



HOUSE OF COMMONS

LONDON SW1A 0AA

October 2018

Dear Constituent,

Thank you for contacting me about consumer credit.

The Financial Conduct Authority (FCA), which regulates consumer credit, has brought in tough new rules for payday lending. In 2015 the FCA decided to introduce a cap on the total cost of payday loans, not just the interest rate, but also the arrangement fees as well as the penalty fees. In total, no one should have to pay back more than twice what they borrowed and there is a £15 cap on default charges.

The FCA has also been given stronger powers to ensure money is not being lent to people who cannot realistically afford to pay them back. I welcome the fact that tougher advertising rules have also been introduced ensuring adverts must warn of the risk of not paying the loans back on time, and must include a line directing customers to free, independent debt advice. The FCA also has the power to ban misleading adverts.

Additionally, the FCA has published the proposals of its latest high-cost credit review. Many of the proposals tackle prevention, including new rules on fees from overdrafts and raising the standards of sales practices in the home-collected credit sector. There is also a proposed cap on rent-to-own lending, I understand that the FCA is currently consulting on all of these proposals.

Thank you again for taking the time to contact me.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Chris'.

**CHRIS HEATON-HARRIS MP
MEMBER OF PARLIAMENT FOR DAVENTRY**