

Application for Voluntary Variation and Cancellation of Permission

MICROCREDIT LIMITED ("Microcredit")

Interim Permission Reference No. 621701

To: The Financial Conduct Authority (the "FCA")

FAO: Bill Sillett

On 1 April 2014, the FCA took over the regulation of the consumer credit market from the Office of Fair Trading. Microcredit (trading as MiniCredit) provides payday and short term credit products to customers.

The FCA has raised concerns with Microcredit as to whether Microcredit meets the FCA's Threshold Conditions. Following discussions with the FCA, Microcredit no longer wishes to carry on regulated activities in the UK.

Microcredit, as an authorised person with permission under Part 4A of the Financial Services and Markets Act 2000 (the "Act"), hereby applies to the FCA for it to exercise its powers under section 55H and 55L of the Act to impose requirements on, vary and subsequently cancel Microcredit's permission in the terms set out in the Schedule below.

SCHEDULE

1. With immediate effect, Microcredit's permission is varied so as to remove from it permission to carry on any and all regulated activities, save to the extent set out in paragraphs 3 to 9 below.
2. For the avoidance of doubt, with immediate effect, Microcredit is no longer permitted (and is required not) to:
 - a) enter into any regulated credit agreements with new or existing customers, including rolling over or refinancing the loans of existing customers;
 - b) permit any customer to draw down any amounts under any credit agreement that it has entered into prior to this requirement coming into force; and
 - c) exercise its rights under existing regulated credit agreements (save to the extent set out in paragraph 3 onwards). This includes any right to:
 - i. apply any interest incurred after default on any loans in default as at the date of this requirement, and any loans which become in default during the period in which this requirement is in force;
 - ii. apply any charges incurred after default on any loans in default as at the date of this requirement, and any loans which become in default during the period in which this requirement is in force. For the avoidance of doubt, this includes all charges associated with continuous payment authorities and any other debt collection activity; and

- iii. undertake debt collection activity, which may include but is not limited to:
 - (a) sending communications to customers seeking repayment and/or notifying the consequences of non-repayment;
 - (b) referring customers to any debt recovery agency; and
 - (c) initiating any legal action against customers for non-repayment.

Paragraph (2)(c)(iii)(b) above is subject to the exception that Microcredit may on or before 29 December 2014 transfer to a responsible debt collection agency any customers' credit agreements and accounts held by Microcredit at the date paragraph (1) above takes effect and any such responsible debt collection agency should serve notice on those customers informing them of the transfer.

3. With immediate effect in relation to any outstanding balance that may be owed to Microcredit by a customer, Microcredit is required (with immediate effect and on an ongoing basis) to waive any interest or charges that might otherwise have accrued on those balances. For the avoidance of doubt, this specific paragraph (and its effect) does not require the waiver or writing off of interest or charges on customer accounts assigned to Kapama Limited and/or Opos Limited prior to the date of this application.
4. Until 4pm on 29 December 2014, Microcredit is permitted to the extent provided in (a) to (e) below to respond to incoming communications from customers whose credit agreements and accounts have not been transferred to Opos Limited ("Opos") and/or Kapama Limited ("Kapama") at the date paragraph (1) above takes effect. In relation to those customers who make any such incoming communications, Microcredit is permitted to:
 - a) provide notice of termination of a customer's credit agreement, in accordance with the terms of the agreement;
 - b) enable customers to readily access existing documentation in relation to their loan(s) and information about the amount of any arrears or balance owing (for example, by directing them to the online account feature of its web site);
 - c) allow customers to repay loans or debts in full or in part where customers are seeking to repay;
 - d) respond to any incoming queries and/or complaints from customers relating to accounts which have been transferred to Opos and/or Kapama by:
 - i. informing them that their loans will be managed by Kapama and Opos and provide the contact details for Kapama and Opos; and/or
 - ii. providing information about free debt advice services to any customer requiring assistance with repayment or who otherwise says they are suffering financial hardship; and/or

- iii. progressing and resolving customer complaints in accordance with the rules and guidance in the FCA's Dispute Resolution: Complaints sourcebook; and
 - e) treat customers in default or in arrears difficulties with forbearance and due consideration – for example, by facilitating customers' requests for forbearance, agreeing repayment and settlement plans.
- 5. Microcredit is permitted until 4pm on 29 December 2014 to exercise continuous payment authorities ("CPAs") in respect of customers' credit agreements and accounts which have not been transferred to Opos and/or Kapama at the paragraph (1) above takes effect. Any such CPA must be exercised in accordance with the rules and guidance in the FCA's Consumer Credit sourcebook (including CONC 7.6). However, Microcredit may not apply any charges in relation to CPAs.
- 6. In relation to any customer account for which at 29 December 2014 Microcredit remains the creditor because there has been no transfer and/or assignment of that customer account to a third party, Microcredit is required to:
 - a) write-off immediately such outstanding balance on such customer account; and
 - b) notify Callcredit in writing within 3 business days to the effect that such debt has been written off and the customer account with Microcredit has been settled.
- 7. Microcredit is required to both email any customers whose accounts have not been transferred to Opos and/or Kapama at the date paragraph (1) above takes effect at their registered email address and send a letter to all such customers at their registered home address, using the pro forma contained in Annex A within 7 days of paragraph 1 above taking effect.
- 8. Microcredit is required to publish within 7 days of paragraph 1 above taking effect the pro forma information contained in Annex B to this requirement clearly and prominently on its website homepages (namely www.minicredit.co.uk and www.minicashloans.co.uk and any other website the firm uses to conduct lending business) so as to be immediately viewable on accessing the websites. The pro forma information in Annex B shall continue to be published on the said website homepages for such period as this requirement remains in effect (save that it shall no longer need to be published on a website that is no longer active). Microcredit shall deactivate its websites on a date not before 9 January 2015 and in any event by 11 March 2015 and inform the FCA promptly once it has done so.
- 9. Microcredit is required to notify the FCA without delay of any identified breach of the aforementioned requirements and restrictions (for example, the imposition of a charge when exercising a CPA) and to confirm to the FCA without delay its proposed steps for remedying any detriment or risk of detriment caused to customers by the breach.

10. On such date (not before 29 December 2014) as the FCA considers that it is no longer necessary to keep Microcredit's permission in force, the FCA shall cancel Microcredit's permission.

Signed:



Dated: 10 December 2014

For and on behalf of Microcredit Ltd.

ANNEX A – customers whose accounts have not been transferred

Microcredit is required within 7 days of this application taking effect, to email any customers whose accounts have not transferred to Opos at the date of the application, including those with whom it has agreed a repayment plan, at their registered email address, and send a letter to all such customers at their registered home address, using the pro forma set out below.

Communication to be sent under paragraph 7

Dear <name>,

Re: Microcredit Limited t/as Minicredit

We write to inform you that after 5 years of business we have decided to cease trading and wind down our business in the UK. This process has involved an application to our regulator, the Financial Conduct Authority ("FCA"), to cancel our authorisation to carry on our business. The FCA has agreed to our application. A link to the FCA Register containing details of our application and the requirements attaching to it is here: <insert link>.

This means that from 4pm on 10 December 2014 we are no longer permitted to carry on consumer credit regulated activities in the UK, which means we cannot grant loans, roll over or extend loans, add further interest or charges on loans, engage in any debt collection activities or pursue or say that we will pursue legal action in respect of overdue loans.

For your convenience however we are still offering the following limited range of services until 29 December 2014:

- You can access information and documents via your online account.
- You can tell us about any difficulties you are having in repaying your loan or sticking to your repayment plan.
- You can make a full or partial repayment of your loan (but if you do not or cannot make any repayments, we will not take any steps to enforce payment).
- You can ask a question about your loan or repayment plan.
- You can make a complaint about our services.

Our contact details for any of the above are [insert].

Your Account no.<xxxx>

In view of all of the above we thought it useful to summarise your account position with us as follows:

- The current outstanding balance on your account is £<xxxxx>
- Your outstanding balance is subject to the following repayment plan agreed with us on <date>:
<insert details of plan here or alternatively delete this bullet point altogether if no plan exists>

Your account was in fact transferred to our debt collection partners <Mackenzie Hall / Fredrickson> on <insert referral date> however we have informed them that your account is to be closed with no further collections activity. By 29 December 2014 we are required to write off immediately any outstanding balance on your account and notify Callcredit within 3 business days to the effect that such debt has been written off and your account with us has been settled. Further we will not be using a Continuous Payment Authority ("CPA") in relation to your account in any way whatsoever. If any use is made of a CPA, any attempts to use CPA will carry no charge. If you have previously given us a CPA you have the right to cancel it at any time by notifying us or your bank. The contact details for [Mackenzie Hall/Fredricksons] are [insert Mackenzie Hall or Fredricksons details].

We take this opportunity to thank you for your business and wish you a happy festive season and prosperous 2015.

Yours sincerely

Minicredit

ANNEX B

Microcredit is required to publish within 7 days of the application taking effect, the following pro forma information, clearly and prominently on its website homepages (namely www.minicredit.co.uk and www.minicashloans.co.uk and any other website the firm uses to conduct lending business) so as to be immediately viewable on accessing the websites.

Website Publication under paragraph 8

After 5 years of business we have decided to cease trading and wind down our business in the UK. This process has involved an application to the regulator, the Financial Conduct Authority ("FCA"), to cancel our authorisation to carry on our business. The FCA has agreed that application. A link to the FCA Register containing details of our application and the requirements attaching to it is here: <insert link>.

What the above means is that, from 4pm on 10 December 2014 we are no longer permitted to carry on our consumer credit regulated activities in the UK, which means we cannot grant loans, roll over or extend loans, add further interest or charges on loans or engage in any debt collection activities.

We have transferred the majority of our customer accounts to Kapama Limited ("Kapama") and Kapama has e-mailed the customers affected. Those customers will no longer receive any communications from us (subject to the limited services we will continue to provide over the next 14 days – see below) and can contact Kapama at <insert Kapama's contact details>.

As part of the process the FCA has also required us to write to those customers that still hold accounts with us (and where we have not transferred those accounts to Kapama) by 17 December 2014 to explain what is happening and how those customers are affected. You can view that communication in its standard template form [here](#) <insert link>.

For your convenience and to ensure that our customers are treated fairly we are still offering the following limited range of services until 29 December 2014, after which time our permission will be formally cancelled by the FCA. These services allow us to respond to incoming communications from customers who wish to do any of the following:

- You can access information or documents via your online account.
- You can make a full or partial repayment of your loan (but if you do not or cannot make any repayments, we will not take any steps to enforce payment).
- You can ask a question about your loan or repayment plan.
- You can make a complaint about our services.

Our contact details, should you wish to make use of any of the above services or contact us generally, are:

<insert contact details>

For those accounts that have not been transferred to Kapama, we will not be using a Continuous Payment Authority ("CPA") in relation to them in any way whatsoever. If any

CPA attempt is made, we will not charge you. If you have previously given us a CPA you have the right to cancel it at any time by notifying us or your bank. Please do not hesitate to get in touch with us with any queries about this.

We take this opportunity to thank you for your business and wish you a happy festive season and prosperous 2015.