

Telephone: 020 7066 9346

Email: [enquiries@fs-cp.org.uk](mailto:enquiries@fs-cp.org.uk)

Payday Lending Consultation  
Office of Fair Trading  
Fleetbank House  
2 – 6 Salisbury Square  
London  
EC4Y 8JX

2 April 2013

Dear Sir/Madam,

## **Payday Lending: consultation on a market investigation reference**

This is the Financial Services Consumer Panel's response to the Office of Fair Trading (OFT)'s consultation on its provisional decision to make a Market Investigation Reference (MIR) to the Competition Commission (CC) of the market for payday lending.

The Panel commends the OFT's recent compliance review of payday lending and recognises many of the concerns it identified. We agree with the assessment that in addition to there being clearly identifiable conduct issues borne out of poor practices and non-compliance with the Consumer Credit Act 1974 (CCA), there are also more fundamental issues within this market, requiring further more detailed investigation. This is evident in the fact that it appears to make commercial sense for creditors to make payday loans that debtors cannot afford to repay.

Given the above comments, the Panel fully supports the OFT's provisional decision to refer the market to the CC. However, we are conscious that the time taken from submission of an MIR, to the implementation of potential remedies, can be significant. The Panel feels strongly that the obvious existing examples of non-compliance with legislation (eg failure to carry out affordability assessments and adopting aggressive debt collection practices), need to be addressed immediately and on an on-going basis. The MIR should not be seen as an alternative to this.

In this regard, the Panel supports the OFT's action requiring the 50 lenders inspected as part of the review to take immediate steps to address non-compliance with the CCA, or risk having their licences revoked. We urge the OFT to continue to take strong enforcement action in this area, throughout the duration of its final year of operation, and will encourage the Financial Conduct Authority to take this forward in the future.

Yours faithfully,

Adam Phillips

Chair  
Financial Services Consumer Panel