

Peter Cardinali  
Finance & Business Services  
Financial Conduct Authority  
12 Endeavour Square  
London  
E20 1JN

25 May, 2021

Direct Dial: 01494 545716  
Email: [gerry@bvrla.co.uk](mailto:gerry@bvrla.co.uk)

Dear Peter,

## **FCA REGULATED FEES AND LEVIES: RATES PROPOSALS 2021/22**

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

The BVRLA welcomes the opportunity to comment on the FCA's periodic fees rates for the next financial year (2021/22) as well as the Financial Ombudsman Service general levy and further fees policy proposals. BVRLA members do not believe it is the correct time to significantly increase fees or create new fees for consumer credit firms.

### **COVID-19 pandemic impacts**

Over the last year, firms in our sector have had to completely reengineer their business operations in reaction to the pandemic, shifting to home working, adjusting to a halted market and exercising forbearance. Before the pandemic, these companies were dealing with very low default rates and very few requests for forbearance on a regular basis. COVID-19 created the challenge of having to quickly recruit new employees or upskill, retrain and redeploy staff to tackle the influx of incoming requests and administration.

Given the additional cost and administrative burden incurred by our members, we do not feel now is the appropriate time to raise regulatory fees across the board. Nor do we support the proposed increase in fees for consumer credit firms to achieve parity with other regulated firms, given smaller enterprises have been disproportionately negatively impacted by the pandemic.

### **Concerns around service provision**

BVRLA members have reported poor levels of service from the FCA, which make any fee increase difficult to justify. Members are unwilling to pay more for a service with lengthy amounts of time taken to change permissions and process applications.

Formal complaints about poor service have been raised with the FCA and upheld against the teams making errors. In one example an appointed representative (AR) was unable to trade for several days as their direct permissions were removed without their AR permissions being added. Further examples include:

#### Case Study A

- Application received on 17<sup>th</sup> December 2020 to add XXXX as an appointed representative
- Application processed on 20<sup>th</sup> January 2021, but case status not updated to 'closed'
- FCA agreed this should have been picked up by the case handler

#### Case Study B

- Application for AR status from a firm with limited permissions already received on 22<sup>nd</sup> March 2021

#### **British Vehicle Rental and Leasing Association**

River Lodge, Badminton Court, Amersham, Bucks HP7 0DD  
tel: 01494 434747 fax: 01494 434499 e-mail: [info@bvrla.co.uk](mailto:info@bvrla.co.uk) web: [www.bvrla.co.uk](http://www.bvrla.co.uk)

- Application processed on 15<sup>th</sup> April 2021, however, the cancellation of the firm should have been coordinated with adding the AR to provide continuity of authorisation
- FCA acknowledged that this did not happen, as the case officer processing the firm cancellation would have contacted the AR team to flag the dependency
- The FCA's failure to link the dependency led to a gap in authorisation

Given the additional costs incurred due to the COVID-19 pandemic coupled with the poor FCA services received this fee increase is poorly timed and should not go ahead at the levels currently proposed.

### **Financial Ombudsman Service**

The Financial Ombudsman Service (FOS) has not performed at the level expected, with frequent delays in processing complaints and a lack of consistency displayed in its decisions. We would not support increases in the FOS general levy.

We have also received reports that the FOS look at complaints outside their remit. For example, a member had FOS request they investigate a complaint and respond to their queries despite the member's advice that these were not in the service's remit. Only after the member had undertaken investigative work did FOS confirm that the complaint was indeed outside their jurisdiction and that they should not have intervened. This process is frustrating for members; it creates unnecessary resource pressure, additional work and costs, and instils false hope in complainants. The FOS also charges firms with a full case fee in these conditions based on 'apparency', rather than applying a lower fee proportionate to its level of administration. We would therefore welcome the FCA's intervention with its ombudsman regarding complaints outside of its remit.

### **AR proposal**

The consultation additionally proposes introducing a fee to all principals who operate with ARs to cover the costs of further investigative work required to develop market understanding. This proposal is based on preliminary work undertaken by the FCA in the insurance and investments sector, where some market failings were found regarding oversight and inadequate controls on regulated activities under their responsibility.

However, no comparable work has been undertaken to investigate how ARs function in our sector. The BVRLA are due to introduce a second day audit for its members who operate with ARs this year, which will look specifically at the onboarding process and principals continued oversight and monitoring of their ARs. We are happy to share information about the audit and its results later in the year. Given the above, it is unfair to ask our members to pay an additional fee for their AR's when the FCA has not established if it is necessary for our sector, which is already self-regulating.

### **Closing comments**

General fee increases would be poorly timed due to the continued effects of the pandemic and inappropriate given the poor level of service experienced by members. The AR proposal in particular does not have supporting evidence to suggest it is required in our market. We would welcome further engagement on any of the issues raised in this letter.

Yours sincerely,



**Gerry Keaney,**  
Chief Executive

### **British Vehicle Rental and Leasing Association**

River Lodge, Badminton Court, Amersham, Bucks HP7 0DD

tel: 01494 434747 fax: 01494 434499 e-mail: [info@bvrla.co.uk](mailto:info@bvrla.co.uk) web: [www.bvrla.co.uk](http://www.bvrla.co.uk)

## About the BVRLA

- The BVRLA represents over 970 companies engaged in vehicle rental, leasing and fleet management. Our membership is responsible for a combined fleet of four million cars, vans and trucks – one-in-ten of all vehicles on UK roads.
- BVRLA members represent the demand-side of the automotive industry, buying around 50% of new vehicles, including over 80% of those manufactured and sold in the UK. In doing so, they support almost 500,000 jobs, add £7.6bn in tax revenues and contribute £49bn to the UK economy each year.
- Together with our members, the association works with policymakers, public sector agencies, regulators, and other key stakeholders to ensure that road transport delivers environmental, social and economic benefits to everyone. BVRLA members are leading the charge to decarbonise road transport and are set to register 400,000 new battery electric cars and vans per year by 2025.
- BVRLA membership provides customers with the reassurance that the company they are dealing with adheres to the highest standards of professionalism and fairness.
- The association achieves this by reinforcing industry standards and regulatory compliance via its mandatory Codes of Conduct, inspection regime, government-approved Alternative Dispute Resolution service and an extensive range of learning and development programmes.

### **British Vehicle Rental and Leasing Association**

River Lodge, Badminton Court, Amersham, Bucks HP7 0DD

tel: 01494 434747 fax: 01494 434499 e-mail: [info@bvrla.co.uk](mailto:info@bvrla.co.uk) web: [www.bvrla.co.uk](http://www.bvrla.co.uk)