

The consumer credit rebate scheme ('the scheme')

The scheme is set out under the powers given to FCA under the Financial Services and Markets Act 2000 (Consumer Credit) (Transitional Provisions) Order 2013.

Who qualifies for a consumer credit licence rebate?

To qualify for a rebate you must satisfy each of the following five criteria:

1) Payment - you must have paid for a licence or for renewal of a licence or paid a maintenance fee after a specified date

You must have paid a charge to the OFT under section 6A of the Consumer Credit Act 1974 (CCA) (for a licence or for the renewal of a licence) or a charge under section 28A of the CCA (maintenance charge) in relation to a licence:

- after 31 March 2009, or
- before 1 April 2009 for a licence which was issued or renewed on or after 1 April 2009

What this means is that you must have paid an OFT licence charge for a licence issued or renewed on or after 1 April 2009 or paid a maintenance charge on or after that date.

2) Licence - you must hold a licence at the relevant time

You must hold a standard licence or be the original applicant for a group licence that is in issue:

- on the date when a rebate is paid to you, if it is paid without the need for an application before 1 April 2014, or
- on the date when you apply for a rebate, if you apply before 1 April 2014, or
- immediately before 1 April 2014, where you apply for a rebate or a rebate is paid to you on or after 1 April 2014

Alternatively, you must have held a standard licence on 23 April 2012 and give notice to the OFT in accordance with section 37 (1B) of the CCA relinquishing the licence before 1 April 2014, whether or not the notice took effect before 1 April 2014 (in this scheme, this is referred to as the surrender of the licence).

What this means is:

Before 1 April 2014 we will only send you a cheque automatically where our records show you hold a licence on the date we send you a cheque; or, if we require you to apply, you need to hold a licence on the date you make the application.

On or after 1 April 2014, you need to hold a licence immediately before 1 April 2014.

In addition you may qualify if you held a licence on 23 April 2012 and give OFT statutory notice to surrender before 1 April 2014.

3) Expiry - your licence would have expired, or terminated under section 28C of the CCA, at least one month after 1 April 2014

Other than a licence which is surrendered, your licence would, in the absence of the transfer of the regulation of consumer credit to FCA, have expired or have terminated at least one month after 1 April 2014.

For a licence that is surrendered, the licence would, in the absence of the notice relinquishing the licence and the transfer of the regulation of consumer credit to FCA, have expired at least one month after 1 April 2014.

4) You must not be a person:

- to whom OFT sent a letter, in respect of the OFT's Irresponsible Lending Guidance Compliance Review of the payday lending industry, substantially in the form set out (without annexes) in the schedule attached to the Financial Services and Markets Act 2000 (Consumer Credit)(Transitional Provisions) Order 2013), and
- who pursuant to that letter received a visit from an officer of the OFT or a person acting on behalf of OFT

5) Your licence must not be the subject of certain action

FCA will not make a payment to you if you are:

- a person whom the OFT has informed that it is minded to revoke its licence under the CCA, unless and until:
 - the OFT gives notice of its determination not to revoke the licence, or
 - in disposing of an appeal, the First tier tribunal quashes the OFT's determination to revoke the licence, or

- if Part 8 of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No.2) Order 2013 applies to the notice, the FCA decides not to cancel or not to vary the person's Part 4A permission (including in accordance with a direction to give effect to a determination of the Tribunal), or
- a person whom the OFT has informed that it is minded to refuse an application for a licence under the CCA , unless and until:
 - the OFT determines to issue the licence, or
 - in disposing of an appeal, the First tier tribunal quashes the OFT's determination to refuse the application for the licence, or
 - if Part 8 of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No.2) Order 2013 applies to the application, the FCA or the PRA decides to grant the application treated as an application for Part 4A Permission or for a variation of Part 4A Permission (as the case may be) (including in accordance with a direction to give effect to a determination of the Tribunal), or
- a person whom the OFT has informed that it is suspending its licence under the CCA, unless and until:
 - the suspension ends under section 32A(6) or section 32B of the CCA, or
 - the OFT determines to end the suspension under section 33 of the CCA, or
 - if Part 8 of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No.2) Order 2013 applies to the notice under section 32A of the CCA, the FCA or the PRA decides not to cancel or not to vary the person's Part 4A Permission (including in accordance with a direction to give effect to a determination of the Tribunal)

The scheme is also subject to the following requirements:

a. The rebate payment will be subject to a minimum of £10.00.

Details of the calculation are set out below. Where the FCA's calculation gives rise to an amount of less than £10, no payment will be made.

b. We may require you to make an application

The FCA will require an application for a rebate where:

- the contact details it holds are not sufficient or where it holds no contact details. FCA sets out the categories of persons whose contact details are sufficient below, and
- where one of the actions referred to in paragraph (5) has been taken in relation to the person, and
- where a person has surrendered a licence

The following categories set out where the FCA has sufficient contact information:

- persons which have completed the interim permission process
- persons which have been licenced by the OFT after 31 December 2013
- persons which have paid a maintenance charge to the OFT after 31 December 2013

However, persons who have surrendered their licences may no longer be in business, therefore we require them to make an application with up to date contact details.

c. The end of the scheme

The FCA will not generally make payments and will not accept applications for rebates after 30 June 2014.

However FCA will retain amounts to cover potential payments for persons who have been given minded to revoke or minded to refuse notices or had their licences suspended, pending the result of any appeals.

The scheme will close entirely on 31 December 2014.

d. Discretion not to pay

The FCA reserves the right not to make a payment to an eligible licensee.

How do qualifying persons get a rebate?

Given that the FCA has reliable information for the persons referred to above, it will send them a cheque automatically.

Where persons' contact details are not sufficiently reliable, the FCA will require an application to be made via its Consumer Credit Rebates Scheme website. Applicants will have the opportunity to view and, where necessary, provide new contact details.

A link to the Consumer Credit Rebates Scheme website will be made available after 10 January 2014 via www.fcs.org.uk/rebate and can be used to monitor the status of individual rebates.

How is the rebate calculated?

Regulation of consumer credit transfers from the OFT to the FCA on 1 April 2014. The rebate is based on the number of complete months between 1 April 2014 and either

- the expiry date, for a standard or group licence, or
- the end of the maintenance payment period (within the meaning of section 28A of the CCA) for an indefinite licence

The cost of a licence obtained from the OFT is made up of two components:

- Consumer Credit Licensing Fee to the OFT (currently £530 a for a sole trader, otherwise £1,326), and
- Consumer Credit Jurisdiction (CCJ) levy to the Financial Ombudsman Service (currently £140)

There will be no refunds of FOS levies as the FOC continues as an active organisation. Where firms move into full FCA authorisation, the FCA will take into account previous FOS payments when calculating future FOS levies. This will be taken account of when you apply for full authorisation with the FCA and any new FOS levies are payable. Calculation of the rebate amount is as follows:

*[the amount paid to OFT in respect of the Consumer Credit Licensing Fee/
Maintenance Charge]*

Multiplied by

*[the number of complete months remaining on the licence/ of the
maintenance payment period]*

Divided by

[60 (the number of months in five years)]

The fee will be calculated to the nearest penny.

Example calculation

Licence type: Indefinite

Maintenance charge due date: 1 September 2016

Total fee paid to OFT: £1,225.00

Of which: Consumer Credit Licensing Fee: £1,075.00

FOS Levy: £150.00

Complete months from 1 April 2014: 29

Rebate calculation: $£1,085.00 \times 29 \div 60$

Rebate cheque **£519.58**

When will the cheques be sent out?

The OFT will be transferring funds to FCA to effect this scheme and as soon as such funds are received, the FCA will begin issuing cheques.

For persons that have successfully completed interim permission registration (including having paid the fee) by 31 December, we will aim to issue their rebate during January – please do not contact the Contact Centre during this time.

For persons making applications, we will aim to issue their rebates within 30 days. However, please note that the FCA will need to validate applications which contain amendments to contact details to ensure that cheques are issued appropriately. In such circumstance, the FCA may need to gather additional information about the applicant and therefore cheques may take longer than 30 days to be issued.