**Chartered Trading Standards Institute (CTSI) response to the Consumer Credit Act 1974 Reform – Phase 1**

Response sent to: consumercreditact@hmtreasury.gov.uk

**Question 1: Do you agree with our vision for a reformed regime?**

The Chartered Trading Standards Institute (CTSI) welcomes the opportunity to respond to this consultation and to contribute to the important discussion of reforming the Consumer Credit Act 1974 (CCA 1974). Consumer protection and ensuring a fair playing field for legitimate businesses, is at the heart of the work that Trading Standards Services across the UK carry out on a daily basis. Our members see first-hand the impact of outdated laws and gaps in consumer protection, which can have significant consequences for consumers in the ever changing and often complex consumer landscape. Having consumers confident to spend in their local economy, where they know their rights are protected and upheld, is crucial to supporting economic growth within the UK. We therefore support the review and modernisation of the CCA 1974 to support business growth, address changes in technology and purchasing habits, as well as addressing gaps in consumer protection; but only where these reforms do not weaken existing consumer protection provisions.

The most recent Competition and Markets Authority Consumer Detriment Survey published in March 2025, shows 72% of UK consumers experienced detriment during the 2023-2024 period, amounting to a total monetised loss of £71.2 billion. In addition, 44% of consumers felt anxious, helpless, upset or misled to a great extent and 24% of these detriment experiences had a negative or very negative experience on the mental health of the consumer. There are a large amount of payment methods now accessible to many consumers, all of which offer differing levels of protection if something goes wrong. A lack of clear consumer education and knowledge of these varying options, coupled with the increasing levels of consumer detriment within the UK, shows a clear need to ensure consumer protection is strengthened rather than eroded.

One of the concerns raised by Trading Standards professionals has been the lack of regulation relating to ‘Buy now pay later’ options, which are not currently regulated under the CCA 1974. These increasingly popular payment methods will be regulated from 2026 by the implementation of The Financial Services and Markets Act 2000 (Regulated Activities etc.) (Amendment) Order 2025, which CTSI are in general support of. However, there will still be gaps in the protection offered, such as merchants who provide credit directly, being out of scope. The protections the Order will provide will also be of reduced benefit if the existing provisions in the CCA 1974 are weakened.

CTSI have additional concerns about areas that lack clarity in consumer credit protection, which we would like to see considered as part of this review. For example, motor vehicles are an area in which Trading Standards Services often receive the most complaints, and these purchases commonly involve consumer credit agreements. In the motor vehicle sector, Hire Purchase or PCP agreements are common. Consumers often do not realise that their contract is with the finance company rather than the dealership. Furthermore, it is becoming more common for consumers to purchase motor vehicles on finance agreements via distance contracts or off-premises contracts as defined under the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013. CTSI members have raised concerns that consumers purchasing motor vehicles using these types of finance agreements may have less rights that consumers purchasing motor vehicles from a dealership directly, as they appear to fall outside of the cancellation provisions provided in both the 2013 Regulations and the Financial Services (Distance Marketing) Regulations 2004. It appears that consumers may be able to withdraw from the finance agreement under Section 66A of the CCA 1974, but this would not afford them the same rights as the right to cancel. We would therefore welcome a broader consideration of how the provisions of the CCA 1974 work with other consumer protection laws, to provide clear and consistent protection for consumers in the UK. This review provides an important opportunity to clarify this position and to close any consumer protection gaps that may have appeared due to the significant changes in consumer purchasing habits since the legislation was drafted.

Key protections for consumers such as Section 56 (antecedent negotiations), Section 66A (right of withdrawal), Section 75 (joint and several liability) and Section 140A-D (unfair relationships) should remain in the Consumer Credit Act 1974 as primary legislation, to ensure that the updated version of the Act still achieves its original purpose of providing essential protection to consumers. CTSI look forward to providing more detail on our thoughts in these areas in Phase 2 of the consultation process. CTSI do not believe that a similar outcome can be achieved for consumers by removing these key consumer protections from primary legislation and placing them into the Financial Conduct Authority (FCA) Handbook rules.

Our CTSI members are also involved in areas such as illegal money lending investigations, where regional illegal money lending teams in England, Scotland and Wales work alongside Trading Standards Services and the FCA to investigate those operating in the consumer credit market without authorisation. CTSI therefore agree with the intention to retain the authorisation requirements within the CCA 1974 and to ensure these provisions appropriately protect the victims of illegal money lenders, also known as ‘loan sharks,’ who are often operating at the heart of our communities. These crimes can have a life changing effects on the victims, many of whom are often vulnerable.

**Question 2: Do you agree with our preferred approach to legislation?**

CTSI agrees that making the relevant changes in one piece of primary legislation will make the law easier to navigate for both consumers and businesses. As outlined above, CTSI do not support the movement of the key consumer protection provisions out of the CCA 1974 into the FCA Handbook rules, as this would weaken the current consumer protections in place.

One example of our reasoning for this, is some of the existing non-compliance with legal requirements and rules set out in the Consumer Credit Sourcebook. Our members frequently come across issues where authorised consumer credit businesses do not comply with existing legal requirements regarding providing an email address on their website. This is a common occurrence, meaning consumers find it difficult to be able to contact the finance company, to supply information in an attachment to the company when raising a complaint or to be able to retain a copy of the information they have sent to the finance company if they have used an online form or alternative method of contacting them. Despite this requirement being both in legislation via the [Electronic Commerce (EC Directive) Regulations 2002 Reg 6(1)(c)](https://gbr01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.legislation.gov.uk%2Fuksi%2F2002%2F2013%2Fregulation%2F6%23regulation-6-1-c&data=05%7C02%7Cjcox%40valeofglamorgan.gov.uk%7Cd63ff4c0a99c4db20a4e08ddc3b727d1%7Ce399d3bb38ed469691cf79851dbf55ec%7C0%7C0%7C638881913944323532%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMiIsIkFOIjoiTWFpbCIsIldUIjoyfQ%3D%3D%7C0%7C%7C%7C&sdata=FsSzNgnsJ7MEArys2fvXpOn7FaA2AfIvC1LKy5okuSA%3D&reserved=0) and set out in Rule [CONC 2.8.2](https://gbr01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.handbook.fca.org.uk%2Fhandbook%2FCONC%2F2%2F8.html%23D282&data=05%7C02%7Cjcox%40valeofglamorgan.gov.uk%7Cd63ff4c0a99c4db20a4e08ddc3b727d1%7Ce399d3bb38ed469691cf79851dbf55ec%7C0%7C0%7C638881913944307859%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMiIsIkFOIjoiTWFpbCIsIldUIjoyfQ%3D%3D%7C0%7C%7C%7C&sdata=RaLoSQoTIVblK%2Fy5YgX5CFUlxzJpzcrdZb3Ncy4Bu24%3D&reserved=0) in the FCA Handbook, non-compliance is still commonplace. Our members concerns are that if the information provisions and other protections set out in the CCA 1974 are removed from primary legislation and placed into the FCA Handbook rules, more of these rules may become common non-compliances and it may send the wrong message about the importance of complying with these requirements to businesses.

**Question 3: Do you think the challenges in relation to the transitional provisions have been captured and what further thoughts do you have on possible appropriate transitional provisions?**

In addition to the transitional themes identified in the consultation document, CTSI would like to see a clear plan for consumer and business education and clear advance communication of these changes to all parties involved. If the key consumer protection requirements remain within the Act and are not moved over to the FCA Handbook as CTSI recommend, then there will be less risk of adversely impacting consumer compliance. We would also recommend including clear transitional arrangements in the Act, to provide clarity for businesses and consumers and to reduce unnecessary disputes arising.

**Question 4: Do you agree with our proposal to repeal the information provisions from the legislation and for these to be recast, as appropriate, into FCA rules?**

CTSI believe some information provisions can be modernised and simplified, but key information disclosure provisions, especially those informing consumers of their rights, should remain in the CCA 1974. This is in line with other consumer protection requirements such as the material information requirements for ‘invitations to purchase’ under the Digital Markets, Competition and Consumers Act 2024. These requirements recognise the importance of ensuring consumers are provided with all the information they need to make an informed decision. CTSI believe the CCA 1974 should retain material information requirements for consumers relating to their consumer credit agreement and their rights. This information is fundamental knowledge for consumers.

**Question 5: Do you agree with our conclusion that the FCA regime without sanctions provides robust consumer protection?**

Enforceable sanctions act as a strong deterrent for non-compliance and places stronger accountability on the financial sector to ensure they comply with the law. CTSI support fairness for businesses and a proportionate approach to regulation, however there are examples in other areas of consumer protection law that have similar effects to the non-enforceability clause and these act as effective deterrents for businesses.

For example, under the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013, if a trader fails to provide certain pre-contract information to a consumer, the consumer’s right to cancel the contract extends for up to an additional 12 months. This means that the trader may not be able to seek payment for any work they have completed if they have not fully complied with certain requirements in the Regulations. In other complex areas such as unfair contract terms, any term which is unfair is unenforceable and the trader cannot rely on it against the consumer.

Therefore, CTSI do not believe that having sanctions such as unenforceability clauses is disproportionate or deliberatively punitive. Instead, we believe it is in keeping with other areas of consumer law, which are designed to ensure that traders take their responsibility for legal compliance seriously and are aware of the immediate consequences of them failing to do so. We therefore support retaining the sanctions in the CCA 1974 and having the FCA’s ability to use their enforcement powers to deal with non-compliance issues.

**Question 6: What are your views on the following approaches for criminal offences? Officials would need to review these options in the context of the wider CCA Reform proposals.**

**(a) Repealing all the criminal offences in the CCA, allowing the FCA to take enforcement action where possible;**

**(b) Keeping all the criminal offences in the CCA;**

**(c) Repealing all criminal offences (allowing the FCA to take enforcement action where possible) except those that relate to minors and canvassing off trade premises where criminal offences would remain.**

CTSI believe HM Treasury should retain the criminal offences in the CCA 1974 to ensure consumer protection is not reduced. As many of these offences relate to the most vulnerable people within our society, we strongly believe they are important protections to retain. As acknowledged in the consultation document, citing the number of very few cases taken under these provisions does not capture their deterrent effect. With the growing consumer detriment numbers and risk for vulnerable consumers being targeted if these offences were removed, we would recommend retaining the existing offences.

**Question 7:**

1. **Has this paper captured the key issues and barriers for each of the cross-cutting themes of:**

**• Green Finance:** Yes

**• Islamic Finance:** Yes

**• Technology:** Yes

1. **Is there anything else you think needs to be considered in our Phase 2 policy work?**

An area that requires review and regulation is the freezing of money when consumers pay for fuel at a pump or recharge an electric vehicle – which they do not do if paying at the in-store counter. With a rise in Pay-at-Pumps and remotely managed refuelling sites, the option to pay at the counter is not available to some consumers. Some of the big fuel providers will freeze money from £10 to £120 on the consumer’s credit or debit card. These funds are sometimes frozen – and are therefore inaccessible – for a few days, which particularly impacts the vulnerable and those who are struggling with cost-of-living pressures. This may force financially vulnerable consumers into debt or turning to illegal money lending or unregulated credit providers to help them make ends meet. As part of the reforms to the CCA, consumers could be protected by capping the amount that can be frozen and outlining clear rules for how long the funds are frozen for.

CTSI also suggests considering the statutory provision of credit unions in every local authority area to help protect consumers from having to turn to loan sharks or other illegal/unregulated money lending for financial credit.

**Question 8: Do you agree with the provisional assessment that, on balance, the Government's proposed proportionate approach to reform mitigates the negative impacts on those sharing particular protected characteristics and retain the positive equalities impacts of the products?**

CTSI do not agree that the Government’s proposed approach will mitigate the negative impact on those sharing particular protected characteristics. The current statutory framework, although complicated, acts as a safety net for consumers with protected characteristics. The sanctions and offences act as a deterrence and provide legal clarity that the FCA Handbook rules cannot replicate. Removing these protections could increase the negative impact on the most vulnerable consumers in our society by requiring them to take additional action to exercise their rights, which may be difficult to them to do and create additional barriers for them.

CTSI strongly recommends that the statutory protections for consumers are retained in the CCA 1974. We would also like to see a simplification of the terminology used in the CCA 1974 and within the credit industry generally, in order to make it easier for consumers to understand the contracts they are entering into. Ensuring that information is accessible for consumers, businesses and enforcers in a transparent and easy to understand way, should be a key objective of this review. We therefore strongly urge HM Treasury to retain the existing statutory protections and that the policy work undertaken includes further discussion with consumer groups representing consumer interests, including those with protected characteristics.

CTSI, in partnership with National Trading Standards and Consumer Friend, run a Consumer Protection Panel made up of everyday consumers. This panel could provide a valuable way to test proposed terminology, helping to ensure it is clearly understood in the intended context. Where needed, the panel can suggest alternative wording to improve clarity and consumer understanding.

**Question 9: Do you have any further data you can provide on the potential impacts on persons sharing any of the protected characteristics?**

The Consumer Detriment Survey and previous Financial Lives Surveys show that groups sharing protected characteristics are more likely to:

* Be misled or mis-sold financial products;
* Lack access to redress mechanisms;
* Experience financial harm when protections are poorly communicated or enforced.

This is especially relevant in green finance, where complex installations and mis-selling can result in high losses without remedies like Section 75. The data clearly shows that consumers with protected characteristics are more likely to suffer detriment where legal protections are weak or inaccessible. In the context of green finance especially, protections such as Section 75 (connected lender liability) and Section 140A (unfair relationships) are vital in providing a safety net. Removing these from legislation and relying solely on regulatory rules would increase the likelihood of financial harm for millions of already disadvantaged consumers.

To ensure reforms are inclusive and equitable, these statutory protections must remain in place and be strengthened not weakened as the credit market evolves.