



Consumer Credit Policy
Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London, E14 5HS

30 October, 2017

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Dear Sir/Madam

Assessing creditworthiness in consumer credit

We welcome the opportunity to comment on the FCA's consultation regarding assessing creditworthiness in consumer credit.

This is an area of importance to our leasing company members who carefully assess the circumstances of an individual prior to providing motor finance. The BVRLA has set up two task forces of members to help provide guidance to the wider membership as the FCA continues its review into the motor finance sector. We are producing guidance to support our members and constantly reviewing our Code of Conduct and inspection programme to ensure the high standards that we expect our members to operate to are adhered to.

We welcome the clarity from the FCA on:

- the distinction between affordability and credit risk
- the factors that should be used when designing affordability checks that are appropriate and proportionate in relation to individual lending decisions
- the appropriate role of income and expenditure information in lending decisions
- expectations around firms' policies and procedures which should focus on outcomes, having regard to the risks of the credit and customer characteristics

We are also pleased to see a new explicit definition of 'affordability risk' setting out the factors which firms should consider when assessing whether the credit is likely to be affordable for the borrower.

We understand the background behind making a reasonable assessment of not just whether the customer will repay, but also of their ability to repay affordably and without this significantly affecting their wider financial situation. Our leasing companies in BVRLA membership have indicated to us this is acceptable and they believe it should be simple to implement.

British Vehicle Rental and Leasing Association

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Chairman: Matt Dyer
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Registered in England No. 924401

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We welcome the clarity that automated systems are acceptable and in our experience, they can provide more reliable results than asking the customer for large amounts of information. That being said we recognise they are not a panacea and should be used as part of a balanced approach to assessing credit worthiness.

We hope our comments add value and are happy to expand on any of the areas mentioned. We look forward to seeing the final rules and guidance in the first half of 2018.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jay Parmar', is written in a cursive style.

Jay Parmar

Director of Policy & Membership

Bona-fides BVRLA, the industry and its members

- Established in 1967, the British Vehicle Rental and Leasing Association is the UK trade body for companies engaged in the rental and leasing of cars and commercial vehicles. Its members operate a combined fleet of 4.71 million cars, vans and trucks.
- BVRLA members buy nearly 50% of all new vehicles sold in the UK, an estimated 1 million vehicles (including 308,000 UK-made vehicles) per annum.
- Collectively, members of the BVRLA support around 317,000 jobs and contribute over £24.9 billion to the UK economy each year.
- Through its members and their customers, the BVRLA represents the interests of over 2 million business car drivers and 10 million people per year who choose to rent a vehicle.
- As well as informing the Government and policy makers on issues affecting the sector, the BVRLA regulates the industry through a mandatory code of conduct, helping its members deliver safe, sustainable and affordable road transport to millions of consumers and businesses. For more information, please visit www.bvrla.co.uk.