



THE CODE

a natural order



“FOLLOWING THE CODE IS AN INDICATION TO BOTH THE FINANCIAL CONDUCT AUTHORITY (FCA) AND TO YOUR CUSTOMERS, THAT YOU ARE A REPUTABLE ORGANISATION, AND CAN ONLY ADD VALUE TO YOUR BUSINESS”

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1891

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shaping the industry

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PROMOTING
INTEGRITY & FAIR
PRACTICE

CCTA IS COMMITTED TO CAMPAIGNING FOR BEST PRACTICES IN LENDING THROUGH ITS COMPREHENSIVE CODE OF PRACTICE. THE CODE DEMONSTRATES OUR CONTINUING EFFORTS TO RAISE THE STANDARDS, AND INCREASE THE VISIBILITY AND CREDIBILITY OF THE CREDIT INDUSTRY.

The purpose of this code is to ensure the compliance of our members to the standards of 'good practice' set by CCTA. Following the code is an indication to both the Financial Conduct Authority (FCA) and to your customers, that you are a reputable organisation, and can only add value to your business.

When issuing or renewing authorisation, the FCA guidance on fitness and requirements indicates that they look favourably on any organisation which is a member of an association with an effective Code of Practice, that promotes compliance with CONC rules. They consider all applicants' credit competence, which includes:

- the skills and experience of an organisation to carry out the activities covered by authorisation
- knowledge of, and ability to comply with, relevant regulation
- the practices and procedures an organisation proposes to operate in connection with its authorised activities.

Under our Code of Practice, CCTA operates a free complaints conciliation scheme. It is an effective way of dealing promptly, sympathetically, fairly and effectively with customer complaints, and is highly regarded by the FCA. Through our council, we monitor the compliance of members to the code, and issue an annual certificate as a condition of recruitment and renewal.

This code not only provides a framework for compliance, but also an avenue for customer redress. It offers reassurance to the public that you are a 'fair' company to deal with, and allied with your CCTA membership, adds to the quality, reliability and integrity of your organisation.

I commend the sound business judgement that has brought you to our door, and urge you to promote not only your adherence to this Code of Practice, but your CCTA membership itself.

Greg Stevens
CEO - CCTA



CONTENTS

THE ASSOCIATION AND THIS CODE	7	BROKERS	15
MONITORING AND COMPLIANCE	7	<ul style="list-style-type: none">members who are credit brokersmembers' obligations in respect of credit brokersmembers' obligations in respect of insurance brokers	
GENERAL OBLIGATIONS: OBLIGATIONS OF MEMBERS WHICH APPLY IN ALL CIRCUMSTANCES	7	DEBT COLLECTION AGENCIES	16
CONSUMER TRANSACTIONS	8	DEBT COUNSELLING, DEBT ADJUSTING AND PROVIDING CREDIT INFORMATION SERVICES	16
<ul style="list-style-type: none">financial promotions and communications with customersresponsible lendingpre-contractual explanationsthe regulated agreement - credit and hirematters arising during the course of the agreementenforcement and debt collection		DEBT MANAGEMENT FIRMS	16
AGREEMENTS WITH HIGH NET WORTH DEBTORS/BORROWERS OR HIRERS	11	DATA PROTECTION AND CONFIDENTIALITY OF CUSTOMER INFORMATION	16
AGREEMENTS FOR THE DEBTOR'S/BORROWER'S OR HIRER'S BUSINESS PURPOSES	11	DEALING WITH CUSTOMERS EXPERIENCING FINANCIAL DIFFICULTIES	17
GENERAL INSURANCE	12	RECORD KEEPING AND REPORTING	17
<ul style="list-style-type: none">selling insurance		COMPLAINTS PROCEDURE	17
GUARANTEES AND OTHER SECURITY	12	<ul style="list-style-type: none">generalcustomer complaints	
<ul style="list-style-type: none">duty of care to guarantors		PREVENTION OF FRAUD AND MONEY LAUNDERING	18
SUPPLIERS OF GOODS AND SERVICES	12	INTERPRETATION	18
<ul style="list-style-type: none">members' obligations in respect of suppliers		FORMAL PROCEDURES	18
SPECIFIC PROVISIONS APPLICABLE TO PARTICULAR PRODUCT TYPES	12	GLOSSARY OF TERMS	21
<ul style="list-style-type: none">credit cardsstore cardspre-paid cards or electronic purseshigh cost, short term credit agreements (payday loans)logbook loans and other agreements secured by bills of salep2p agreementsmortgages			



1 THE ASSOCIATION AND THIS CODE

The Association represents finance companies, banks, building societies, payday lenders, logbook loan lenders, home loan credit grantors, retailers, peer to peer lenders, leasing companies, credit brokers, professional firms, debt collection companies, debt management companies, credit scoring agencies, software developers and systems suppliers and others operating in the consumer credit industry.

The purpose of this Code is to ensure compliance by members with the minimum standards set by the Association.

The Association and its members shall publicise the existence of this Code and, where appropriate, provide details of the Complaints Procedure.

2 MONITORING AND COMPLIANCE

The Association, through its Council, shall monitor members' compliance with the Code and shall require members to compile an annual statement of compliance as a condition of continued membership of the Association.

Members shall promptly notify the Chief Executive or other officer nominated by the Council from time to time, of any matter of which they become aware, which might adversely affect the reputation of the consumer credit industry in the United Kingdom or the reputation of the Association.

The Association, through its Council, may take action against any member found to be in breach of this Code. Such action may, without limitation, include visits, written warnings, requests for written explanations and meetings to discuss, and where possible, to resolve the matter. The ultimate sanction, which the Association may impose, is the suspension or expulsion of a member from the Association.

3 GENERAL OBLIGATIONS: OBLIGATIONS OF MEMBERS WHICH APPLY IN ALL CIRCUMSTANCES

Members shall:

- 3.1 Carry on business in relation to credit related regulated activities only if they are authorised to do so by the Financial Conduct Authority (FCA) or otherwise permitted to do so by the FCA, such as appointed representatives of authorised persons.
- 3.2 Conduct their business lawfully and in accordance with:
 - (a) all relevant legislation and in particular the Consumer Credit Act 1974 (CCA 1974) and the Financial Services and Markets Act 2000 (FSMA) and relevant orders and regulations under those Acts
 - (b) relevant parts of the Handbook of the FCA, in particular Principles for Business (PRIN) and the Consumer Credit Sourcebook (CONC)
 - (c) relevant codes of practice, judicial decisions and general rulings and directions of the FCA, unless subject to challenge, supported by advice received by a member from its professional advisers.
- 3.3 Pay due regard to the interests of their customers and treat them fairly, with the object of ensuring the following outcomes:
 - (a) fair treatment of customers is central to the corporate culture of the member
 - (b) products and services are designed to meet the needs of identified consumer groups and are targeted accordingly
 - (c) consumers are provided with clear information and are kept appropriately informed before, during and after a sale or the provision of a service
 - (d) any advice given to consumers is suitable and takes account of their circumstances
 - (e) products perform, and any associated service is of an acceptable standard, as the member has led consumers to expect

¹ CCA 1974, ss140A to 140D
² Specifically, but not limited to, CONC 3

³ Specifically, but not limited to, CONC 5

⁴ Specifically, but not limited to, CONC 5
⁵ Specifically, but not limited to, CONC 4
⁶ Specifically, but not limited to, CONC 4

- (f) consumers do not face unreasonable barriers to change the product or provider or to submit a claim or make a complaint.
- 3.4 Pay due regard to the information needs of their customers and communicate information to them in a way which is clear, fair and not misleading and conduct their business honestly, responsibly and ethically.
- 3.5 Conduct their business with integrity and endeavour to ensure that credit brokers, suppliers of goods and services financed by the member and all other persons with whom the member has commercial relationships, do likewise.
- 3.6 Act responsibly and with due care in the day-to-day conduct of their business.
- 3.7 Not knowingly misrepresent facts to a customer concerning any aspect of a credit, hire or lease transaction. Members shall also take all reasonable steps to ensure that brokers, suppliers and any other intermediaries, when acting as agents for or on behalf of the member, do not misrepresent facts regarding such transactions to a customer.
- 3.8 Ensure that they comply with the rules relating to appointed representatives.
- 3.9 Respect confidential information supplied to them in the course of their business.
- 3.10 Ensure that credit, hire or leasing documentation embodies all the express terms and conditions of the agreement which affect the customer's obligations.
- 3.11 Where appropriate, restrict the period of an agreement financing goods to the life of the goods financed by it.
- 3.12 Provide adequate training for their staff, bringing this Code and its contents to their attention and require their staff to carry out their duties in accordance with this Code.
- 3.13 Comply with obligations and any conditions, which may be imposed by the Financial Conduct Authority with regard to their FCA authorisation or permission.

- 3.14 Comply with any relevant or applicable requests or requirements that may be notified to them by the Association and emanating from the Bank of England, the FCA or any other relevant authority.
- 3.15 Comply with any guidance that may be issued by the Association in relation to the Code.
- 3.16 Ensure that their agreements (and any related agreements), the manner in which they enforce their agreements, their dealings with individuals (whether consumers or business customers) and anything done or not done by or on behalf of the member (either before or after the making of the agreement or any related agreement), do not give rise to unfair relationships between the member, as creditor or lender, and the individual, as debtor or borrower, under CCA 1974¹.

4 CONSUMER TRANSACTIONS

Financial Promotions and Communications with Customers

Members shall not use direct mail indiscriminately, shall act responsibly and prudently in their advertising and marketing and ensure that all their advertising, promotional materials and customer communications are clear, fair and not misleading.

- 4.1.1 Members shall ensure that their advertising materials, promotional literature and communications with customers comply with all relevant rules and legislation and, in particular, with CONC² and the provisions of CCA 1974 relating to the marketing of credit to minors.
- 4.1.2 Members shall ensure that all advertising complies with the British Code of Advertising, Sales Promotion and Direct Marketing, the Radio Advertising Standards Code, the Television Advertising Standards Code, OFCOM and other relevant codes of practice of similar standing.
- 4.1.3 Members shall not engage in high pressure selling or other sales aggressive practices.

Responsible Lending

- 4.1.4 Members shall engage in responsible lending. Members shall grant credit, hire or leasing facilities on the basis of credit scoring or other assessment or evaluation of the customers' ability to borrow or hire, and the ability to repay.
- 4.1.5 Before granting or increasing a credit facility or a hire or leasing facility, members shall assess the customer's needs and circumstances, the customer's creditworthiness and the sustainability of the customer's payments. Members shall take all reasonable steps in this respect and have special regard for the requirements prescribed in CONC³. In determining the reasonable steps to be taken and whether a credit reference agency should be searched, regard should be had to:
 - (a) the nature and amount of the facility
 - (b) the information provided by the customer.
- 4.1.6 Members shall take particular care in relation to applications for credit from young people.
- 4.1.7 Members shall continuously monitor their credit granting practices and their assessment techniques to ensure that they are prudent and realistic in the prevailing economic circumstances. Members must not rely solely or primarily on the value of security and may not be less rigorous in assessing a customer's ability to repay by reason of the sole fact that security is offered.
- 4.1.8 To the extent that they use credit scoring techniques, members shall abide by the principles set out in the publication 'Guide to Credit Scoring 2000', as subsequently amended, updated or replaced. Where members do not use credit scoring techniques they must make clear to a declined applicant whether or not a refusal relates to a credit reference agency report and furnish the customer with details of the credit reference agency used.
- 4.1.9 Members shall ensure that where a customer is refused credit and believes the refusal to be unreasonable the customer is given the name or title of a senior official of the member who will review the application.

- 4.1.10 Members shall have due regard to CONC⁴ in respect of lending in general and specifically lending to non-status or sub-prime customers.

- 4.1.11 Members shall provide appropriate assistance, in the form of information and guidance, to vulnerable customers.

Pre-Contractual Explanations

- 4.1.12 Members shall provide their customers with adequate pre-contractual explanations in compliance with CONC⁵.
- 4.1.13 Members shall make disclosure of commission arrangements to their customers as required for compliance with CONC⁶.

The Regulated Agreement - Credit and Hire

- 4.1.14 Members shall use plain and intelligible English in all agreements, pre-contract information documents and communications with customers. Members shall use prescribed wording where that is required by law.
- 4.1.15 Members shall ensure that their agreements (and any related agreements) with consumers do not contain unfair contract terms.
- 4.1.16 Members shall tell customers the interest rates, charges and rentals, as appropriate, applicable to their accounts and agreements, the basis on which any other charges are calculated and when and how they might be charged.
- 4.1.17 Where members vary interest rates they shall publish those variations by notices in their branches, if any, or in the press, or by sending notices directly to those customers affected and in any event, as required by law. The need to publish does not apply to agreements under which interest rates vary in accordance with a published rate not under the control of the member.
- 4.1.18 Members shall tell customers how any variation of the other terms and conditions of their agreement will be notified and shall give customers reasonable notice before any variation takes effect.
- 4.1.19 Members shall comply promptly with all statutory and other reasonable requests by customers for information about their agreements and accounts.



⁷Specifically, but not limited to, CONC 7
⁸Specifically, but not limited to, CONC App.1.4
⁹Specifically, but not limited to, CONC App.1.4

AGREEMENTS

4.1.20 Members shall supply copies of documentation and statements of account (the latter being provided in an easily intelligible form) as required by law.

4.1.21 Members shall comply with their legal obligations in relation to the provision of information and cancellation rights in respect of distance contracts.

4.1.22 Members shall assist customers seeking advice and guidance.

Matters Arising During the Course of the Agreement

4.1.23 Members shall comply with their legal obligations in relation to the issue of statutory notices, statements of account and settlement statements.

4.1.24 Statutory notices, statements of account and settlement statements shall be clear and in plain, intelligible English.

Enforcement and Debt Collection

4.1.25 Members shall ensure, by regularly examining their debt collection procedures and those of any third parties they employ, that the debt collection procedures comply with legal and regulatory requirements, conform to high ethical standards, allow for proper consideration of the customer's circumstances and in particular:

- (a) encourage customers in financial difficulties to inform members of their difficulties at the earliest possible moment (and members will endeavour to respond sympathetically, without prejudice to members' rights)
- (b) in all relevant correspondence state the name or title of a specially trained member of staff who may be contacted if difficulties arise
- (c) take into consideration, before determining whether to enforce an agreement, all information supplied by the customer or otherwise available to the member, relating

to the cause of any default and the customer's future ability to repay. If the customer has disclosed multiple debt problems, members shall inform the customer of the availability of advisory services.

4.1.26 Members shall have due regard to CONC⁷ in relation to debt collection procedures.

5 AGREEMENTS WITH HIGH NET WORTH DEBTORS/BORROWERS OR HIRERS

Where members enter into credit, hire or leasing agreements with high net worth debtors or hirers, they shall comply:

- (a) with their obligations in CONC⁸
- (b) with all the obligations of members under this Code, except for those which relate specifically to regulated agreements under the Consumer Credit Act 1974
- (c) specifically with paragraphs 3.16 and 4.4.2 of this Code.

6 AGREEMENTS FOR THE DEBTOR'S/BORROWER'S OR HIRER'S BUSINESS PURPOSES

Where members enter into credit, hire or leasing agreements wholly or predominantly for the purposes of a business to be carried on by the individual (including by a partnership of not more than three persons) and the credit amount, or the total of minimum hire payments required to be made by the hirer, exceeds £25,000, they shall comply:

- (a) with their obligations in CONC⁹
- (b) with their obligations under this Code, except for those which relate specifically to regulated agreements under the Consumer Credit Act 1974
- (c) specifically with paragraph 3.16 of this Code.

¹⁰ Specifically, but not limited to, CONC 2.3

7 GENERAL INSURANCE

Selling Insurance

A member offering general insurance, life assurance, payment or credit protection insurance or GAP insurance shall:

- (a) be duly authorised to carry on such business by the FCA
- (b) comply with all obligations under the Financial Services and Markets Act 2000 and Rules in the FCA Handbook and specifically in the 'Insurance: Conduct of Business Sourcebook (ICOBS)
- (c) ensure adequate disclosure of insurance policy features and exclusions
- (d) ensure policy documents are sent to customers.

8 GUARANTEES AND OTHER SECURITY

Duty of Care to Guarantors

Members shall advise an individual proposing to give a guarantee or other security for a customer's liability or to enter into a joint mortgage, that:

- (a) by giving the guarantee or security or entering into the joint mortgage, he or she might become liable instead of, or as well as, the customer
- (b) he or she should seek independent legal advice before entering into the guarantee or security or the joint mortgage.

Members shall be deemed to have complied with the requirements of 8.1 where the guarantee, security or joint mortgage contains a clear and prominent notice to the above effect.

9 SUPPLIERS OF GOODS AND SERVICES

Members' Obligations in Respect of Suppliers

- 9.1.1 Members shall encourage suppliers of goods and services financed under arrangements with them to:

- (a) maintain high standards of quality, workmanship and service
- (b) observe and participate in appropriate codes of practice which include provision for the prohibition of high pressure selling and the discouragement of oppressive and intrusive methods of canvassing and marketing.

- 9.1.2 Paragraph 11.2.3 of this Code shall apply equally to suppliers of goods and services. Members shall, in appropriate circumstances, report an unsatisfactory supplier to a relevant trade association.

10 SPECIFIC PROVISIONS APPLICABLE TO PARTICULAR PRODUCT TYPES

These provisions are in addition to paragraph 3 and to the other provisions of this Code.

Credit Cards

- 10.1.1 In addition to the requirements in relation to regulated credit agreements set out in paragraph 4.3 above, members shall:

- (a) notify customers of the time it normally takes for a transaction to appear on their account and how frequently they can expect a statement
- (b) provide customers with a 'Summary Box' relating to the financial details applying to the account
- (c) provide customers with a 'Summary Box' relating to the financial details applying to credit-card cheques, where these are made available under the account.

- 10.1.2 Members shall:

- (a) issue cards to customers only when they have been requested in writing or to replace or renew cards that have already been issued
- (b) notify customers if a card issued by them has more than one function

- (c) comply with requests from customers not to issue Personal Identification Numbers (PINs) where customers do not wish to use the functions operated by a PIN
- (d) comply with the requirements of CONC, including those applying to credit card cheques¹⁰.

- 10.1.3 Members shall issue PINs separately from cards and shall notify the PIN only to the customer.

- 10.1.4 Members shall tell customers of their responsibility to take care of their cards and PINs in order to prevent fraud. They shall emphasise to customers that:

- (a) they should not allow anyone else to use their card and PIN
- (b) they should take all reasonable steps to keep the card safe and the PIN secret at all times
- (c) they should never write the PIN on the card or on anything usually kept with it
- (d) they should never write the PIN down without making a reasonable attempt to disguise it.

- 10.1.5 Members shall:

- (a) inform customers that they must notify them as soon as reasonably practicable after they find that:
 - their card has been lost or stolen
 - someone else knows their PIN
 - their account includes an item which seems to be wrong.
- (b) notify their customers, and shall remind them at regular intervals on their statement or by other means, of the name, address and telephone number of the person to whom they must give the details of a lost or stolen card at any time, day or night
- (c) act on telephone notification, but members may ask customers also to confirm in writing any details given by telephone

- (d) on request, inform customers whether they accept notification of loss or theft of a card from card notification organisations
- (e) on being advised of a loss, theft or possible misuse of a card or that the PIN has become known to someone else, take action to prevent further use of the card.

- 10.1.6 (a) Members shall bear the full losses arising from the use of a credit card:

- in the event of misuse when the card has not been received by the customer
- in respect of transactions not authorised by the customer after the member has been told that the card has been lost or stolen or that someone else knows or may know the PIN (subject to paragraph (d) below)
- if faults have occurred in the machines, or other systems used, which cause customers to suffer direct loss, unless the fault was obvious or advised by a message or notice on display
- in connection with a 'distance contract' (other than an 'excepted contract').

- (b) Members' liability shall be limited to amounts wrongly charged to customers accounts and any interest on those amounts

- (c) Customers' liability for transactions not authorised by them shall be limited to a maximum of £50 (or such other amount as may be prescribed by law) in the event of misuse before the card issuer has been notified that a card has been lost or stolen or that someone else knows the PIN (subject to paragraph (d) below)

- (d) Customers shall be liable for all losses if they acted fraudulently. They may be held liable for all loss if they acted with gross negligence

- (e) in cases of disputed transactions, the burden of providing fraud or gross negligence or that a card has been received by a customer, lies with the member. In such cases, members



¹¹ Specifically, but not limited to, CONC4, 5, 6 and 7

¹² Specifically, but not limited to, CONC 2.5

BROKERS

will expect customers to cooperate fully with them in their investigations.

- 10.1.7 Members shall provide customers with statements of account at the intervals, and containing the information, prescribed by law.

Store Cards

- 10.1.8 In addition to the provisions applying to credit cards (where applicable) as set out in paragraph 10.1, members shall comply with the legal requirements applying to store cards, as set out in the Store Cards Market Investigation Order of 27 July 2006.

Pre-paid Cards or Electronic Purses

- 10.1.9 Members offering pre-paid cards or electronic purses shall comply specifically with the provisions which apply to them under FSMA, the RAO, the Payment Services Regulations 2009 and the Electronic Money Regulations 2011.

High Cost, Short Term Credit Agreements (Payday Loans)

- 10.1.10 Members offering high cost short term agreements shall comply specifically with any legislation applying to such products.

Logbook Loans and other Agreements Secured by Bills of Sale

- 10.1.11 Members offering logbook loans and agreements secured by bills of sale shall comply specifically with the Bills of Sale Acts 1878 and 1882, other legislation applying to such products and the Code of Practice for Bills of Sale Lending regulated by the Consumer Credit Act.

P2P Agreements

- 10.1.12 Members operating an electronic system in relation to lending in respect of a borrower under a P2P agreement for fixed sum credit, shall comply with all relevant legislation and CONC.¹¹

Mortgages

- 10.1.13 The Consumer Credit Act 1974

Members offering mortgages governed by the Consumer Credit Act 1974 (basically second legal mortgages and all equitable

mortgages) shall comply with CCA 1974, regulations under that Act, CONC so far as applicable, relevant codes of practice and this Code, insofar as it is compatible with the foregoing.

- 10.1.14 Regulated Mortgage Contracts

Members offering regulated mortgage contracts (basically first legal mortgages on residential property), including equity release mortgages, lifetime mortgages, home reversion plans and home purchase plans, shall comply with FSMA, regulations under that Act, the FCA Handbook; the Mortgages Conduct of Business Sourcebook (MCOB), relevant codes of practice and this Code, insofar as it is compatible with the foregoing.

- 10.1.15 Other mortgages

Members offering other types of mortgage, including exempt mortgages under CCA 1974, shall comply with relevant laws, codes of practice and this Code, insofar as it is compatible with the foregoing.

11 BROKERS

Members who are Credit Brokers

- 11.1.1 Credit brokers shall be authorised persons or appointed representatives, or introducing appointed representatives, of authorised persons.
- 11.1.2 Credit brokers shall comply with CCA 1974, FSMA, regulations under those Acts and CONC.¹²

Members' Obligations in Respect of Credit Brokers

- 11.1.3 Members may not impose any pressure on a customer to enter into an agreement which the customer may find difficult to repay according to reasonable credit granting criteria. Members shall also take reasonable steps to ensure that any credit broker from whom they accept business does not impose any such pressure.
- 11.1.4 Before accepting business from a credit broker for the first time, a member shall check that the credit broker is an authorised

person under FSMA or an appointed representative or introducing appointed representative of that member. and where the member intends to accept a flow of business from the credit broker, the member shall:

- (a) carry out such enquiries as may be reasonably necessary to satisfy the member of the integrity and competence of the credit broker
- (b) take reasonable steps to ensure that the credit broker complies with CONC
- (c) bring the principles of this Code to the credit broker's attention.

11.1.5 Members shall monitor generally the activities of credit brokers from whom they accept business and in particular:

- (a) take all reasonable steps to ensure that such credit brokers act in accordance with the principles of this Code and in particular do not:
 - (i) persuade or permit customers to sign blank application forms
 - (ii) encourage or knowingly permit customers to provide false or misleading information.
- (b) decline to accept further business where a credit broker falls below the requisite standards of integrity and competence or fails to comply with the applicable provisions of this Code after they have been brought to the credit broker's attention and, in such circumstances, consider reporting to the FCA the credit broker's failure to observe proper standards
- (c) report to the Association any relevant criminal conviction of a credit broker of which the member becomes aware.

Members' Obligations in Respect of Insurance Brokers

- 11.2.1 Before accepting business from an insurance broker for the first time, members shall:
 - (a) ensure that the broker is an authorised person under FSMA,

- unless an appointed representative or introducing appointed representative of that member
- (b) bring the principles of this Code to the insurance broker's attention.

- 11.2.2 Members shall monitor generally the activities of insurance brokers from whom they accept business.
- 11.2.3 Members shall decline dealing with an insurance broker who fails to act honestly or in accordance with the principles of this Code.

12 DEBT COLLECTION AGENCIES

- 12.1 Debt collection agencies shall be authorised persons under FSMA or the appointed representatives of authorised persons.
- 12.2 Debt collection agencies shall comply with CCA 1974, FSMA, regulations under those Acts and CONC¹³.

13 DEBT COUNSELLING, DEBT ADJUSTING AND PROVIDING CREDIT INFORMATION SERVICES

- 13.1 Members providing any of these services shall be authorised persons under FSMA or the appointed representatives of authorised persons.
- 13.2 Members providing any of these services shall comply with CCA 1974, FSMA, regulations under those Acts and CONC.¹⁴

14 DEBT MANAGEMENT FIRMS

Members providing any of these services shall comply with CCA 1974, FSMA, regulations under those Acts, CONC and CASS.¹⁵

15 DATA PROTECTION AND CONFIDENTIALITY OF CUSTOMER INFORMATION

Members shall respect personal information supplied to them by customers and shall inform customers of the purposes for which this information is intended to be used and disclosed, before it is given by the customer.

Where a banker customer relationship exists, members shall observe a strict duty of confidentiality about their customers' (and former customers') personal financial affairs and shall not disclose details of customers' accounts or their names and addresses to any third party, except for the purposes of filing with credit reference agencies and in the following cases:

- (a) where they are legally compelled to do so
- (b) where there is a duty to the public to disclose
- (c) where the interests of the member require disclosure
- (d) where disclosure is made at the request, or with the consent, of the customer.

Members shall not use exception (c) above to justify the disclosure for marketing purposes of details of customers' accounts or their names and addresses to any third party, including other companies within the same group.

Members who use the services of credit reference agencies and/or fraud prevention agencies shall ensure that any information they supply about customers and the conduct of their accounts to credit reference agencies and/or fraud prevention agencies is complete and accurate.

Members shall at all times comply with the Data Protection Act 1998 and Orders and Directions of the Information Commissioner when obtaining and processing customers' personal data and shall explain to their customers that they have the right of access, under that Act, to their personal records held on computer files.

Members shall advise customers of their right not to receive marketing information from the member or a third party with whom the member is connected. Members shall comply in that regard with the requirements of the Data Protection Act 1998 and the Privacy and Electronic Communications (EC Directive) Regulations 2003.

¹⁶ Specifically, but not limited to, CONC 1

16 DEALING WITH CUSTOMERS EXPERIENCING FINANCIAL DIFFICULTIES

Members shall consider cases of customer financial difficulty sympathetically and positively and encourage their customers to contact them should they experience financial difficulty. Members shall comply with their obligations in CONC.¹⁶

Members shall, where appropriate, refer customers to debt counselling organisations and notify customers where they can get free advice, such as Citizens Advice Bureaux, Money Advice Centres, National Debtline or StepChange. Members will work with debt counselling organisations to assist their customers.

If a member passes a customer's account to another person to collect overdue payments, such as a debt collector or solicitor, it will inform the customer.

17 RECORD KEEPING AND REPORTING

Members shall maintain business records and submit reports in accordance with the requirements of law and the FCA.

18 COMPLAINTS PROCEDURE General

- 18.1 Members shall deal promptly and at an appropriate management level with complaints. Members shall establish a complaints procedure and furnish information on request about their complaints procedure. Customers shall be told what further steps are available if they believe that their complaint has not been dealt with satisfactorily by the member, including ultimate resort to the Financial Ombudsman Service.

Customer Complaints

- 18.2 The following shall apply to complaints made by customers to the Association in relation to customer transactions.
 - 18.2.1 If a customer makes a complaint to the Association in relation to an account or an agreement with a member, the Association

¹³ Specifically, but not limited to, CONC 7
¹⁴ Specifically, but not limited to, CONC 8
¹⁵ Specifically, but not limited to, CONC 10 and CASS 11

¹⁷ Specifically, but not limited to, SYSC

shall, in the first instance, refer the complaint to a senior executive of the member, for consideration.

18.2.2 If the complaint is not resolved to the customer's satisfaction, unless the customer wishes to refer the complaint to the Financial Ombudsman Service, the Association (through an appropriate representative) shall endeavour to conciliate between the customer and the member and to restore communication between the customer and the member where this has broken down. The Association shall accept for conciliation complaints made against members and subsidiary companies of members.

18.2.3 Nothing in this Code restricts or is intended to restrict the rights of a customer or a member to pursue remedies through the courts, except where the customer seeks resolution of the complaint by the Financial Ombudsman Service.

18.2.4 The conciliation scheme shall not be invoked where a customer's complaint has already been considered under the dispute resolution scheme of any other relevant Code of Practice or of the Financial Ombudsman Service, or where the complaint has been the subject of a judicial decision.

18.2.5 Members shall notify customers of their complaints procedure, including the customer's right to seek resolution of the complaint by the Financial Ombudsman Service.

19 PREVENTION OF FRAUD AND MONEY LAUNDERING

Members shall verify the identities of persons seeking to enter into agreements or to open accounts, in order to assist to protect their customers, members of the public and themselves against fraud and money laundering.

Members shall establish, maintain and implement fraud prevention and anti-money laundering procedures and client identification procedures and train their staff in operating such procedures.

Members shall comply with all relevant legislation, rules and guidance relating to the prevention of fraud, money laundering and client identification including relevant Money Laundering Regulations and rules and guidance issued by the FCA¹⁷ and The Joint Money Laundering Steering Group.

20 INTERPRETATION

In this Code:

- (a) references to Acts or regulations shall mean such Acts or regulations as amended or re-enacted from time to time
- (b) 'regulations' includes orders and statutory instruments
- (c) references to specific sections in CONC or other sourcebook of the FCA Handbook are for assistance only and are not incorporated in the Code.

21 FORMAL PROCEDURES

The Council may make such changes to this Code, as it may consider appropriate from time to time, by a majority of the members of the Council present and voting. In the event of an equality of votes the Chairman of the Council shall have a casting vote in addition to the vote to which he is entitled as a member of the Council.

The Council shall give members at least 30 days notice in writing of any changes to this Code.



THIS GLOSSARY EXPLAINS THE MEANING OF CERTAIN WORDS AND PHRASES AS USED IN THE CODE. THEY ARE NOT NECESSARILY PRECISE LEGAL OR TECHNICAL DEFINITIONS.

GLOSSARY
OF TERMS

Agreement

A credit, hire or leasing agreement between a member and its customer.

Association

The Consumer Credit Trade Association.

Banker-Customer Relationship

For the purposes of this Code, a banker-customer relationship is confined to the operation by members of personal current and deposit accounts.

Card Notification Organisations

Companies which will, at the request of a card holder, maintain a record of all the cards held by a card holder and notify card issuers of the loss or theft of those cards.

Consumer

A customer who enters into a credit, hire or leasing agreement or opens an account with a member, other than for business purposes and 'consumer transaction' has the corresponding meaning.

Council

The Council of the Association, comprising such members as may be elected or nominated to it from time to time.

Credit Reference Agencies

Authorised persons that hold personal data about individuals. Members may refer to these agencies to assist with various decisions, e.g. whether or not to open an account or to provide loans or grant credit.

Credit or Payment Protection Insurance

A contract of insurance to provide a sum towards the payment of a debt in the event of one or more of the following:

- (a) accident (b) sickness (c) unemployment
- (d) redundancy (e) death

of a debtor before the debt has been repaid.

Credit Broker

An authorised person who introduces a customer to a company providing credit, hire or leasing facilities.

Credit related regulated activities

The following, as defined in RAO, carried on by way of business:

- entering into a regulated credit agreement as lender
- exercising or having the right to exercise the lender's rights under such agreement
- credit broking
- debt adjusting
- debt counselling
- debt collecting
- debt administration
- entering into a regulated consumer hire agreement as owner
- exercising or having the right to exercise the owner's rights under such agreement
- providing credit information services
- providing credit references
- operating an electronic system in relation to lending
- agreeing to carry on a regulated activity so far as relevant to any of the above activities.

Distance Contract

A contract concluded between a member and a consumer without the simultaneous physical presence of the member and the consumer.

Guarantee

An undertaking given by a person (the guarantor) promising to pay the debts of the debtor or hirer if he or she fails to pay the same.

Payment Card

A general term for any plastic card which may be used to pay for goods and services or to withdraw cash. A card may be used for more than one function.

Common examples are:

Cash Card - a card used to obtain cash and other services from an ATM (Automated Teller Machine/Cash Machine).

Charge Card - a card which enables customers to pay for purchases, and in some cases to obtain cash advances. When the monthly statement is received the balance must be paid in full.

Credit Card - a card which allows customers to buy on credit and, in some cases, to obtain cash advances. Customers receive regular statements and may pay the balance in full, or in part, usually subject to a specified minimum amount. Interest is payable on outstanding balances.

Debit Card - a card, operating as a substitute for a cheque, that can be used to obtain cash or make a payment at a point of sale. The customer's account is subsequently debited for such a transaction without deferment of payment.

Store Card - a credit card offered by a retailer to be used in its shops and by its customers. Store card accounts may be either: Option accounts, where a customer has the choice of settling the total amount outstanding or making a minimum repayment, with interest calculated on the balance outstanding; or Budget accounts, where the customer has access to credit which is a multiple of a fixed monthly repayment.

PIN - Personal Identification Number

A confidential number provided on a strictly confidential basis by a card issuer to a card holder. Use of this number by the customer will allow the card to be used either to withdraw cash from an ATM or to authorise payments for goods or services in retail or other outlets, by means of a special terminal.

P2P agreement

(a) (in relation to a borrower) in accordance with article 36H of the Regulated Activities Order, an agreement between one person (the borrower) and another person (the lender) by which the lender provides the borrower with credit (within the meaning of article 60L of the Regulated Activities Order) and in relation to which the borrower is an individual and either:

- (i) the lender provides credit (within that meaning) of less than or equal to £25,000 or
- (ii) the agreement is not entered into by the borrower wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by the borrower.

(b) (in relation to a lender) in accordance with article 36H of the Regulated Activities Order, an agreement between one person (the borrower) and another person (the lender) by which the lender provides the borrower with credit (within the meaning of article 60L of the Regulated Activities Order) and in relation to which either the lender is an individual, or if the lender is not an individual, the borrower is an individual and either:

- (i) the lender provides credit (within that meaning) of less than or equal to £25,000 or

- (ii) the agreement is not entered into by the borrower wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by the borrower.

Regulated Activities Order (RAO)

The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, SI 2001 No.544

Regulated Mortgage Contract

A contract under which the lender provides credit to an individual, whose obligation to repay is secured by a first legal mortgage on land in the United Kingdom, at least 40% of which land is used, or intended to be used, as or in connection with a dwelling by the individual.

Security

A general expression to describe items of value such as share certificates, life policies etc, which represent property. Under a secured loan the lender has the right to sell the security if the loan is not repaid.

Consumer Credit Agreements

CCTA supply an economic range of fully compliant agreements to suit a range of lending circumstances

We ensure that our agreements are compliant at all times with the advice of our legal experts, and that you as a buyer of CCTA credit agreements are given the opportunity to purchase these in the best possible format to ensure that your business runs smoothly and efficiently. For example:

Hard Copy Agreements: Pads of 25 self carbonated agreements that are then handwritten by yourselves and signed by your customers.

Electronic Agreements: These can be embedded into your company computer system. You must hold a Copyright Licence in order to obtain the agreements in this way, and be a full CCTA member. Electronic agreements covered by a CCTA Copyright Licence are automatically updated FREE OF CHARGE if legislation changes.

CCTA agreements cover a range of credit and hire circumstances including:

- Regulated and Unregulated Agreements
- Hire-purchase Agreements
- Hire and Leasing Agreements
- Fixed Sum Loan Agreements
- Credit Sale Agreements

- Guarantee and Indemnity forms

Members of the association benefit from a discounted rate on all hard copy agreements.

For further information on CCTA agreements please visit our website www.ccta.co.uk

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