

Policy Statement

PS24/18

Further temporary changes to handling rules for motor finance complaints

December 2024

This relates to

Consultation Paper 24/22 which is available on our website at www.fca.org.uk/publications

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Chapter 1

Summary

- 1.1** In Consultation Paper 24/22 (CP24/22), we consulted on temporary complaint handling rules in response to the Court of Appeal's judgment in Johnson v FirstRand Bank Ltd, Wrench v FirstRand Bank Ltd and Hopcraft v Close Brothers Ltd ('the Court of Appeal's judgment').
- 1.2** The rules we consulted on involved complaints about any motor finance regulated credit agreement with a commission arrangement that were not already subject to our earlier rules for complaints about motor finance discretionary commission arrangements (DCAs). In this Policy Statement (PS), we refer to complaints covered by the rules we consulted on as a 'motor finance non-DCA commission complaint'.
- 1.3** In this PS, we publish rules in the Dispute Resolution: Complaints (DISP) sourcebook of the FCA Handbook for motor finance non-DCA commission complaints. Our rules broadly mirror the existing rules for motor finance DCA commission complaints, which we made in January 2024 (PS24/1) and subsequently extended in September 2024 (PS24/11). Among other things, they:
- Extend the time firms have to provide a final response to such complaints until after 4 December 2025.
 - Give consumers who receive a final response to these complaints until the later of:
 - 15 months from when the final response is sent, or
 - 29 July 2026 to decide whether to refer their complaint to the Financial Ombudsman Service ('Financial Ombudsman')
 - Require firms to maintain and preserve relevant records.

Appeal of the Court of Appeal's decision to the Supreme Court

- 1.4** On 11 December 2024, the Supreme Court granted permission to FirstRand Bank and Close Brothers to appeal the Court of Appeal's judgment on all of their grounds. The Court of Appeal's judgment remains the law. However, the Supreme Court giving permission to appeal the judgment suggests the appeal raises arguable points of law of general public importance. If a firm considers these points relevant to resolving a motor finance commission complaint, it would be reasonable for the firm to want to consider the outcome of this appeal before responding.
- 1.5** We consider the Supreme Court's decision on permission adds weight to our decision to make the rules we consulted on. This is because, without the changes our rules make to the normal complaint handling process, consumers would be able to refer complaints to the Financial Ombudsman before the appeal on these points of law has been decided (see paragraph 1.18-1.19).

Summary of feedback and our response

- 1.6** The consultation closed on 5 December 2024. We received 47 responses from a wide range of industry and consumer stakeholders.
- 1.7** Most responses came from lenders and brokers (24 responses). We also received responses from claims management companies (CMCs) and law firms (8), trade bodies (6), compliance consultants (3), consumer organisations (2) and individual consumers (2). Two of the statutory panels also responded: the Financial Services Consumer Panel and the Smaller Business Practitioner Panel.
- 1.8** 41 respondents broadly agreed with our proposals. Four respondents objected in principle to extending the complaint handling time for motor finance firms as they felt this was not in consumers' interests. The remaining 2 respondents did not offer a view but focused on other areas, including how complaints might ultimately be resolved.
- 1.9** In Chapter 2, we give more detail on the 13 questions we asked, the feedback we received, how we are responding and why. In summary, we are proceeding with all the proposals we consulted on, except for the option to extend the time until firms will have to start providing final responses again to motor finance non-DCA commission complaints to 31 May 2025. This is because we have decided that firms should have until 4 December 2025 before they have to start providing final responses to these complaints. In Chapter 2 we have explained why in our response to the feedback to Question 3.
- 1.10** We have also decided that we should expand our definition of a motor finance non-DCA commission complaint to cover regulated motor finance consumer hire agreements, as well as regulated motor finance credit agreements. To avoid confusion with hire purchase products, which are types of credit agreement, we describe hire agreements as leasing agreements in this PS. In Chapter 2, we have explained why in our response to the feedback to Question 1.

Who this affects

- 1.11** The rules in this PS are directly relevant to:
- consumers who have taken out motor finance agreements involving commission arrangements
 - motor finance providers
 - motor finance brokers, including motor dealers
 - professional representatives bringing complaints about commission to motor finance providers and credit brokers, including CMCs regulated by the FCA
- 1.12** This PS will also interest consumer organisations and trade bodies representing the motor finance and professional representative sectors.

The wider context of this policy statement

Our consultation

- 1.13** We published CP24/22 following the Court of Appeal's judgment. The judgment was a significant development in the case law on motor finance commission. It is relevant to both DCAs and non-discretionary commission arrangements, such as fixed or flat fee commission arrangements.
- 1.14** In the CP, we set out our analysis that the judgment is likely to result in a sharp and significant increase in motor finance non-DCA commission complaints. This will create additional pressures on firms and the Financial Ombudsman. This risks undermining our objective that, in the longer term, those complaints are resolved in an orderly, consistent and efficient way, in the same way as we are seeking to ensure for DCA complaints.
- 1.15** We explained that, without our proposed rules, firms would have 8 weeks to acknowledge, investigate and provide a final, substantive response to motor finance non-DCA commission complaints. In our [call for input on modernising the redress framework](#), we discuss the significant operational challenges that processing significant numbers of complaints within the relevant time limits can cause firms.
- 1.16** In this case, as well as the difficulties of managing sharp and significant increases in complaint volumes, we would expect the age of many of the agreements involved to cause firms significant extra challenges. For example, firms may need to carry out extensive searches of their archives to find the information needed to consider the complaints and/or have to request it from brokers with whom they may no longer have commercial relationships.
- 1.17** We said that, without our intervention, many firms will face the prospect of large numbers of motor finance non-DCA commission complaints being referred to the Financial Ombudsman. This is because, on current resourcing, it is unlikely firms will be able to provide a final, substantive response to these complaints within 8 weeks.
- 1.18** If firms take the option available under our rules to send holding responses asking for more time to resolve these complaints, we said professional representatives (including CMCs) will be increasingly less likely to agree to give firms that time. This is due to the expectation that the Financial Ombudsman will introduce fees in the next financial year for professional representatives bringing complaints. Data from the Financial Ombudsman indicates that around 9 in 10 motor finance commission complaints referred to it to date have professional representation.
- 1.19** Additionally, as set out in paragraphs 1.4-1.5, we think it is now even more likely that firms would seek to issue holding responses because FirstRand Bank and Close Brothers have been granted permission to appeal the Court of Appeal's judgment to the Supreme Court.
- 1.20** In our view, the Financial Ombudsman will face significant and unnecessary pressure from getting exceptional and significant volumes of motor finance non-DCA commission complaints due to firms not being operationally ready to deal with them. This will be compounded by the uncertainty around the outcome of the appeal of the

Court of Appeal's judgment to the Supreme Court. In any event, if consumers refer their motor finance non-DCA commission complaints to the Financial Ombudsman, the Financial Ombudsman will be unlikely to issue final decisions on many of those complaints until the Supreme Court has decided the appeal.

1.21 We said the Financial Ombudsman's case fees (currently £650 per case), along with the administrative costs of participating in the Financial Ombudsman's procedures, will increase firms' potentially significant liabilities following the judgment. We said that it is in nobody's interests for firms to incur those additional costs, which may increase the risk of them failing and not being able to meet their legal obligations, if this can be avoided without unduly harming consumers. Otherwise, consumers – who are not protected by the Financial Services Compensation Scheme (FSCS) for these products – may have to absorb some of the firms' losses. In the longer term, firm failure or exit could lead to a less competitive motor finance market that could harm consumers through higher borrowing costs and/or reduced access to credit in a sector that provides significant benefits to consumers and the wider economy.

1.22 We also noted that, without our proposed rules:

- There will be a greater risk of inconsistent outcomes for consumers. This could undermine public confidence in regulation, as well as wider principles of fairness and justice. For example, we would risk allowing a 'first mover advantage' for those who complained first to firms who then fail, or consumers with complaints about commission to be treated differently because of the type of commission arrangement on their credit agreement.
- More motor finance non-DCA commission complaints would end up in the Financial Ombudsman's jurisdiction and so effectively out of scope of any alternative approach to resolving complaints we might put in place in the longer term.
- The resolution of motor finance non-DCA commission complaints could not take account of any future developments in the legal position on liability resulting from the Court of Appeal's judgment being considered by the Supreme Court (see paragraphs 1.4-1.5).

How it links to our objectives

Consumer protection

1.23 Our rules will further our consumer protection objective by reducing the risk of firm failure or exit caused by the impact of avoidable costs.

1.24 We appreciate our rules could mean more consumers having to wait longer to receive any redress. However, on balance, we consider ensuring a greater chance of all consumers getting the redress they are due is preferable to some consumers getting redress relatively quickly, but with a higher risk of avoidable failure (and fewer consumers getting the redress they are owed), or firms exiting the market. As we noted in CP24/22, our rules would not prevent consumers seeking redress by taking legal action through the courts.

Market integrity

- 1.25** Our rules will further our objective to protect and enhance the integrity of the UK financial system by reducing the risk of firm failure and exit in the short term. This is because our proposals will minimise the additional costs firms face on top of any potential redress liabilities.
- 1.26** In the longer term, our rules will further our market integrity objective by enabling this potential major redress event to be resolved in a more orderly, consistent and efficient way. This will maintain confidence in the regulatory framework.

Competition

- 1.27** Our rules will further our objective to promote competition in the interests of consumers by reducing the risk of firm failure or exit that could create a less competitive motor finance market in the longer term. Failure or exit could harm consumers through higher costs and/or reduced access in a sector that provides significant benefits to consumers and the wider economy. In Chapter 2, we have explained in our response to feedback to Question 1 how our decision to include complaints about motor leasing arrangements in our definition of a motor finance non-DCA commission complaint is in the interests of fair competition.

Secondary international competitiveness and growth objective

- 1.28** Our rules are compatible with our secondary international competitiveness and growth objective. By meeting our primary objectives in the ways set out above, we will help maintain trust and confidence in the UK's financial markets, and in our regulatory framework. This is essential for sustainable economic growth and international competitiveness.

Outcome we are seeking

- 1.29** We want to ensure that, in the longer term, firms meet their due liabilities to consumers in an orderly, consistent and efficient way. Because of the Court of Appeal's judgment, these liabilities may be greater than firms were expecting. We will need to consider carefully the different ways in which this outcome could be achieved, recognising that not all potential mechanisms are within our remit.
- 1.30** Our rules will give firms more time to respond to motor finance non-DCA commission complaints than currently permitted before they become eligible for referral to the Financial Ombudsman. This will reduce the risks to this longer-term outcome from significantly increased complaint volumes in the short term.
- 1.31** As we have explained in this chapter, our rules will help to protect consumers who may be owed redress, while seeking to ensure the motor finance market continues to function well for consumers in the future.

Measuring success

- 1.32** Our cost benefit analysis (CBA) in CP24/22 explained that a key measure of success will be whether our rules reduce the number of motor finance non-DCA commission complaints referred to the Financial Ombudsman and increase the number of complaints firms deal with themselves (compared to if we took no action). We have been working closely with the Financial Ombudsman to monitor the volume of DCA complaints it receives and will do the same for motor finance non-DCA commission complaints.
- 1.33** Ultimately, we will judge the success of our rules by whether they enable an orderly, consistent and efficient outcome for motor finance non-DCA commission complaints.
- 1.34** Our proposed rules are consistent with the objectives that we and the Financial Ombudsman set out in our recent [call for input on modernising the redress framework](#). In this, we recognised that the current redress framework works well for individual customer complaints about specific issues. However, there can be problems when there are large numbers of complaints about the same issue made in short space of time.

Equality and diversity considerations

- 1.35** In CP24/22, we said that, overall, we do not consider that our proposals materially impact any of the groups with protected characteristics under the Equality Act 2010 (in Northern Ireland, the Equality Act is not enacted but other antidiscrimination legislation applies). We did not receive any consultation feedback to cause us to change this view. We have considered whether the change we are making to include complaints about motor leasing agreements within our definition of a motor finance non-DCA commission complaint would materially impact consumers with protected characteristics. However, consumers with protected characteristics may use both motor credit and motor leasing agreements to get vehicles, so including motor leasing would ensure consistency of treatment across all consumers with protected characteristics.

Environmental, social & governance considerations

- 1.36** In developing this Policy Statement, we have considered the environmental, social and governance (ESG) implications of our proposals and our duty under sections 1B(5) and 3B(c) of the Financial Services and Markets Act 2000 (FSMA) to have regard to contributing towards the Secretary of State achieving compliance with the net-zero emissions target under section 1 of the Climate Change Act 2008 and environmental targets [under section 5 of the Environment Act 2021]. Overall, we do not consider that the proposals are relevant to contributing to those targets.

Next steps

What you need to do next

- 1.37** The rules described in this PS will come into force on 20 December 2024. The rules mean firms do not have to provide final responses to motor finance non-DCA commission complaints received on or after 26 October 2024 until after 4 December 2025.
- 1.38** As with our DCA complaint handling rules, the main effect of the rules in this PS is to extend the time limits for firms responding to motor finance non-DCA commission complaints and providing referral rights to the Financial Ombudsman. The rules do not remove the obligations on firms to progress complaints under the DISP rules. This includes continuing to investigate and collect evidence to help with the eventual resolution of these complaints, taking into account all relevant factors (including the Court of Appeal's judgment).
- 1.39** Firms should apply a purposive approach to interpreting our rules. That means they should consider the purpose of the rule rather than taking a literal interpretation. For example, a firm may be able to resolve a complaint about customer service or a problem with the vehicle without considering the commission arrangements. Where firms can identify that commission is not a relevant consideration then they should treat these complaints under DISP as they normally would and make reasonable efforts to provide a final response within 8 weeks.

What we will we do next

- 1.40** In September 2024 (PS24/11), we said we would provide an update on motor finance DCA commission complaints by the end of May 2025. We hope to be able to also provide an update on motor finance non-DCA commission complaints at the same time. However, given the Court of Appeal's judgment affects both types of complaint, what we are able to say by the end of May 2025 will depend on the progress of the appeal to the Supreme Court and the timing and nature of any decision.

Chapter 2

Our response and next steps

2.1 In this chapter, we summarise feedback and what we have decided in response.

Fundamental objections to our proposals

2.2 We need to acknowledge the feedback from 4 respondents who disagreed with the principle of extending the complaint handling time for motor finance firms. These respondents saw our proposals as skewed towards protecting firms' interests at the expense of individual consumers who, because of the Court of Appeal's judgment, may now be owed redress. Two of these respondents did not agree that firms should be allowed additional time to prepare for the resolution of complaints now the judgment is law, and should not be shielded from the costs of handling complaints in the meantime.

2.3 We understand these concerns. However, in our view, they focus on the interests of individuals with pending complaints. FSMA, on the other hand, requires us to take account of a much broader range of interests, including market integrity. As we have explained in Chapter 1, our view is that reducing the risk of disorderly failure and exit in the short term will help ensure better outcomes for all consumers in the longer term. Further, as we note in paragraphs 1.4-1.5, it would be reasonable for firms to want to delay responding to complaints until after the appeal has been decided.

2.4 Finally, while it is better for consumers' concerns to be resolved directly with firms, our proposals do not fundamentally deny consumers access to justice because their right to take legal action is unaffected.

Complaint definition

2.5 We proposed defining a motor finance non-DCA commission complaint as a complaint:

- That is not a relevant motor finance DCA complaint, as defined in DISP App 5.1.2R.
- That is about a regulated credit agreement that wholly, or partly, financed the purchase of a motor vehicle, and
- Where there was an arrangement for the payment of commission between the lender and the broker for entering into that agreement.

2.6 We said the proposed definition would not apply to complaints about non-discretionary commission for agreements where lender/broker arrangements allowed for both discretionary and non-discretionary commission. These mixed commission complaints come under the DCA complaint handling rules.

2.7 We said we did not think complaints about regulated motor finance consumer leasing agreements, including personal contract hire (PCH) agreements, should be part of our

definition of a motor finance non-DCA commission complaint. This was because the Court of Appeal's judgment involved cases where commission was paid for a regulated credit agreement rather than a regulated leasing agreement.

2.8 We asked:

Question 1: *Do you agree with how we propose defining the scope of a complaint to which our proposed rules will apply? If not, what definition would you suggest?*

Feedback and our response

2.9 Around two thirds of respondents to this question were from the motor finance broking sector. They argued strongly for the scope of our proposed definition to be extended to cover regulated motor leasing agreements, given the prospect of significant volumes of commission-related complaints about such agreements. One respondent said brokers have seen a significant increase in commission-related complaint volumes since we started our work on DCAs, despite DCAs not being used for motor leasing agreements.

2.10 Some of these respondents recognised that, even though the Court of Appeal's judgment did not involve motor leasing agreements, this will not prevent consumers or professional representatives from making complaints to motor leasing firms. This is because they are likely to focus primarily on commission paid for the financing of a motor vehicle as the main reason to make a complaint, rather than the type of agreement.

2.11 Some respondents thought we should align our definition with the Court of Appeal's judgment. One respondent asked us to clarify if the complaint handling extension would apply to non-credit products, such as insurance or warranties, that were sold with the credit agreement, if they were referenced in a non-DCA commission complaint.

Our response

We have decided that our definition of a motor finance non-DCA commission complaint should be expanded to cover regulated motor leasing agreements, as well as regulated motor credit agreements.

The motor finance sector is made up of the motor leasing and motor credit subsectors. The leasing subsector is around 16% of the motor finance sector. Commissions are also paid for leasing agreements.

We agree that consumers and professional representatives are unlikely to distinguish between leasing and credit agreements when making a complaint about commission paid on motor finance agreements. However, we have not decided to give firms extra time to deal with commission-related complaints about motor leasing agreements just because they are likely to get high volumes of complaints.

Rather, our decision is based on our policy view that:

- Leasing is used by consumers for the same purpose as credit, ie to finance access to motor vehicles, which provide important economic

and social benefits. In CP24/22, we said our non-DCA complaint handling rules will help ensure the motor credit market continues to function well for consumers in the future, by reducing the risks from sharp and significant increases in complaints in the short term. Given the motor leasing market faces similar risks and similar implications to the motor credit market, we consider these arguments also apply to the motor leasing market.

- As motor credit and motor leasing are alternative ways for consumers to access financing for motor vehicles, it is not in the interests of fair competition to take steps to secure an orderly, consistent and efficient outcome for the credit subsector but not the leasing subsector.
- Consumers who are using similar products for similar purposes should be treated in the same way.

On the request to clarify whether non-commission-related aspects of a commission-related complaint would be subject to the rules, we refer to the position set out in CP24/22. This is that firms should apply a purposive approach to interpreting our rules, ie have regard to the purpose of the rule rather than taking a literal approach to interpretation. Where firms can identify that commission is not a relevant consideration in a motor finance non-DCA commission complaint, then they should treat it under DISP as they normally would and make reasonable efforts to provide a final response within 8 weeks. The same principle would apply if a firm receives a complaint about commission as well as other issues. Here, firms should make reasonable efforts to provide a final response within 8 weeks on the issues other than commission, if they can do so without considering any the commission arrangements.

Extending the complaint handling time limits

Complaints the extension will apply to

2.12 We proposed that the extension will apply to:

- A 'new' motor finance non-DCA commission complaint, ie one received by the firm on or after the proposed rules come into force. This includes a complaint which has, following DISP 1.7.2R, been forwarded to the firm by another firm, on or after the date the proposed rules come into force.
- A motor finance non-DCA commission complaint received by the firm less than 8 weeks before the proposed rules come into force, where the firm has not sent the complainant a final response. As with new motor finance non-DCA commission complaints, where another firm forwards a complaint to the firm, this includes forwarded complaints received by the firm less than 8 weeks before the proposed rules come into force.

2.13 We said that the rules will not prevent firms from responding to motor finance non-DCA commission complaints where commission is clearly not relevant to resolving the complaint.

2.14 We asked:

Question 2: *Do you agree with our proposal that our rules should apply to motor finance non-DCA commission complaints referred to firms up to 8 weeks before the rules coming into force, as long as no final response has been sent to the complainant? If not, what alternative approaches would you suggest?*

Feedback and our response

2.15 Most respondents to this question agreed with our proposal. However, around a quarter felt it would be inconsistent to only apply the extension to complaints that have been made within 8 weeks of the rules coming into force. These respondents said our proposed rules should apply to complaints made more than 8 weeks ago if no final response has been sent. One respondent noted that the proposed rules would mean motor finance non-DCA commission complaints received by firms between 11 January 2024 and 25 October 2024 would be out of the scope of our proposal. The same respondent asked us to clarify the meaning of a new complaint.

2.16 Four respondents said that they did not agree with our proposal, but their reasons were more about the overall principle of our rules, rather than this particular proposal.

Our response

We are proceeding with our proposals as consulted on.

In line with DISP 1.6.2R, when responding to complaints, firms must, within 8 weeks of receiving a complaint, send the complainant a final response or a written holding response explaining why they are not able to issue a final response. Following this, consumers will have the right to refer their complaint to the Financial Ombudsman if either they are not satisfied with how the firm has resolved the complaint, or the firm has not issued a final response.

As the rules will come into force on 20 December 2024, they will apply to complaints received on or after 26 October 2024. This will include all complaints received since the Court of Appeal's judgment was handed down. Complainants who complained before 26 October 2024 will – because their complaint was over 8 weeks old on 20 December 2024 – already have gained the right to refer their complaint to the Financial Ombudsman.

Guidance in DISP 2.8.3G explains that the 6-month time limit for referring a complaint to the Financial Ombudsman is only triggered by a final response. If a consumer made a non-DCA commission complaint before the Court of Appeal's judgment and they have not received a

final response, they can choose to allow the firm more time to provide a final response before deciding whether to refer their complaint to the Financial Ombudsman. We also encourage professional representatives to work with firms to recognise the complexity and volumes of complaints firms are dealing with.

We have not defined a new complaint. However, as we set out in CP24/22, if a consumer has had a complaint rejected because their agreement did not involve DCA, we would expect firms to treat a subsequent complaint about non-DCA commission as a new complaint.

How long the extension should last for

- 2.17** We consulted on 2 options for extending the time until firms will have to start providing final responses again to motor finance non-DCA commission complaints:
- Option 1: a longer extension until 4 December 2025 to align with rules for firms dealing with motor finance DCA complaints.
 - Option 2: a shorter extension until 31 May 2025. This reflects our best estimate of when we would know whether the Supreme Court has granted permission to any application for the Court of Appeal's judgment to be appealed. This includes additional time for us to respond to the Supreme Court's decision on any appeal applications by putting any further measures in place if needed (eg a further extension).
- 2.18** Importantly, we stated clearly that we could end the longer extension (Option 1) early if circumstances dictated we should. Similarly, we said that the shorter extension (Option 2) could be extended further if necessary.
- 2.19** We asked:
- Question 3:** *Do you prefer Option 1 (extension until 4 December 2025, which could be ended early) or Option 2 (extension until 31 May 2025, which could be extended further)? If you have no clear preference for either option, please say so in your response.*

Feedback and our response

- 2.20** Four fifths of respondents to this question, including the Smaller Business Practitioner Panel, supported Option 1. These respondents emphasised the importance of stability and certainty for firms, as well as the operational and streamlined benefits of aligning the extension with the extension for DCA complaints.
- 2.21** Other respondents to this question supported Option 2. These respondents wanted to see complaint handling resume at the earliest opportunity. They considered that a longer extension would undermine this goal, despite our commitment to bring the end date forward if appropriate. The Financial Services Consumer Panel said that if the Supreme Court did not grant permission to appeal then consumer redress should not be delayed further. Alternatively, if permission was granted, we would be in a much better position to decide on the length and scope of any further extension.

Our response

We have considered the feedback on this issue very carefully, recognising the very different but entirely reasonable positions of both groups of respondents. For the reasons set out below, we have decided that Option 1 (extension to 4 December 2025) is the better option.

In CP24/22, we said that one of the main reasons for proposing a shorter extension to 31 May 2025 (Option 2) was because it was our best estimate of how long it could take for the Supreme Court to make its permission decision and, if necessary, for us to respond with further measures. This would help ensure to a greater extent than Option 1 that complaint resolution was on hold for no longer than it needed to be. We also considered Option 2 would put greater pressure on firms to keep progressing complaints as far as they could and ensuring they are ready to start paying redress to consumers if they needed to.

FirstRand Bank and Close Brothers applied for permission to appeal the Court of Appeal's judgment on 22 November 2024. Anticipating that it may well have taken 3-4 months for the Supreme Court to decide on permission, would have meant a decision by the end of March 2025. So, Option 2 would have allowed us sufficient time (ie at least 2 months, until 31 May 2025) to consider the implications of the permission decision and respond. If permission was refused, we would have used this time to decide whether a longer-term regulatory response was needed to secure the orderly, consistent and efficient resolution of complaints. We would then consult on and implement a further extension to the complaint handling rules for the time needed to implement this response. Alternatively, if permission was granted, we would consult on a further extension to the complaint handling rules until we knew the outcome of the appeal to the Supreme Court and were able to decide on any longer-term regulatory response.

Our assumption when proposing Options 1 and 2 was that the Supreme Court would not decide on permission until after we had made our rules. However, on 11 December 2024 the Supreme Court granted permission to FirstRand Bank and Close Brothers to appeal the Court of Appeal's judgment. As this decision has come before making our rules, we have reconsidered whether Option 2 still makes sense.

Any appeal would need to be decided by a date sufficiently before 31 May 2025 to give us enough time to consider the findings on the substantive grounds of the appeal and their implications for our work. So we no longer think taking Option 2 forward is now appropriate. This is because, although the Supreme Court has moved very quickly to decide on permission, we think it is very unlikely there will be a decision on the appeal so soon. This means it is very likely we would have to consult again on a further extension to the complaint handling rules simply so they remain in place until we know the outcome of the appeal to the Supreme Court and can decide on any longer-term regulatory response.

Extending until 4 December 2025 also has clear advantages, not least ensuring consistency between the separate rules for motor finance non-DCA commission and motor finance DCA commission complaints. This makes the rules easier for firms and the Financial Ombudsman to implement and to explain to consumers. Consistent end dates would also make it more straightforward to merge the rules for DCA and non-DCA complaints into a single set of rules if the Supreme Court's decision on the appeal meant this was appropriate.

We also noted in CP24/22 that, if permission was granted, an extension to 4 December 2025 could allow enough time for the Supreme Court to both hear the appeal and decide it. As permission has been granted much sooner than usual, this makes it significantly more likely the Supreme Court will decide the appeal in good time before the extension runs out. This increases the chances we could consult on and implement any longer-term regulatory response to the Supreme Court's decision without having to consult on further extending the complaint handling rules and the increased work this involves for stakeholders.

Above all, we remain focused on the need to respond quickly and meaningfully to any appeal outcome. So that complaints remain on hold for no longer than necessary for their orderly, consistent and efficient resolution, we will ensure we have a good understanding of the implications for the motor finance sector of the most foreseeable outcomes of the appeal. This will help us plan ahead of the Supreme Court's decision so, if we do need to intervene, we can do so as quickly as possible once the decision is known.

Similarly, we wrote to the Supreme Court to support FirstRand Bank's and Close Brothers' requests for a quick decision on permission. When we did this, we also asked that, if the Supreme Court grants permission, it decides the appeal as soon as possible. We have decided we will apply to formally intervene in the appeal to share our expertise with the Supreme Court.

We are considering how we can continue to ensure firms maintain momentum in progressing complaints as far as they can in expectation of their eventual resolution. We also need to make sure firms are appropriately providing for and preparing for paying any redress that may be due to consumers, depending on the outcome of the appeal.

Requirements while the extension to time limits is in place

- 2.22** We said that under our proposals, DISP 1.4.1R will continue to apply. This rule requires firms to, among other things, assess and investigate complaints properly and diligently. Where possible, we said that firms should progress motor finance non-DCA commission complaints by investigating and collecting evidence that could help with their resolution.

2.23 If firms choose to provide final responses to motor finance non-DCA commission complaints or make offers of redress while the extension is in place, we said that they should ensure they are complying with the usual requirements in DISP. This includes the complaints resolution rules in DISP 1.4. These rules cover investigating, assessing and resolving complaints (considering all relevant factors, which may include the Court of Appeal's judgment) and cooperating with the Financial Ombudsman.

2.24 We asked:

Question 4: *Do you agree with our proposal that DISP 1.4.1R should continue to apply while the extension to time limits is in place? If you do not agree, please explain why.*

Feedback and our response

2.25 Around three quarters of respondents to this question agreed with our proposal. Others agreed in principle but thought that it could be difficult for firms to fully prepare for the eventual resolution given the uncertainty of the appeal's outcome.

2.26 One respondent asked us to clarify what we expect of firms when investigating these complaints. Another asked us to compel lenders to confirm the commission structure within a specified time.

2.27 Two respondents did not agree with the proposal, but neither felt there should be an extension in the first place.

Our response

We are proceeding with our proposals as consulted on.

We are not introducing a rule requiring firms to confirm whether the complaint is a motor finance DCA or a motor finance non-DCA complaint within a specified time. This is because if a firm receives a complaint and wants to use the extension, it will need to identify whether it is a motor finance DCA complaint or a motor finance non-DCA commission complaint (or a complaint failing outside the scope of our new rules, such as a complaint relating to a non-motor finance product) to understand which rules to apply when communicating with consumers.

We expect firms to identify whether a complaint is a motor finance DCA complaint or a motor finance non-DCA commission complaint within 8 weeks to prevent complaints from being unnecessarily referred to the Financial Ombudsman. This will also help ensure that firms can progress complaints that do not involve commission arrangements. The Financial Ombudsman has told us that if it is not clear from the complaint when it is referred that these complaint handling rules apply then it will consider the complaint a 'chargeable case' and charge a case fee.

We do not expect firms to provide final responses to motor finance non-DCA commission complaints while the extension is in place. However,

our view remains that, where possible, firms should progress motor finance non-DCA commission complaints by investigating and collecting evidence that could help with their eventual resolution. We think that it should be possible for firms to identify information they think will be needed to resolve the complaint from the nature of the individual complaint received.

Communicating the complaint handling time limits

- 2.28** We said that firms should tell complainants with a motor finance non-DCA commission complaint about the extension to the time limits for dealing with their complaint and the reason.
- 2.29** We also proposed to require firms to update currently published consumer-facing information about their current complaint-handling procedures, such as information on their websites, to reflect the changes to the time limits.
- 2.30** On receiving any complaint, a firm must send the complainant a prompt written acknowledgement. We said that the acknowledgement should include an explanation of the extension to the time limit rules in DISP 1.6.2R.
- 2.31** If a firm has already sent a written acknowledgement to a complainant, the 8 weeks for responding has not yet expired, and the firm has not sent a final response, we said that firms must promptly inform the complainant of the extension and the reason for it.
- 2.32** For all complaints within the scope of the extension we proposed that firms must:
- Direct the complainant to information published on the FCA website that explains the reason for the rules.
 - Ensure they subsequently keep the complainant informed of the progress of the measures being taken to resolve the complaint
- 2.33** We asked:

Question 5: *Do you agree with our proposal that firms must include an explanation of the extension to the time limit rules when acknowledging new complaints that would be subject to the proposed rules? If you do not agree, please explain why.*

Question 6: *Do you agree with our proposal that firms must contact complainants whose complaints have already been acknowledged (but are less than 8 weeks old) to inform them of the extension to the time limit rules? If you do not agree, please explain why.*

Question 7: *Do you agree with our proposal that firms must direct the complainant to information published on the FCA website that explains the reason for the rules? If you do not agree please explain why.*

Question 8: *Do you agree with our proposal that firms must ensure that the complainant is kept informed thereafter of the progress of the measures being taken for the complaint's resolution? If you do not agree, please explain why.*

Feedback and our response

- 2.34** Most respondents to these questions agreed with our proposals. Those who did not, opposed the extension more generally.
- 2.35** There were some requests for clarification on the frequency and content of updates, including for us to provide firms with proposed wording they could use. One respondent felt that if a complaint contains multiple issues, no further updates should be needed once the complainant has been informed of the extension.
- 2.36** Some responses flagged the involvement of professional representatives, with one respondent saying that the updates should be sent to the representative. Another respondent said we should consider how they can ask professional representatives to communicate with their customer to keep them informed.
- 2.37** Finally, there were some comments about whether firms should publish the information on their own website and whether we will provide a dedicated page on our website, as they thought it would be better to refer to a dedicated page.

Our response

We are proceeding with our proposals as consulted on.

We understand why firms have asked us to give them with standardised wording to use. However, any standardised wording we issue will not have been tested for firms' target markets. As firms can provide more effective communications if they take the likely recipients into account, we have decided not to provide standardised wording.

As explained in our consultation, once a complainant has been directed to the information on the FCA website and told of the extension, we do not expect firms to continue to remind them of it. However, if there has been a significant development in the complaint, we would expect firms to inform the complainant.

Where a consumer is represented, we consider it reasonable to require firms to send individual communications that can easily be passed on to the consumer. We expect FCA-regulated CMCs to comply with our rules when keeping their customers informed.

Finally, our rules require firms to update any information they have published in line with consumer awareness rules in DISP 1.2.1R. Our rules include the address of the specific page in the consumer section of our website that firms must direct consumers to when communicating the extension.

Referring a complaint to the Financial Ombudsman

2.38 For consistency with our existing rules on motor finance DCA commission complaints, we proposed that consumers who are sent a final response should have until the later of

- 29 July 2026 or
- 15 months from the date their final response was sent

to decide whether to refer their complaint to the Financial Ombudsman.

2.39 We also proposed to require firms to write to consumers who have been sent a final response between 20 June 2024 and 18 December 2024 to let them know that the deadline has been extended to 29 July 2026. This is because this will be later than 15 months from the date the final response was sent.

2.40 We asked:

Question 9: *Do you agree with our proposal that the rules should extend the time limit for referring complaints to the Financial Ombudsman from 6 to 15 months (or 29 July 2026 if later) where the firm sent its final response within the timeframe specified in the rules? If you do not agree, please explain why.*

Question 10: *Do you agree with our proposal to require firms to write to complainants who have already received a final response letter if the time they have to refer a complaint to the Financial Ombudsman has been extended? If you do not agree, please explain why.*

Feedback and our response

2.41 Most respondents to these questions agreed with our proposals. Those that did not, generally disagreed with the proposal to provide firms with extra time to respond to motor finance non-DCA commission complaints.

2.42 One respondent felt that the additional time should only apply to complainants who have not been sent a final response. They argued that applying it to complainants who have already been sent a final response would increase the burden on firms. They also felt it might encourage consumers who had no intention of going to the Financial Ombudsman to reconsider. Another respondent suggested that, if notification was required, information posted on our website should be sufficient.

- 2.43** Another respondent felt that the extra time should apply to final responses sent on or after 12 July 2023, to align with the rule for motor finance DCA commission complaints. The same respondent wanted to understand how the rules apply, or whether we had considered at all, motor finance non-DCA commission complaints that have already been referred to the Financial Ombudsman and have not been upheld.
- 2.44** One respondent raised concerns about the complexity of the rule and potential for inconsistency. They felt it would be more consistent for all customers to have 6 months from the date of the final response or until 29 July 2026, if later.

Our response

We are proceeding with our proposals as consulted on.

Our rules will come into force on 20 December 2024. So we are giving consumers who have been sent a final response since 21 June 2024, and not yet decided whether to refer their complaint to the Financial Ombudsman, more time to decide. We think this will help ease the burden on firms and help consumers make an informed decision about whether to refer their complaint to the Financial Ombudsman.

We cannot apply the rule to complainants who were sent a final response before 21 June 2024. This is because those consumers will already be out of time if they have not already referred their complaint to the Financial Ombudsman. This is unless the firm consents to the time limits being waived or, in the view of the Financial Ombudsman, the failure to comply with the time limit was due to exceptional circumstances. It is for the Financial Ombudsman to decide how the rules apply to motor finance non-DCA commission complaints that have already been referred to it and which it has not upheld.

We are proceeding with the rule requiring firms to write to consumers in Group A of Table 1 to tell them that they have more time to decide whether to refer their complaint to the Financial Ombudsman.

We acknowledge the suggestion to give consumers the later of 6 months or 29 July 2026 to decide whether to refer their complaint to the Financial Ombudsman. However, we think this risks a large number of complaints being referred to the Financial Ombudsman around the same time. We also still believe that replicating the dates that apply to referrals of DCA complaints will help to minimise confusion for consumers and ease the burden on firms dealing with motor finance DCA complaints, as well as motor finance non-DCA commission complaints.

Due to the extension, we expect many firms will choose not to send final responses. However, to help firms and consumers, Table 1 sets out the time that complainants will have to decide whether to refer their complaint to the Financial Ombudsman if a final response is sent.

Table 1: Time to refer a complaint to the Financial Ombudsman

Group	Scenario	Time to refer a complaint to the Financial Ombudsman
A	Consumer is sent a final response during period beginning 21 June 2024 and ending 19 December 2024	Up to and including 29 July 2026
B	Consumer is sent a final response during period beginning 20 December 2024 and ending 29 April 2025	Up to and including 29 July 2026
C	Consumer is sent a final response during period beginning 30 April 2025 and ending 29 January 2026	Within 15 months of the date the firm sends its final response
D	Consumer is sent a final response on or after 30 January 2026	Within 6 months of the date the firm sends its final response

Record keeping and retention

2.45 DISP 1.9.1R requires firms to keep a record of each complaint received and the measures they have taken to resolve it. Firms should keep this record for 3 years from the date they received the complaint. We proposed that the period of the extension will not contribute to the 3-year period. We said that we would expect firms to be able to give us the information collected in complying with DISP 1.9.1R on request.

2.46 We also proposed to introduce a rule to require lenders and credit brokers to maintain and preserve any records that are or could be relevant to handling existing or future complaints or civil claims for motor finance non-DCA commission complaints. This is regardless of whether the customer has complained or not. We also proposed to modify the associated evidential provision in DISP App 5.3.2E. To maintain consistency with the rules for motor finance DCA complaints, we said that this rule would remain in place until 11 April 2026.

2.47 We asked:

Question 11: *Do you agree with our proposal that the period of the extension should not contribute to the 3-year period that firms are required to keep records of complaints for? If you do not agree, please explain why.*

Question 12: *Do you agree with our proposal that lenders and credit brokers must maintain and preserve any records that are or could be relevant to the handling of existing or future complaints or civil claims until 11 April 2026? If you do not agree, please explain why.*

Feedback and our response

- 2.48** All but 2 respondents to these questions agreed with our proposals. One respondent who disagreed said that firms should keep records in line with the limitation periods under sections 9 and 32(1)(b) of the Limitation Act 1980.
- 2.49** The other respondent questioned whether any business would be capable of retaining records, for what are at present future complaints, if those complaints involved a liability not contemplated when the agreement was made. It said that there is likely to be little uniformity of record keeping in this area and questioned how a firm can know what may be relevant to a future complaint or civil claim. It suggested that we either define 'relevant' and provide guidance on this for manufacturerers and intermediaries or to amend the rule to recommend that firm retain records that it considers relevant documents for retention and let firms decide.
- 2.50** One respondent questioned the date of 11 April 2026.

Our response

We are making the rule as consulted on, to ensure that records that are or could be relevant to the handling of existing or future complaints or civil claims for motor finance non-DCA commission complaints are preserved. The following will be relevant records for the purposes of the requirements:

- the regulated credit agreement or regulated consumer hire (ie leasing) agreement
- records of the commission and/or remuneration arrangements relating to the regulated credit agreement or the regulated consumer hire agreement
- records of the payment (directly or indirectly) of any commission, fee or other financial consideration paid or remuneration including a benefit of any kind paid to the credit broker in connection with the regulated credit agreement or the regulated consumer hire agreement, including details of its structure, amount and calculation

To maintain consistency with the rule for motor finance DCA complaints we are requiring firms to maintain records until 11 April 2026. We will revisit this if necessary.

For the purposes of DISP 1.9.1R the period beginning with 26 October 2024 and ending with 4 December 2025 will not contribute to the 3-year period.

Cost benefit analysis

2.51 Our CBA presented estimates of the significant impacts of our proposal.

2.52 We asked:

Question 13: *Do you agree with our analysis of the costs and benefits of these proposals? If you do not agree, please explain why.*

Feedback and our response

2.53 Respondents to this question broadly agreed with our analysis. Two respondents did not agree. They said that the analysis must focus on the costs of delayed justice to consumers, including financial hardship and lost trust in the regulatory framework.

2.54 One respondent thought it was a major omission not to include motor leasing in our proposals (and, therefore, in our CBA). Another disagreed with our view that our proposed intervention would reduce delays in complaints being dealt with and relevant redress being paid.

2.55 Another felt that the number of complaints stated in the consultation document CBA is much lower than is likely to be the case. They also thought we should take the impact on brokers into account as they are also likely to receive complaints.

Our response

In our CBA, we recognised that there are costs to consumers from the extension and that some consumers will see delays in their complaints being resolved. Nonetheless, we consider that our proposed intervention is proportionate and has benefits for consumers that outweigh those costs. We judge that the extension will help consumers receive orderly, consistent and efficient outcomes in the longer term. Our intervention will also make it more likely that consumers receive the redress they are due. By reducing the operational challenges firms and the Financial Ombudsman would face because of the expected surge in complaints if we did not intervene, our intervention will likely reduce the impact of these challenges on consumers. This includes reducing the number of consumers who have the resolution of their complaints delayed.

In our CBA, we did not include leasing. This was because complaints about motor leasing, including PCH agreements, were not within the scope of the rules we proposed in our consultation. As noted above, the leasing subsector accounts for around 16% of the motor finance sector. Scaling up the complaints volumes estimates in our CBA to reflect these additional agreements, we estimate that firms could receive over 560,000 non-DCA complaints in the 3 months to the end of January 2025. This compares to the previous estimate of around 470,000 when not considering leasing.

This greater number of expected complaints increases the magnitude of both the costs and the benefits of the extension and does not change our judgment that the benefits of the intervention will exceed the costs. A greater number of estimated complaints does not affect the rationale for intervening with an extension and confirms its importance in helping consumers receive an orderly, consistent and efficient outcome in the longer term.

We recognise the uncertainty in our estimates of the volume of non-DCA complaints that firms will receive following the Court of Appeal judgment. To inform our estimates we used the experience of the sharp rise in DCA complaints after the Financial Ombudsman issued its first decisions upholding DCA complaints in January 2024. Respondents did not provide us with evidence that would allow us to produce a revised estimate.

Finally, we know brokers are likely to receive some complaints and so would be affected by our proposals. However, our market monitoring data indicates that almost all DCA complaints made since January 2024 have been to lenders rather than brokers. As such, we consider that we were correct to focus our analysis on lenders in this instance. In preparing any subsequent CBAs of interventions in this area, we will examine the latest available complaints data and consider if it is appropriate to change that focus.

Annex 1

List of non-confidential respondents

We are obliged to include a list of the names of respondents to our consultation who have consented to the publication of their name. That list is as follows:

AFS Compliance Ltd

Association of Consumer Support Organisations

BlackLion Law LLP

British Vehicle Rental and Leasing Association

Claims Management Association

Close Brothers Ltd

Concept Automotive Ltd

Consumer Credit Trade Association

Debt Camel

England & Derbyshire LLP

Finance and Leasing Association

Financial Services Consumer Panel

HD Law Ltd

Jurni Ltd

Mercantile Claims Management Solutions Ltd

Money Saving Expert

National Franchised Dealers Association

Oodle Car Finance

Paxen Group Ltd

Ruth Finch

Smaller Business Practitioner Panel

Sentinel Legal

Snows Motor Group Ltd

The Car Loan Warehouse

The Claims Guys Legal

Touch Ltd

V4B Ltd

Vanquis Banking Group

Volkswagen Financial Services

Wessex Fleet Solutions Ltd

Your Money Management Ltd

Annex 2

Abbreviations used in this paper

Abbreviation	Description
CMC	Claims Management Company
DCA	Discretionary Commission Arrangement
DISP	Dispute Resolution: Complaints
ESG	Environmental, Social and Governance
FCA	Financial Conduct Authority
Financial Ombudsman	Financial Ombudsman Service
FSCS	Financial Services Compensation Scheme
FSMA	Financial Services and Markets Act 2000
PCH	Personal Contract Hire
PS	Policy Statement

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Appendix 1

Made rules (legal instrument)

**DISPUTE RESOLUTION: COMPLAINTS SOURCEBOOK (MOTOR FINANCE
NON-DISCRETIONARY COMMISSION ARRANGEMENT COMPLAINTS)
INSTRUMENT 2024**

Powers exercised

- A. The Financial Conduct Authority (“FCA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (The FCA’s general rules);
 - (2) section 137T (General supplementary powers);
 - (3) section 139A (Power of the FCA to give guidance);
 - (4) section 226 (Compulsory jurisdiction); and
 - (5) paragraph 13 (FCA’s rules) of Schedule 17 (The Ombudsman Scheme).
- B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 20 December 2024.

Amendments to the Handbook

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Dispute Resolution: Complaints sourcebook (DISP) is amended in accordance with Annex B to this instrument.

Citation

- F. This instrument may be cited as the Dispute Resolution: Complaints Sourcebook (Motor Finance Non-Discretionary Commission Arrangement Complaints) Instrument 2024.

By order of the Board
13 December 2024

Annex A

Amendments to the Glossary of definitions

Insert the following new definition in the appropriate alphabetical position. The text is not underlined.

motor finance non-DCA complaint (in *DISP*) has the meaning in *DISP* App 5.1.3AR.

Annex B

Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

In this Annex underlining indicates new text and striking through indicates deleted text.

1 Treating complainants fairly

1.1 Purpose and application

...

Application to firms in relation to a relevant motor finance discretionary commission arrangement complaint and a motor finance non-discretionary commission arrangement complaint

1.1.10M R In relation to a *relevant motor finance DCA complaint* or a motor finance non-DCA complaint:

(1) *DISP* 1.6; and

(2) *DISP* 1.9,

apply as modified by *DISP* App 5 (~~Relevant motor finance discretionary commission arrangement complaint handling rules~~).

1.1.10N G *DISP* App 5 contains *complaint handling rules* and guidance in respect of a *relevant motor finance DCA complaint* and a motor finance non-DCA complaint.

...

1.2 Consumer awareness rules

...

Relevant motor finance discretionary commission arrangement complaints and motor finance non-discretionary commission arrangement complaints

1.2.1A G *DISP* App 5.2.4R requires a *respondent* to update the information it has published pursuant to *DISP* 1.2.1R(1) in relation to the *complaint* handling time limits that apply to a *relevant motor finance DCA complaint* and a motor finance non-DCA complaint.

...

2 Jurisdiction of the Financial Ombudsman Service

2.1 Purpose, interpretation and application

...

Application to the Ombudsman and respondents in relation to a relevant motor finance discretionary commission arrangement complaint and a motor finance non-discretionary commission arrangement complaint

- 2.1.6B R In relation to a *relevant motor finance DCA complaint* or a motor finance non-DCA complaint:
- (1) *DISP* 2.8.1R(2);
 - (2) *DISP* 2.8.1R(4)(a); and
 - (3) *DISP* 2.8.2R(1),
- apply as modified by *DISP* App 5 (~~Relevant motor finance discretionary commission arrangement complaint handling rules~~).
- 2.1.6C G *DISP* App 5 contains *complaint handling rules* and *guidance* in respect of a *relevant motor finance DCA complaint* and a motor finance non-DCA complaint.

...

App 5 Relevant motor finance discretionary commission arrangement complaint and motor finance non-discretionary commission arrangement complaint handling rules

App 5.1 Purpose, interpretation and application

Purpose

- App 5.1.1 G (1) This appendix contains *rules* and *guidance* in relation to a *relevant motor finance DCA complaint* and a motor finance non-DCA complaint that:
- (a) apply and modify the *rules* and *guidance* in *DISP* 1.2 (Consumer awareness rules), *DISP* 1.6 (Complaints time limit rules) and *DISP* 2.8 (Was the complaint referred to the Financial Ombudsman Service in time?); and
 - (b) require *lenders*, *owners* and *credit brokers* to retain and preserve relevant records.
- (2) Where, in relation to either a relevant motor finance DCA complaint or a motor finance non-DCA complaint, provisions in *DISP* 1 or 2 refer to *rules* or *guidance* that are modified by this appendix, the modified provisions apply.
- (3) All *rules* and *guidance* in *DISP* continue to apply to a *relevant motor finance DCA complaint* and a motor finance non-DCA complaint unless otherwise stated.

Interpretation

App
5.1.2R (1) ~~For the purposes of this appendix, a~~ A relevant motor finance DCA complaint is a *complaint* where:

...

App
5.1.3

G ...

App
5.1.3AR A motor finance non-DCA complaint is a *complaint* where:

- (1) the subject matter of the *complaint* relates, in whole or part, to a *regulated credit agreement* or a *regulated consumer hire agreement*;
- (2) the *regulated credit agreement* or the *regulated consumer hire agreement*, in whole or part, financed the purchase of a motor vehicle, or a motor vehicle was bailed or hired under the agreement;
- (3) there were arrangements between the *lender* or *owner* and a *credit broker* relating to the entering into of that agreement that provided for the payment (directly or indirectly) of any commission, fee or other financial consideration or remuneration including a benefit of any kind to the *credit broker*;
- (4) the *complaint* is not a *relevant motor finance DCA complaint* as defined in *DISP* App 5.1.2R; and
- (5) the *respondent*:
 - (a) received the *complaint* in the period beginning with 26 October 2024 and ending with 4 December 2025; or
 - (b) sent a *final response* to the *complaint* in the period beginning with 21 June 2024 and ending with 29 January 2026.

Application

App
5.1.4

R This appendix applies to:

- (1) *respondents* and the *Ombudsman* in respect of a *relevant motor finance DCA complaint* or a *motor finance non-DCA complaint*; and
- (2) *lenders* and *credit brokers* in respect of records relating to any *regulated credit agreement* entered into before 28 January 2021 that meets the requirements in *DISP* App 5.1.2R(1)(b) and (c); and
- (3) *lenders, owners* and *credit brokers* in respect of records relating to any *regulated credit agreement* or *regulated consumer hire*

agreement that meets the requirements in DISP App 5.1.3AR(2) and (3).

App 5.1.5 R Where this appendix applies or modifies provisions in *DISP 2*, the term *respondent* in *DISP App 5.1.2R, 5.1.3AR* and *5.1.4R* has the ~~*glossary*~~ *Glossary* meaning that applies in that chapter.

App 5.2 Complaint handling rules in respect of a relevant motor finance DCA complaint and a motor finance non-DCA complaint

Time limits for a final response, consideration by the Ombudsman and complaints records

App 5.2.1 R (1) This *rule* applies in respect of a *relevant motor finance DCA complaint*:

(a) that is received by the *respondent* in the period beginning with 17 November 2023 and ending with 4 December 2025; and

...

...

App 5.2.1A G ...

App 5.2.1B R (1) This *rule* applies in respect of a *motor finance non-DCA complaint*:

(a) that is received by the *respondent* in the period beginning with 26 October 2024 and ending with 4 December 2025; and

(b) in relation to which a *final response* has not been sent.

(2) For the purpose of calculating the eight-week period in:

(a) *DISP 1.6.2R*;

(b) *DISP 1.6.7G*;

(c) *DISP 2.8.1R(2)*; and

(d) *DISP 2.8.1R(4)(a)*,

time is to be treated as not running for the period beginning with 26 October 2024 and ending with 4 December 2025.

(3) The three-year period in *DISP 1.9.1R(2)* (*Complaints record rule*) is to be treated as not running for the period beginning with 26 October 2024 and ending with 4 December 2025.

Time limits for referring a complaint to the Ombudsman

...

App
5.2.2A

G ...

App
5.2.2B

- R (1) This rule applies where a *final response* to a *motor finance non-DCA complaint* is sent in the period beginning with 21 June 2024 and ending with 29 January 2026.
- (2) If a *final response* is sent in the period beginning with 21 June 2024 and ending with 29 April 2025, *DISP 2.8.2R(1)* is modified so that the *Ombudsman* cannot consider a *complaint* if it is referred to the *Financial Ombudsman Service* on or after 30 July 2026.
- (3) If a *final response* is sent in the period beginning with 30 April 2025 and ending with 29 January 2026, *DISP 2.8.2R(1)* is modified so that the *Ombudsman* cannot consider a *complaint* if it is referred to the *Financial Ombudsman Service* more than fifteen *months* after the date on which the *respondent* sent the complainant its *final response*.

Communicating with consumers

App
5.2.4

- R (1) A *respondent* must update any information it has published pursuant to *DISP 1.2.1R(1)* as soon as is practicable to:
- (a) inform consumers of the pause to time limits for a *final response* to a *relevant motor finance DCA complaint* and a *motor finance non-DCA complaint* as set out in *DISP App 5.2.1R(2)* and *DISP App 5.2.1BR(2)*; and

...

...

Communicating with complainants

...

App
5.2.5C

R ...

App
5.2.5D

- R (1) This rule applies where a *respondent* receives a *motor finance non-DCA complaint* in the period beginning with 26 October 2024 and ending with 4 December 2025.
- (2) Where a *respondent* has on or before 19 December 2024 sent a written acknowledgement in accordance with *DISP 1.6.1R(1)*, but has not sent a *final response* in accordance with *DISP 1.6.2R(1)*, the *respondent* must:

- (a) promptly inform the complainant in writing of the pause to the time limits as set out in *DISP* App 5.2.1BR(2); and
- (b) comply with (4).
- (3) Where a *respondent* has not, on or before 19 December 2024, sent a complainant a written acknowledgement in accordance with *DISP* 1.6.1R(1), it must, when complying with that *rule*:
 - (a) inform the complainant of the pause to time limits set out in *DISP* App 5.2.1BR(2); and
 - (b) comply with (4).
- (4) A *respondent* must direct the complainant to the information published at fca.org.uk/carfinance, which explains the reason for the pause.

Communicating the Financial Ombudsman Service temporary time limits

...

App
5.2.9

R ...

App
5.2.10

- R
- (1) This *rule* applies to a *motor finance non-DCA complaint* where a *final response* is sent in the period beginning with 21 June 2024 and ending with 29 January 2026.
 - (2) Where, in accordance with *DISP* 1.6.2R(1), a *respondent* has on or before 19 December 2024 sent a complainant a *final response*, the *respondent* must promptly in writing inform the complainant that:
 - (a) the time limit to refer the *complaint* to the *Financial Ombudsman Service* has been extended to end with 29 July 2026;
 - (b) the six-month time limit contained in the *Financial Ombudsman Service*'s standard explanatory leaflet does not apply; and
 - (c) the information at fca.org.uk/carfinance explains the reason for the extension.
 - (3) Where a *respondent* has not on or before 19 December 2024 sent a complainant its *final response*, it must, when complying with *DISP* 1.6.2R(1):
 - (a) explain that the time limit to refer the *complaint* to the *Financial Ombudsman Service* has been extended in accordance with *DISP* App 5.2.2BR;

- (b) provide the information contained in (2)(b) and (c); and
- (c) modify the wording required by DISP 1.6.2R(1)(e) and (f) (if applicable) so that:
 - (i) references to ‘within six months of the date of this letter’ in DISP 1 Annex 3R(1) and (2) are substituted with:
 - (A) ‘on or before 29 July 2026’ if a respondent sends a final response on or before 29 April 2025; or
 - (B) ‘within fifteen months of the date of this letter’ if a respondent sends a final response on or after 30 April 2025; and
 - (ii) the reference to ‘is usually six months’ in DISP 1 Annex 3R(3) is substituted with:
 - (A) ‘is, in this case, on or before 29 July 2026’ if a respondent sends a final response on or before 29 April 2025; or
 - (B) ‘is, in this case, fifteen months’ if a respondent sends a final response on or after 30 April 2025.

App 5.3 General record retention

App 5.3.1 R ...

- App 5.3.1A R (1) Lenders, owners and credit brokers must also retain and preserve records:
- (a) relating to any regulated credit agreement or regulated consumer hire agreement where that agreement, in whole or part, financed the purchase of a motor vehicle, or a motor vehicle was bailed or hired under the agreement; and
 - (b) where they are or could be relevant to the handling of existing or future complaints or civil claims relating to the payment (directly or indirectly) of any commission, fee or other financial consideration or remuneration including a benefit of any kind to a credit broker.
- (2) The requirement in (1) applies:
- (a) regardless of whether a motor finance non-DCA complaint or a relevant motor finance DCA complaint has been made; and
 - (b) in the period beginning with 20 December 2024 and ending with 11 April 2026.

App
5.3.2

E The following will be relevant records for the purposes of the ~~requirement~~ requirements in *DISP* App 5.3.1R and 5.3.1AR:

- (1) the *regulated credit agreement* or the *regulated consumer hire agreement*;
- (2) records of the commission and/or remuneration arrangements relating to the *regulated credit agreement* or the *regulated consumer hire agreement*;
- (3) records of the payment (directly or indirectly) of any commission, fee or other financial consideration or remuneration including a benefit of any kind paid (directly or indirectly) to the credit broker in connection with the *regulated credit agreement* or the *regulated consumer hire agreement*, including details of its structure, amount and calculation;

...

