the third business day after receipt, a firm will no longer need to send a final response letter to the customer. Complaints not resolved within this period will still require a final response letter.

The new rules will also mean that firms:

- Will have to report all complaints, including those handled by the close of three business days after the firm receives them, and to publish this information.
- Will be required to provide complainants, whose complaint has been resolved by the close of third business day after receiving the complaint with a 'summary resolution communication'.
- Will be unable to charge their customers premium rates when they make telephone calls to ask for assistance or to complain.

It should be noted that the FCA are currently consulting in CP15/28 to bring forward the implementation date to 1 January 2016 for some of these rules.

Islington Council

The BCCA have made a submission to Islington Council who are currently consulting on a change in their approach to local planning policy.

Islington have promised to make it harder for short-term lenders. Speaking to the press, councillors have talked about making sure that payday lenders know that *"they are not welcome in our borough".*

The proposals would see planning officials consider blocking new applications within particular areas of Islington where they believe there is 'clustering'.

Explaining why the BCCA wanted to engage with the consultation, Jason Wassell – Chief Executive said,

"It is not unusual for local authorities to seek to use their planning powers to block payday stores. But we believe that this is an opportunity to point out that this is a sector that is changing."

"In the evidence supporting these proposals, Islington Council repeat many of the historic claims about payday lending. They are clear that they are seeking to alter borrowing behaviour but seem to miss the fact that most lending happens online and that this will merely distort the local market. It is fundamentally flawed."

"So we continue to explain the journey we are on. Any further regulation needs to be carefully considered and be based upon the current reality."

BCCA Association news

BCCA widening its network - working with the trade media

One of the key objectives of our new Chief Executive has been to try and widen the BCCA's network.

We believe that this is the important that we develop relationships on behalf of the Membership because it will help us to identify issues before they emerge. It will also enable us to get involved in decision-making earlier in the process.

So the BCCA team have spent some time mapping out key stakeholders, spotting any gaps and developing our engagement plan. This is a slow process, happening behind the scenes but delivering further down the line.

Our relationship with the media is important. It is through them that many people find out about the services we provide, they also shape public and political perception. So we have been in contact with a number of business journalists to tell them that we want to be involved in future discussions.

Closer to home, we have also engaged with some of the key trade publications in the credit sector - in particular Credit Today and CCR Magazine.

Those relationships have already resulted in a 'thought' piece in October's edition of CCR Magazine on the future of trade associations under the FCA. On the day of publication we were in attendance at the CCR Interactive event and we spoke about these issues with a range of stakeholders.

Our Chief Executive has also been invited to be a contributor to the Credit Today's conference in November on the issues of Collections, Debt sales and purchase. Not necessarily our natural space, but an opportunity to spread our network.

We are keen to ensure that we are engaging across lending and third party cheque cashing. So if you see websites or trade magazines that are discussing issues that are important to you, then please get in contact with us.

We are moving

As we mentioned on page 2, by the time you read this we will be have moved to our new offices on Wednesday 14 October.

Our new address is:
Suite 7, Station House, Central Way,
Winwick Street, Warrington, WA2 7TT.

We are making the most of some great local deals to reduce our office costs.

Please make a note of our new address and telephone number; 01925 737100. Our mobile numbers and email addresses will remain the same so if you wish to contact us by phone you can by calling:

Jason Wassell CEO 07734 695714
Lisa Holder 07738 948215
Brian Corke 07734 695715

The Customer, FOS and Irresponsible Lending

Mark Bryant, a Director at SLL Capital Limited, provides his personal views on the current role of the Financial Ombudsman Service on historical cases.

The BCCA is keen to hear from Members about the issues that concern them. Through these discussions we are able to identify the risks we should be raising with the regulators, government officials and politicians. In the article below Mark Bryant explains why he is concerned by the approach that the Financial Ombudsman Service is taking to historic cases. These are his personal views and not the official position of the BCCA. So we would like to hear from Members about their experience of FOS. What do you think of their decisions? Do you have an issue we should be raising with FOS?

"If you are a lender have you noticed an increase in FOS complaints in regards to customers complaining that they have been irresponsibly lent to? On my travels to Industry trade association and roundtable meetings and subsequent informal talks with lenders up and down the country this seems to be the general consensus.

The Financial Ombudsman Service (FOS) is the statutory dispute-resolution scheme that was set up by parliament under the Financial Services and Markets Act 2000 (as amended) for settling disputes between UK-based financial companies and their customers. Its service is COMPLETELY free to complainants.

The FOS role is to help settle individual disputes between consumers and businesses providing financial services, as an alternative to using the civil courts. However, the difference being that the Courts will decide disputes in accordance with legal principles.

In contrast, the Financial Ombudsman Service ("FOS") is not bound by the law but should determine disputes on the basis of what is "fair and reasonable in all the circumstances of the case" (section 228 of the Financial Services and Markets Act 2000 - the "FSMA").

Further, unlike in the court system there is no right of appeal against decisions reached by the FOS. Although an aggrieved party can apply to the High Court for Judicial Review, this is a limited form of challenge. The review considers whether the decision was "irrational" or whether the FOS committed a procedural error leading up to its decision. The appropriateness of the FOS decision is not under scrutiny.

FOS allows 25 FREE cases in a year from April to April, after the 25th free case allocation the FOS will charge you £550 for the 26th and each subsequent case. The case fee is chargeable when a complaint is passed from the FOS consumer helpline to an adjudicator, however, the fee isn't chargeable until the complaint is resolved and the case closed.

Hereby, lies the simmering problem, many Consumer groups and Claims firms are championing the idea that any user of HCSTC (payday loan) should now challenge the lending decision, this raises two concerns, firstly the case fee that the company may incur and secondly the appropriate reliance on FOS staff who in the main will have very little, if any, underwriting experience, FOS staff are now in a position to be able to decide retrospectively if a lender made a reasonable lending decision. It is common knowledge that the Consumer Credit industry and alternative lending space has had its whole regulatory landscape changed dramatically and it would not be fair or reasonable for the FOS to view past lending regulation in the same way as we have subsequent developments.

I have spoken to a number of lenders experiencing customers complaining of irresponsible lending through FOS from as far back as 2009/2010; let us not forget that the lending landscape back in 2009/2010 was a completely different world to where we are now. However, what experience or understanding has the FOS in relation to lending to that period of time. Many lenders never even reported loan history and even if it was reported it could be reported 30 days plus after the account was settled or showing in arrears, there is no doubt that Data reporting was not consistent.

In my opinion many High Street lenders used customer, and enhanced, due diligence in their lending decisions by reviewing the identity of their customers, in practice this meant by obtaining a customer's: name, photograph on an official document confirming their identity, residential address, date of birth, pay slips and bank

statements etc. these lenders fully complied with the then regulator the OFT and its published irresponsible lending guidance (OFT 1107) in March 2010 (updated in February 2011) by undertaking a reasonable assessment of affordability for the customers duration of the loan.

This was also the case with some online lenders that required customer, and enhanced, due diligence in the form of paper documents being sent to them before making a responsible lending decision. In the main online lenders relied on using the services of Credit reference agencies and the customer's credit reference information in helping make a reasonable assessment of affordability and reasonable lending decision often in conjunction with the customers disclosed income and expenditure.

The OFT referred to affordability assessments in paragraph 4.2 of the aforementioned regulators guidance in that "Whatever means and sources of information creditors employ as part of an assessment of affordability should be sufficient to make an assessment of the risk of the credit sought being unsustainable for the borrower in question."

Further it stated 'Assessing affordability', in the context of this guidance, is a 'borrower-focussed test' which involves a creditor assessing a borrower's ability to undertake a specific credit commitment, or specific additional credit commitment, in a sustainable manner, without the borrower incurring (further) financial difficulties and/or experiencing adverse consequences".

"FOS staff are now in a position to be able to decide retrospectively if a lender made a reasonable lending decision."

This meant that it was down to the creditors themselves who used a variety of reasonable checks and affordability assessments when making a lending decision. There was not and there is still not a prescribed lending formula, there is guidance and best practice and it was for a lender to decide what reasonable checks and affordability assessments they undertook to help ensure that the repayments were affordable for the duration of the loan. It would be reasonable to use a customer's previous payment history and their declared income and expenditure in helping make a reasonable and proportionate lending decision along with any other checks that a company felt appropriate.

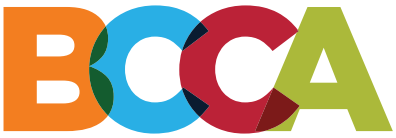
In the same guidance at paragraph 1.30, it mentions the subject of borrowers. "Borrowers also have a part to play in helping to better create an environment of sustainable credit provision. For example, where creditors' assessments of affordability rely, in part, on information provided by borrowers, it is important that such information is accurate and up to date and the borrower should advise the creditor in a timely manner of any relevant change of circumstances that is likely to significantly impact on any such assessment. Creditors would not be considered culpable by the OFT for placing reliance on information provided by borrowers, at least in part to inform such assessments, which was subsequently found to have been substantively inaccurate or untrue at the time that it was provided, where the creditor had no reason to suspect that this was the case."

It seems inexplicable that in recent cases that I have seen that it has taken years for a former borrowing customer to raise a complaint about affordability issues and lack of checks to emerge, it is bizarre that customers who settled their loans in a timely manner are now coming forward claiming irresponsible lending and that there were a lack of checks by the lender when in essence the loan that they borrowed was paid back in time and as contracted, why does it seem to escape the notice of the FOS that repaying in time and as contracted is probably the best demonstration that in fact the lending decision based on affordability was indeed a good assessment. It is disappointing to note so many past users of HCSTC are now unjustifiably and without merit jumping on to this media driven "challenge your payday lender" band wagon by blaming lenders for lending when it was the borrower that made the application to borrow the money in the first place.

Adding insult to injury there are consumer forums stating that if you challenge your payday lender for a compensation sum of less than the FOS £550 case fee then the lender will be inclined to pay up rather than pay the FOS case fee, this is especially poignant to the lending company that can justify a reasonable lending decision was made in the first place, but realises that once an adjudicator is assigned the lending company will pay the FOS £550 case fee after its first 25 free cases. This surely is not fair but as I have heard from many lenders on many occasions commercially it can make sense to settle below the FOS £550 case fee, however, that does not make it fair or right and it certainly will taint the FOS reporting of payday loans.

The FOS has a remit to be both fair and reasonable; one would hope that this would be applied in cases where it is clear that a customer's complaint is vexatious and without merit. Unfortunately you will be hard pressed to find cases that the FOS will agree with you on this matter. I have recently spoken to FOS in regards to the cost implications to a SME which are quite apparent at £550 per case, however, I was clearly told that under the FCA requirements a company should have adequate resources to pay such fees, whilst agreeing with that point, staggeringly it seems irrespective of the rights and wrongs of the customers complaint in the first place."

Mark Bryant
Mark is a Director of SLL Capital a debt purchase company, Mark has previously been involved in Consumer Credit activities for over 35 years with Safeloans an alternative HCSTC lender.



BCCA Training and Event Plan October to December 2015

For booking forms email **brian@bcca.co.uk**

November 2015

Date	Training	Member	Non-member	Length	Times	Venue
Wednesday 4 November 2015	Regulatory Reporting	£100 + VAT	£150 + VAT	1 hour	10:00 -11:00	Portal Business Centre Warrington
Wednesday 4 November 2015	Third Party Cheque Cashing including AML and Data Protection	£250 + VAT	£350 + VAT	3.5 hours	13:00 – 16:30	Portal Business Centre Warrington
Friday 27 November 2015	BCCA Annual Conference	£120 + VAT	£240 + VAT	7.5 hours	09:30 – 16:00	Radisson Blu Hotel, East Midlands Airport
Friday 27 November 2015	BCCA Annual Drinks Reception & Dinner	£100 + VAT	£100 + VAT	n/a	n/a	Radisson Blu Hotel, East Midlands Airport

December 2015

Date	Training	Member	Non-member	Length	Times	Venue
Wednesday 2 December 2015	CONC including financial promotions	£250 + VAT	£350 + VAT	3.5 hours	10:00 – 13:30	CallCredit Information Group, Leeds
Monday 7 December 2015	Dealing with vulnerable consumers (Provided by Anthony Sharp of ASA Associates and Chairman of the MALG)	£250 + VAT	£350 + VAT	7 hours	9.30 - 16:30 (inc 45 minutes lunch)	Hyatt Regency Hotel, Birmingham

20% discount available on upfront multiple bookings subject to the following: members must book onto three or more FCA training courses, with a minimum of two delegates on each.

Bespoke Training – BCCA is able to offer bespoke training courses developed for your business & delivered at your own premises. If you are interested in this service please give us a call on 01925 426090 to discuss your requirements. **Please note BCCA provide Certificates of Training for all attendees.**

Need a product or service?

Check out our Affiliate Members

Anchor Computer Systems

Anchor Computer Systems have been serving the needs of Credit Companies across Payday Loans, Instalment Loans, Logbook Loans and Secured Lending for over 30 years. With compliance and efficiency at its core our Sentinel solution is used by over 200 lenders in the UK today. To find out how Sentinel can help your business to comply with legislation, grow your customer base and control your business call Mike O'Sullivan on 07854 955070 or email to enquiry@anchor.co.uk

Axcess Merchant Services

Axcess Merchant Services provide online payment solutions to a wide range of different businesses throughout the world. Specialising in helping large businesses, high risk merchants and even start-up ventures, we are able to secure a merchant account for those companies that would otherwise find securing merchant services difficult. Axcess Merchant Services offer a range of payment solutions including a full gateway with a merchant account and Chip and Pin terminals, to telephone payments and recurring billing facilities. Axcess can be contacted through their website www.axcessms.com

CashFlows

CashFlows is a regulated financial services company, based in Cambridge, offering a range of innovative cloud based business payment services, designed to help businesses manage their cash flow and make cost effective bank payments.

CashFlows are also principal members of Visa and MasterCard, enabling them to provide merchant accounts to accept credit and debit card payments and to issue prepaid cards to businesses wanting a low-cost alternative to traditional banks and card programmes.

CoreLogic TeletrackTM

CoreLogic TeletrackTM is an unparalleled suite of credit risk and fraud prevention solutions, providing a view of transaction processing in Real Time to support the risk assessment needs of any regulated financial service provider. We have the largest specialised database having operated in the HCSTC sector since 2007 and provide consumer credit and risk management solutions that are not available from other credit reference agencies. Teletrack also acts as a full service provider, enabling single point access to ExperianTM and their range of verification and fraud products and services.

DJS Limited

DJS Limited is a bespoke software solution, which utilises real time device checking to combat fraud and to increase responsibility in the lending decision process. The solution has been developed to help Short Term Lenders make better, more informed and more responsible decisions with the vital information that was previously not available. DJS Limited give the business intelligence to help lenders be more responsible, combat fraud and save money on the front and back end of their underwriting process. They can be contacted through their website at www.djslimited.co.uk

Hitec (Laboratories) Ltd

Hitec develops Enterprise Content Management and Governance, Risk & Compliance software solutions. Our solutions enable organisations to reduce costs and improve efficiency, whilst reducing risk and ensuring compliance with regulations.

We have been assisting customers address business and operational challenges for over twenty years.
Contact Ian Wilson, Director of Sales, UK and Ireland, through sales@hiteclabs.com, or go to their website www.hiteclabs.com.

LexisNexis Risk Solutions

LexisNexis is a leader in supplying essential information to help customers fulfil many business needs including identity verification, fraud investigation, debtor tracing and data cleansing.

Combining cutting edge technology, unique data and advanced scoring analytics, our products and services are employed by a wide range of organisations in the credit and alternative finance industries.

Motormile Finance UK Limited

Motormile Finance UK Limited are a Leeds based buyer of delinquent debts across varying industries. With strong investment in I, Data and Compliance controls; MMF can offer a first class offering to anyone looking to inject liquidity into their bottom line by way of debt sales. We act on potential purchases quickly and in a manner that mitigates unnecessary interruptions for the selling company. For debt sale enquiries please contact Neil Petty of MMF UK Limited by email or by calling Neil on 07970 740360, or direct on 0113 224 8551, or visit their website www.mmile.com

Prism UK

The Prism System - business management software for Jewellers, Pawnbrokers and Cheque Cashers. They can be contacted through their website www.prismsoftware.co.uk

Realex Payments

One of Europe's largest and fastest growing online payment gateways, providing a range of payment processing services for businesses selling online and processing payments payments valued in excess of £18bn per annum on behalf of 12,000 retailers throughout Europe. Find them on their website www.realexpayments.co.uk

Wisteria

Accountants with expertise who specialise in lending, pawnbroking and gold. They can be contacted through the website www.wisteria.co.uk

BCCA DIRECTORY

RevUp Media

Celebrating 5 years in the UK, RevUP Media has successfully applied decades of experience in sub-prime lending and online marketing to bring value to lenders of all sizes. From smaller niche lenders, to publicly traded companies with multi-million pound marketing budgets, and everyone in between, we bring superior service to you. Leveraging our experience in all online media channels, RevUP Media leads the way in compliance, customer service and reliability. Please contact us to find out how we can help you grow at business@revupmedia.com or +44 800 471 4758.

SLL Capital

SLL Capital purchase historic debt up to 4 years old and can facilitate forward flow arrangements. We understand the importance of protecting a brands reputation and the FCA requirements in treating customers fairly and customer forbearance.

We will consider all sizes of debt portfolios from 50 to 50,000 accounts, we have found that many companies prefer to "dip a toe in the water" when selling debt for the first time and we have found this approach very beneficial in getting to know each other.

Call Mark or Nigel Bryant with any debt selling queries on 020 8253 4131 or 07799 103815

BCCA Board of Directors

Chair

Richard Fuller
Richard's 20-year career in retail financial services includes 15 years with DFC Global Corporation (to March, 2008), where he served in various operational, functional, and senior management positions in both the UK and Canada. Since 2010 he has been Managing Director of Cash Shop Limited a 14-store chain based in Nottingham.

Treasurer

Daryl Thorpe
Daryl has over 15 years experience in the unsecured and non-mainstream lending sector. Daryl was the co-founder and Managing Director of online lender Payday Express, successfully growing the company from start-up through to acquisition by Dollar Financial Corp in 2009 and continued to manage the business until April 2012. He joined another online lender Money in Advance in September 2012 as CEO until May 2014, and is currently working on several alternative lending projects.

Josef van Niekerk
Josef has extensive knowledge of and experience in the financial services industry, particularly in short term high cost credit and card processing. He holds an MSc in Mathematics, has a strong interest in analytics and big data and is the Business Development and Analytics Manager at Uncle Buck Finance LLP.

Graham Muir
Graham was with Lloyds Banking Group for 10 years within the Asset Finance division. With an extensive background in Collections, Graham started in the High Cost Credit industry in 2008 leading to joining Trusted Cash Ltd in 2012. An expert in coaching, Graham is passionate about providing good customer service and has created the first, innovative customer reward programme within the High Cost Credit industry. Grahams interests outside of finance are following Hibernian FC and current affairs.

Vice-Chair

Nigel Bryant
Nigel's education in consumer credit began with door step collecting and in 1989 he founded Safeloans Limited, a fully online operation offering short term payday loans. As a Director he is involved in all daily operations. He enjoys weekends and impromptu family camping outings.

Chris Powley
With more than 25 years' experience operating within the financial services sector, Chris has held senior management positions within Lloyds banking group and Norton Finance Loans and Mortgages. Currently, Head of Personal Finance with Cash Converters UK Ltd , Chris has played a prominent role within the industry , recently assisting the FCA and CMA with their respective reviews of the HCSTC market.

Mark Hannay
Following 5 years in private equity, investing in consumer finance businesses and their receivables, Mark was part of the founding management team that set up Active Securities in 2009 to leverage the tech opportunities presented by high cost short term credit. Since 2013 Mark has overseen the expansion of the origination side of the business into other geographic territories and asset classes.

Shaun Peake
Shaun has over 15 years experience in financial services holding posts at Chartered Trust, HFC Bank and Fowlers Finance before joining Provident Financial plc in 2008. Since 2011 Shaun has been a part of the senior management team at Cheque Exchange Limited. Shaun is an avid follower of Stoke City Football Club.