



HORIZON SCAN 2026



HORIZON SCAN

KEY REGULATORS
TIMETABLE

HMT
FCA

FOS
ICO

POLITICAL
CONCLUSION

NEXT STEPS
ROLE OF CCTA



horizon scan 2026 | publication overview



The purpose of this document is to provide a forward-looking overview of the key regulatory, supervisory and political developments expected to affect consumer credit firms through 2026.

It is intended to support members' strategic planning, risk management and prioritisation over the coming year. This paper covers:

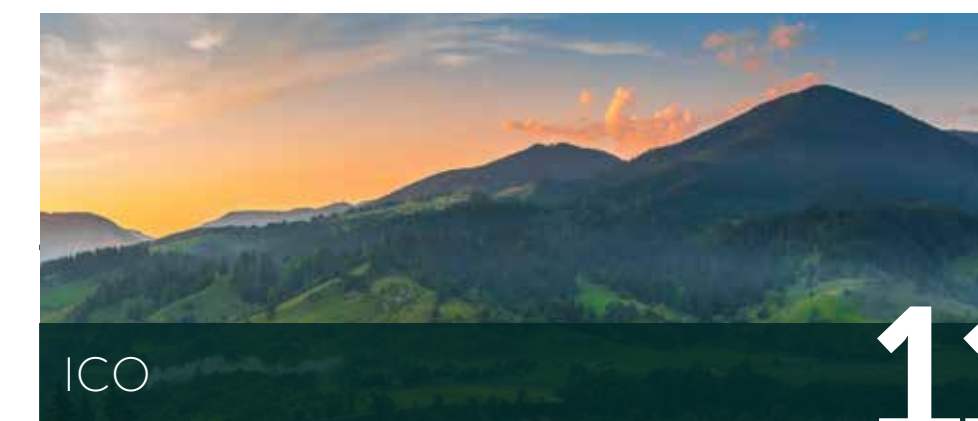
- forthcoming policy and legislative changes that could materially affect the sector
- anticipated regulatory and supervisory pressures
- areas where political scrutiny may shape future direction.

Not all of the changes outlined below will take effect in 2026. However, 2026 will be a critical year for shaping final policy design, regulatory expectations and implementation timetables.



Key regulators

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Timetable

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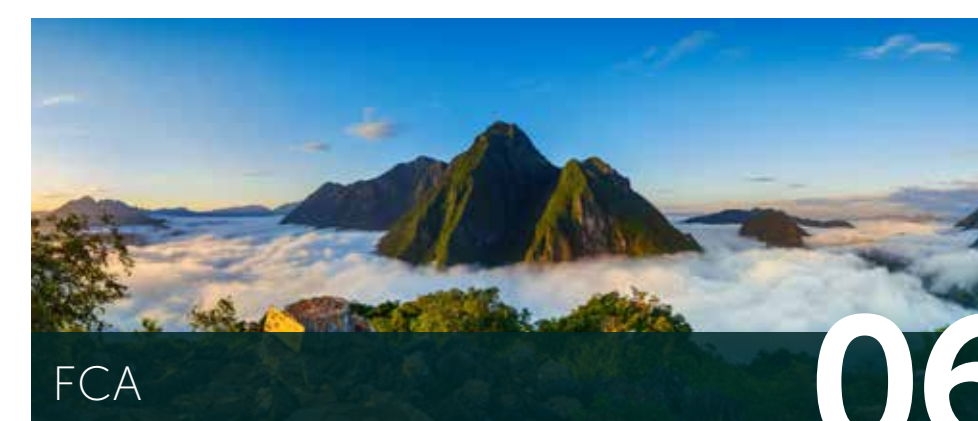
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key regulators



HM Treasury HMT

HM Treasury is the UK government department responsible for economic and financial policy. In relation to consumer credit, it sets the overall legislative and regulatory framework, decides which bodies regulate the market, and brings forward primary legislation (such as amendments to the Consumer Credit Act). It also oversees the FCA's statutory objectives.

[gov.uk/government/organisations/hm-treasury](https://www.gov.uk/government/organisations/hm-treasury)

Financial Conduct Authority FCA

The FCA is the primary regulator of consumer credit in the UK. It authorises and supervises consumer credit firms, sets rules on conduct (including affordability, fair treatment of customers, and communications), and enforces compliance. Its role is to protect consumers, promote market integrity, and ensure effective competition.

[fca.org.uk](https://www.fca.org.uk)

Financial Ombudsman Service FOS

The FOS is an independent dispute resolution body that handles complaints from consumers about financial services, including consumer credit products such as loans, credit cards, and hire purchase. It decides individual cases based on what is fair and reasonable and can require firms to provide redress.

[financial-ombudsman.org.uk](https://www.financial-ombudsman.org.uk)

Information Commissioner's Office ICO

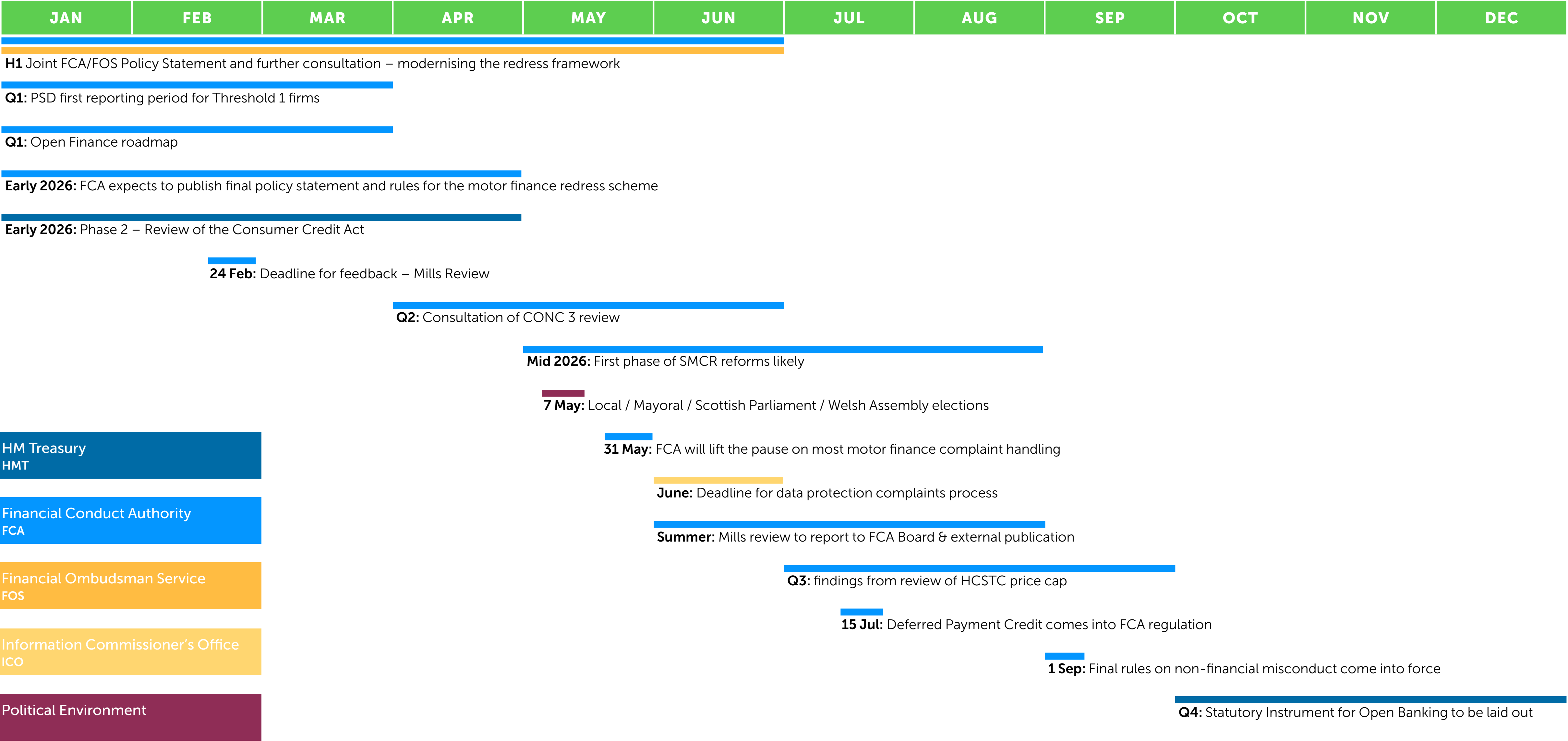
The ICO is the UK's data protection regulator. In the consumer credit context, it oversees how lenders, debt collectors, and credit reference agencies process personal data, including credit reporting, data sharing, and consumers' rights under UK GDPR and the Data Protection Act 2018.

[ico.org.uk](https://www.ico.org.uk)



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2026 timetable





Reform of the Consumer Credit Act

HM Treasury is leading a major programme of reform to modernise the Consumer Credit Act 1974, which has underpinned UK consumer credit regulation for over 50 years.

- Phase 1, published in May 2025, focused on simplifying prescriptive information requirements, reforming sanctions and reconsidering criminal offences linked to consumer credit.
- Phase 2 is expected in early 2026 and will focus on consumer protections and remedies under the Act. HM Treasury has indicated this phase may be delayed due to the volume of evidence received and the Minister's desire to engage in detail.
- The overarching objective is to move towards a more principles-based and digitally relevant regime, reducing outdated requirements and better aligning legislation with the FCA Handbook and Consumer Duty.

While implementation will extend beyond 2026, this year will be critical in shaping the final framework. The CCTA will monitor consultations and draft legislation closely and keep members informed of implications for systems, documentation and compliance frameworks.



Financial Inclusion Strategy

The Government published its long-awaited Financial Inclusion Strategy in November 2025.

- The strategy sets out six themes, including access to affordable credit and tackling problem debt.
- Progress will be formally reviewed after two years, in late 2027.
- The strategy places limited emphasis on the impact of regulatory uncertainty, firm exits and cost pressures on credit supply.

Members should expect continued political and regulatory focus on access to affordable credit. The CCTA will continue engaging with policymakers to ensure supply-side constraints are properly understood. Our central message is that access to regulated credit is a core pillar of financial inclusion and is currently under significant pressure.



Appointed Representatives Reform

HM Treasury is progressing reform of the Appointed Representatives (AR) regime.

- The AR framework allows firms to carry out regulated activities under the supervision of an FCA-authorised principal.
- In February, the Treasury published a consultation seeking views on the changes it proposes to make to the legislative framework

Firms operating AR models, or supervising ARs, should anticipate tighter legislative requirements and begin reviewing oversight arrangements and contractual structures.



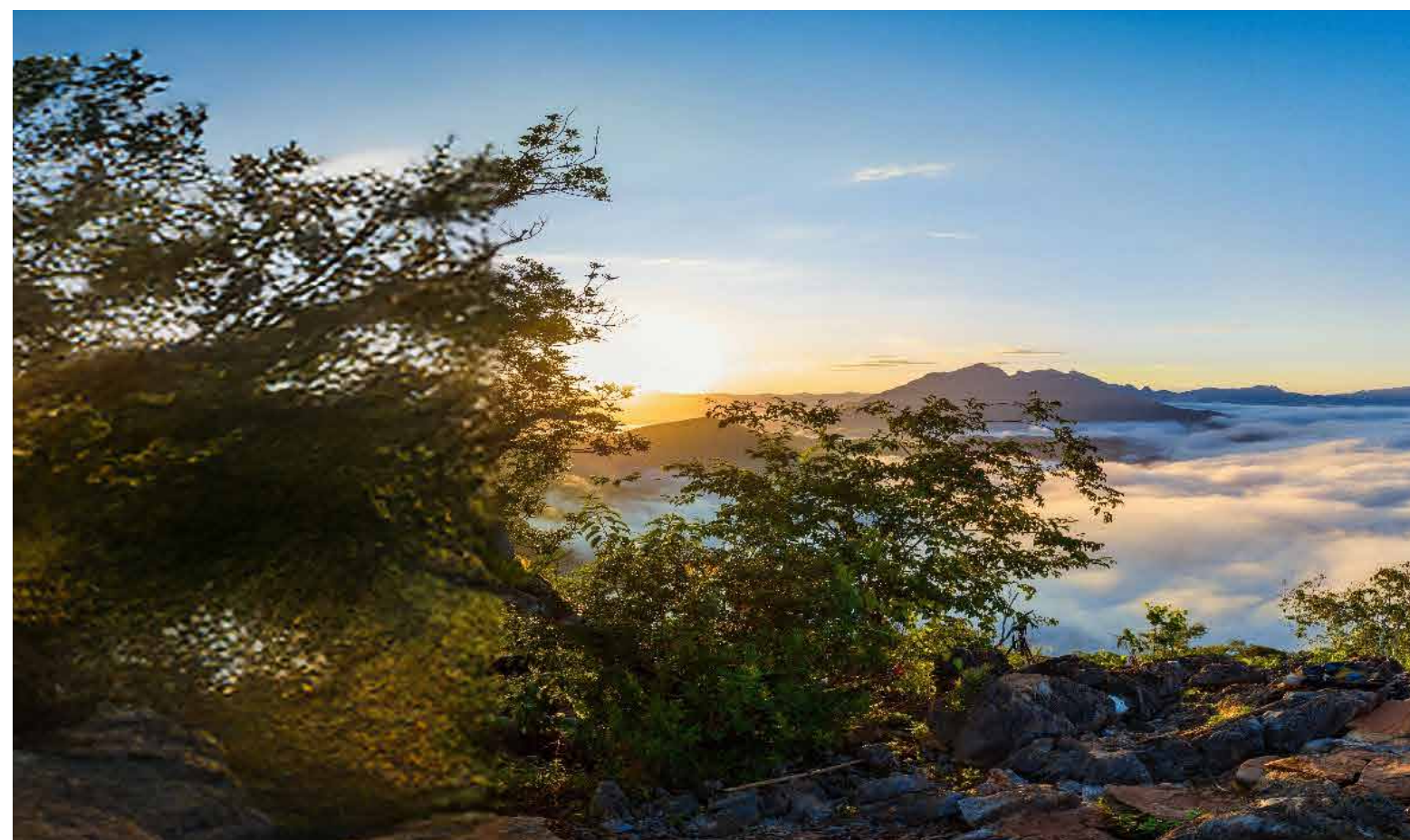


Regulation of Buy-now-Pay-later

Deferred Payment Credit (DPC), commonly referred to as Buy-now-Pay-later, will be brought into full FCA regulation from 15 July 2026.

- DPC providers will require FCA authorisation or temporary permissions.
- Firms will be subject to core consumer credit protections, including affordability assessments, disclosures and access to the Financial Ombudsman Service.
- The FCA published its Policy Statement and final rules in February.

This reform closes a long-standing regulatory gap affecting millions of consumers. However, there remain concerns around access to credit and potential knock-on effects for the wider retail credit market.



High-cost Short-term credit price cap review

- The FCA is reviewing the high-cost short-term credit (HCSTC) price cap, which has been in place since 2015.
- The review will assess market viability, accessibility and consumer outcomes.
- The FCA will draw on regulatory returns data and stakeholder engagement.
- Findings are currently expected in Q3 2026, subject to data quality.

This review creates material uncertainty for HCSTC providers, with potential implications for pricing, product availability and business models.



Artificial Intelligence review

In January 2026, the FCA launched a review into the long-term impact of AI on retail financial services, led by Executive Director Sheldon Mills.

- The review builds on existing FCA work and does not propose new AI-specific regulation.
- The FCA intends to rely on existing principles-based frameworks, including the Consumer Duty.
- Feedback is sought on four themes, with findings to be reported to the FCA Board in summer 2026.

While no new rules are planned, firms using AI in credit decisioning or customer interactions should expect continued scrutiny of governance, explainability, bias controls and outcome monitoring.





Open Banking and Open Finance

- The Data (Use and Access) Act 2025 (DUAA) is a major new data protection law.
- It updates the UK GDPR and the Data Protection Act 2018.
- The Act provides HM Treasury with powers to establish Smart Data schemes.
- A statutory instrument for Open Banking is expected in late 2026, followed by FCA consultation on a long-term regulatory framework.
- HM Treasury has confirmed the FCA will publish an Open Finance roadmap by March 2026.

Open Finance has future implications for affordability assessments, data sharing and credit scoring. Members should expect gradual but significant change rather than immediate implementation.



CONC 3 and Financial Promotions review

- The FCA has committed to reviewing its consumer credit advertising rules following the introduction of the Consumer Duty.
- The focus is on reducing prescription within CONC 3.5 and increasing reliance on judgement and outcomes. The aim is to give firms greater flexibility while ensuring consumers understand the cost and nature of the product.
- A formal consultation is expected in Q2 2026.
- The CCTA is already engaging with the FCA on issues such as representative APR and risk warnings.

Firms should anticipate changes that offer greater flexibility but require stronger internal governance and sign-off processes.



Complaints Reporting

- The FCA has finalised reforms to complaints reporting.
- A single complaints return will replace five existing returns.
- Firms have a 12-month implementation period.
- The first reporting period under the new framework runs from 1 January to 30 June 2027.

While not immediate, firms should plan system and process changes during 2026.





Non-financial misconduct

- The FCA is extending non-financial misconduct expectations beyond banks.
- Final guidance comes into force on 1 September 2026.

The changes raise expectations around culture, conduct and fitness and propriety. Firms should review HR policies, SM&CR processes and internal investigation frameworks. CCTA will publish guidance shortly.



SM&CR review

- The FCA is progressing reforms to the Senior Managers and Certification Regime (SM&CR). The framework designed to strengthen individual accountability within financial services - making senior managers and certain employees personally responsible for conduct and competence.
- The first phase consultation closed in October 2025. This included proposals around greater flexibility when submitting approvals and guidance to streamline annual fitness checks.
- Implementation of final rules is likely in mid-2026.

Reforms may simplify certain processes but will still require firms to revisit responsibilities maps and accountability structures.



Consumer Duty supervisory focus

- The Consumer Duty should now be built into all aspects your business.
- The ongoing emphasis will be on fair treatment and outcomes.
- The FCA published its supervisory approach in December 2025.
- A consultation on updates to the Duty is expected in mid-2026.

Firms should expect intensified supervisory scrutiny and a continued focus on evidence of consumer outcomes. The Consumer Duty is now moving from implementation to embedding.





Motor Finance redress scheme

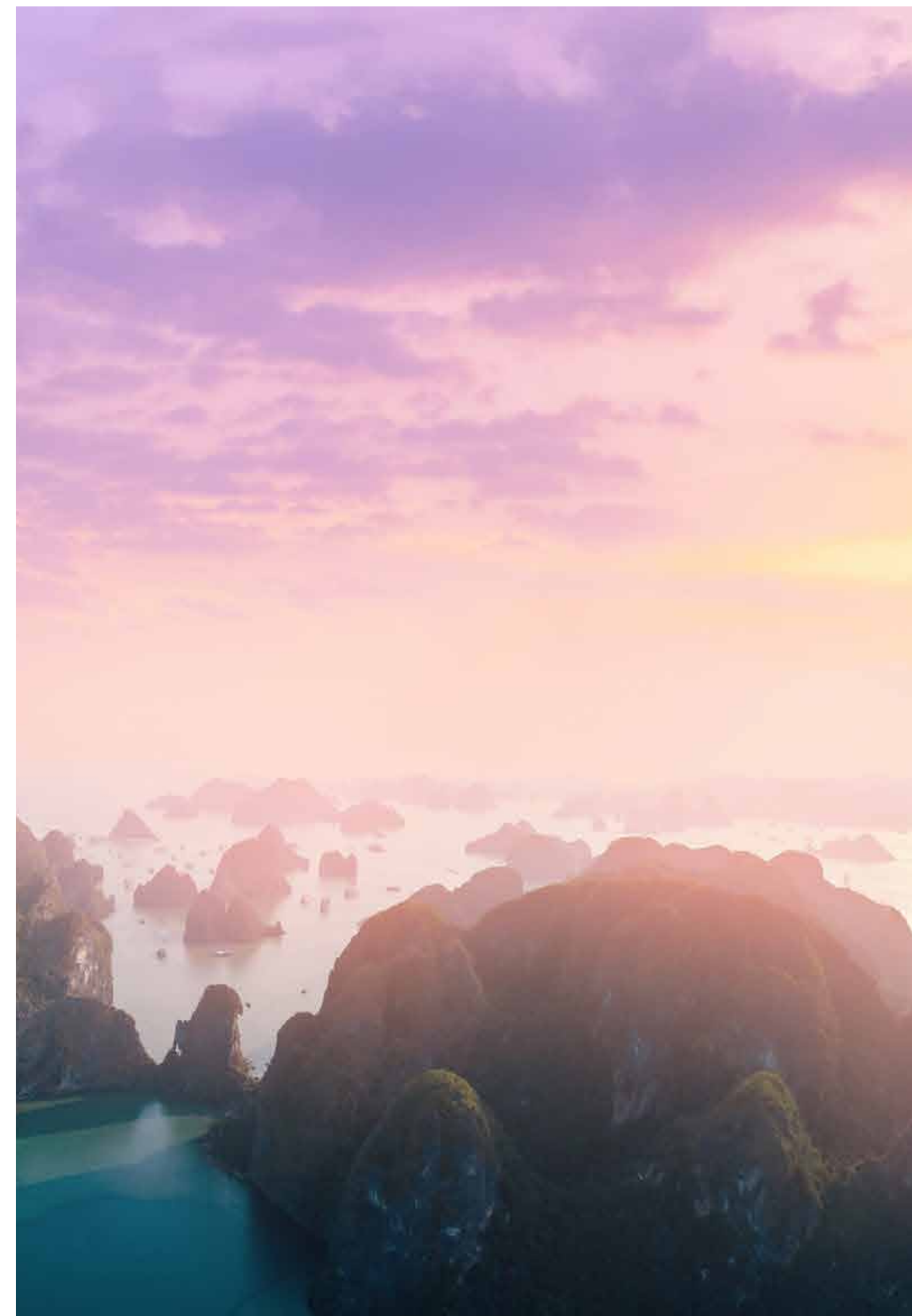
- The FCA is expected to publish final rules and a Policy Statement on the motor finance redress scheme in early 2026.
- The CCTA continues to engage closely with the FCA and will provide targeted updates through member roundtables and briefings.



Modernising the redress framework

- The FCA and Financial Ombudsman Service are progressing reforms to the redress framework.
- This includes several proposals to modernise the system, so it better serves consumers and provides greater certainty for firms to invest and innovate.
- A joint Policy Statement and further consultation are expected in the first half of 2026.

Reforms may increase certainty but could also reshape complaint handling and redress methodologies.





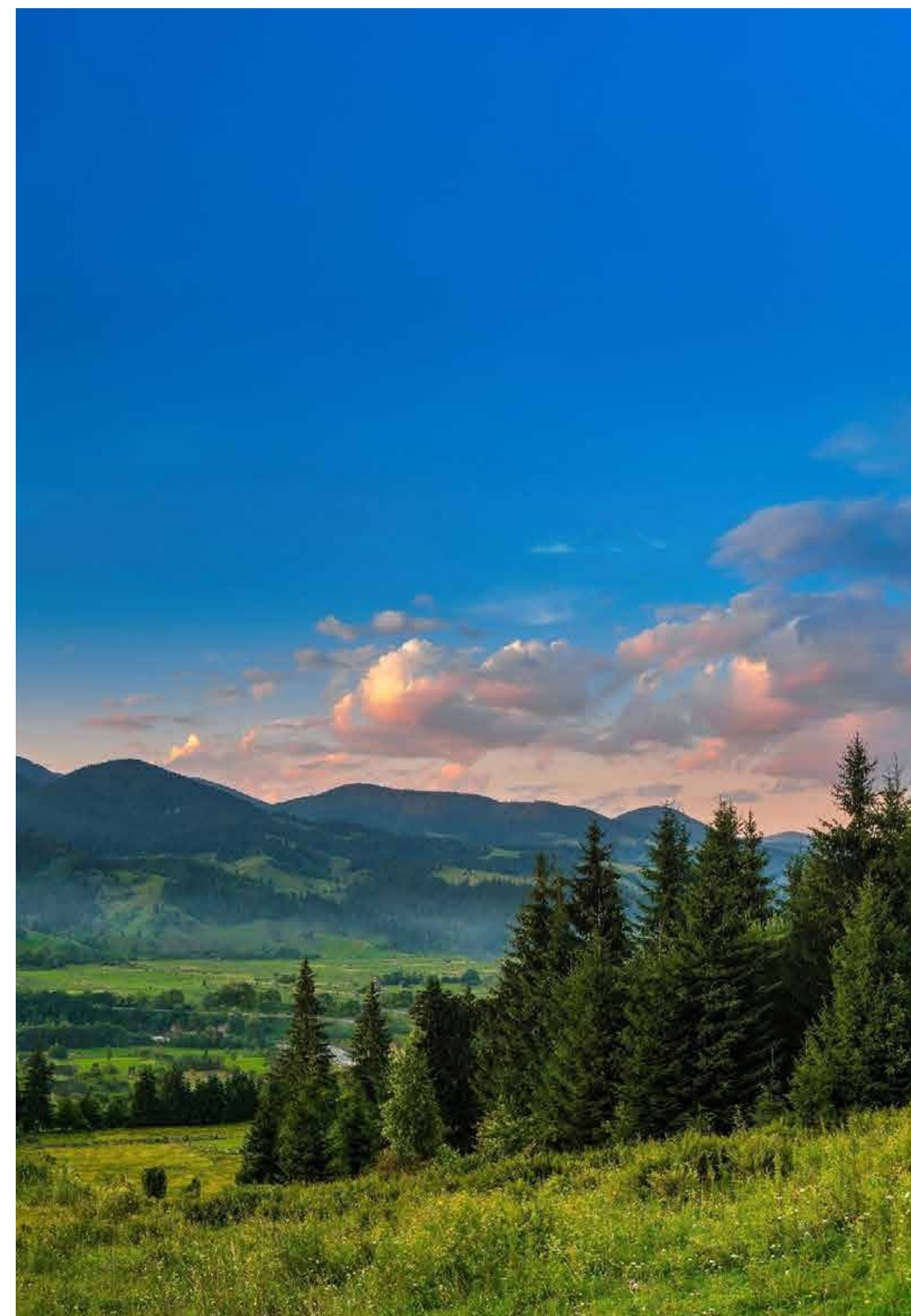
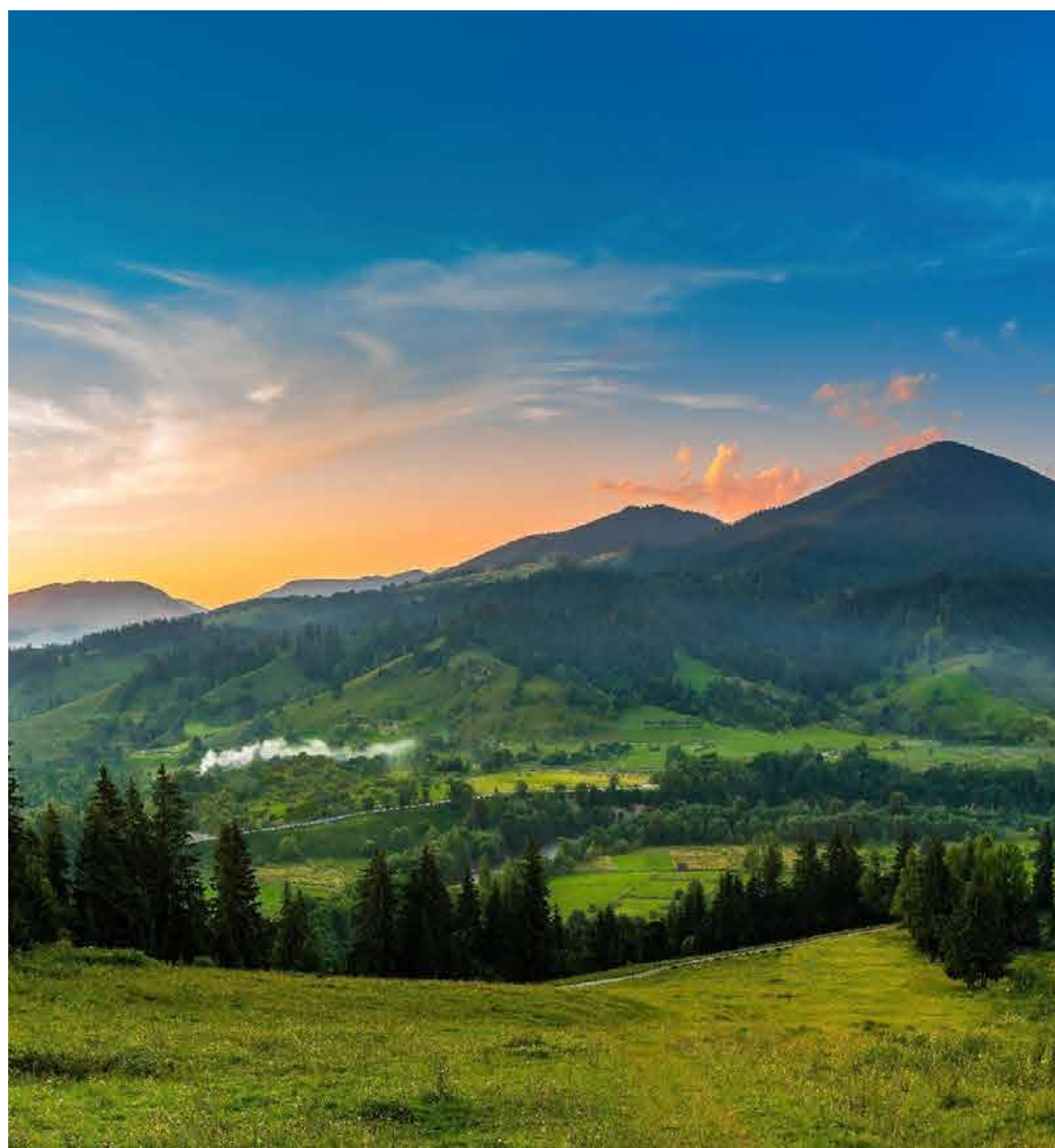
Annual plan & budget

- The FOS has proposed increases to case fees (firms from £650 to £680 and professional representatives from £250 to £260).
- We have highlighted that even modest increases in fees can have a disproportionate impact on smaller lenders.



Interest compensation

- The default interest rate on awards now tracks Bank of England base rate plus one percentage point for new cases from January 2026.
- There is a calculator on the FOS website that firms can use.

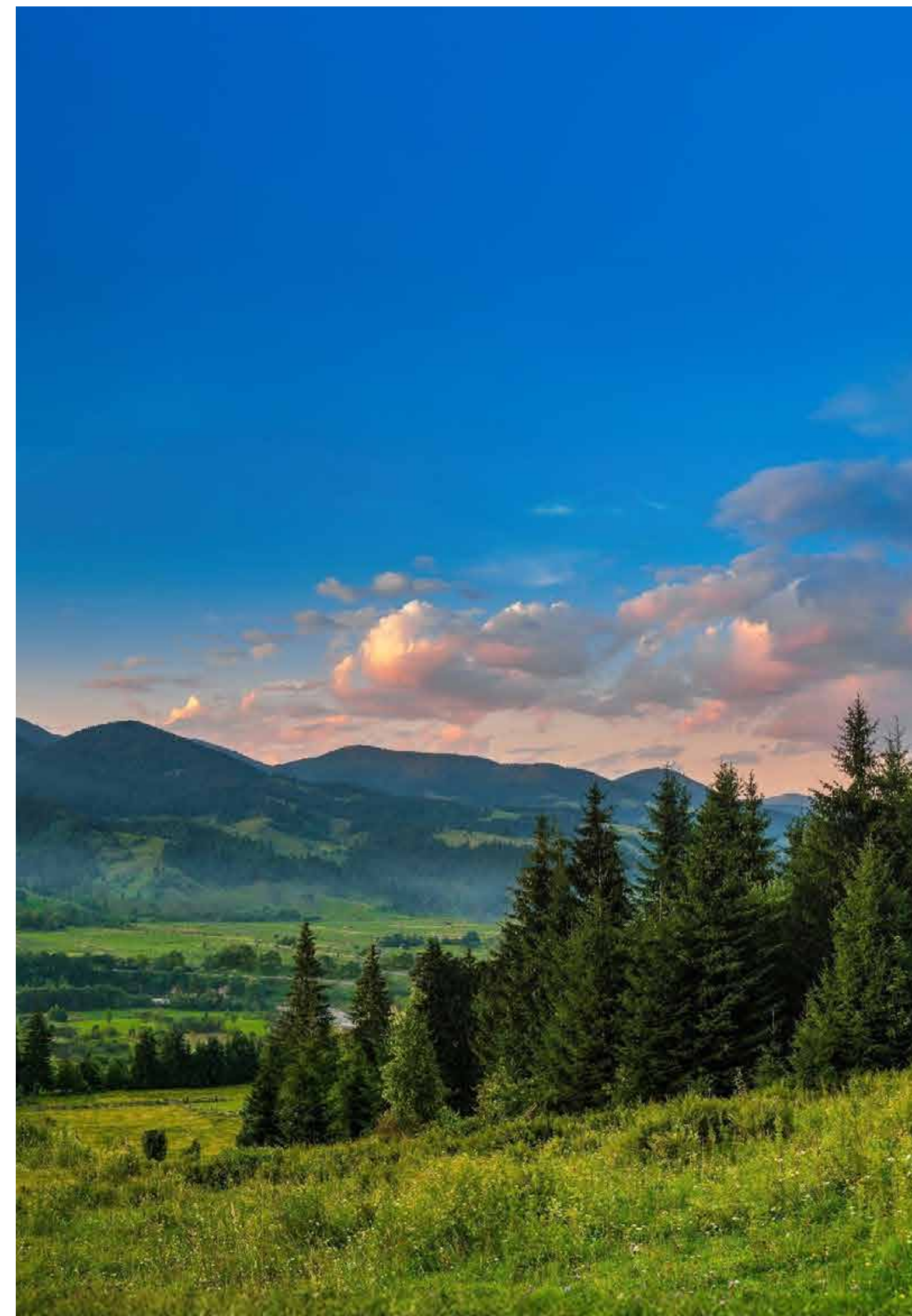
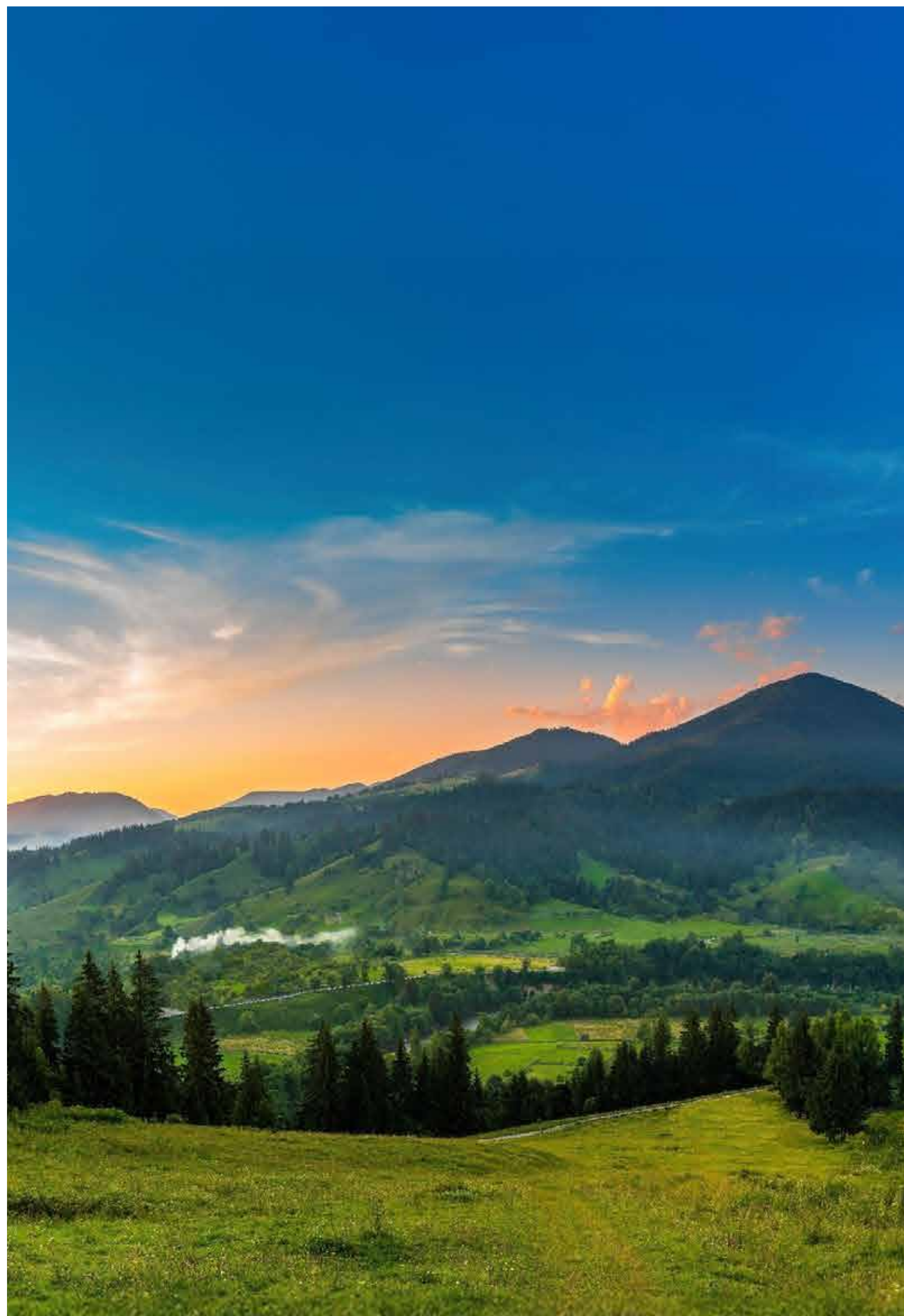
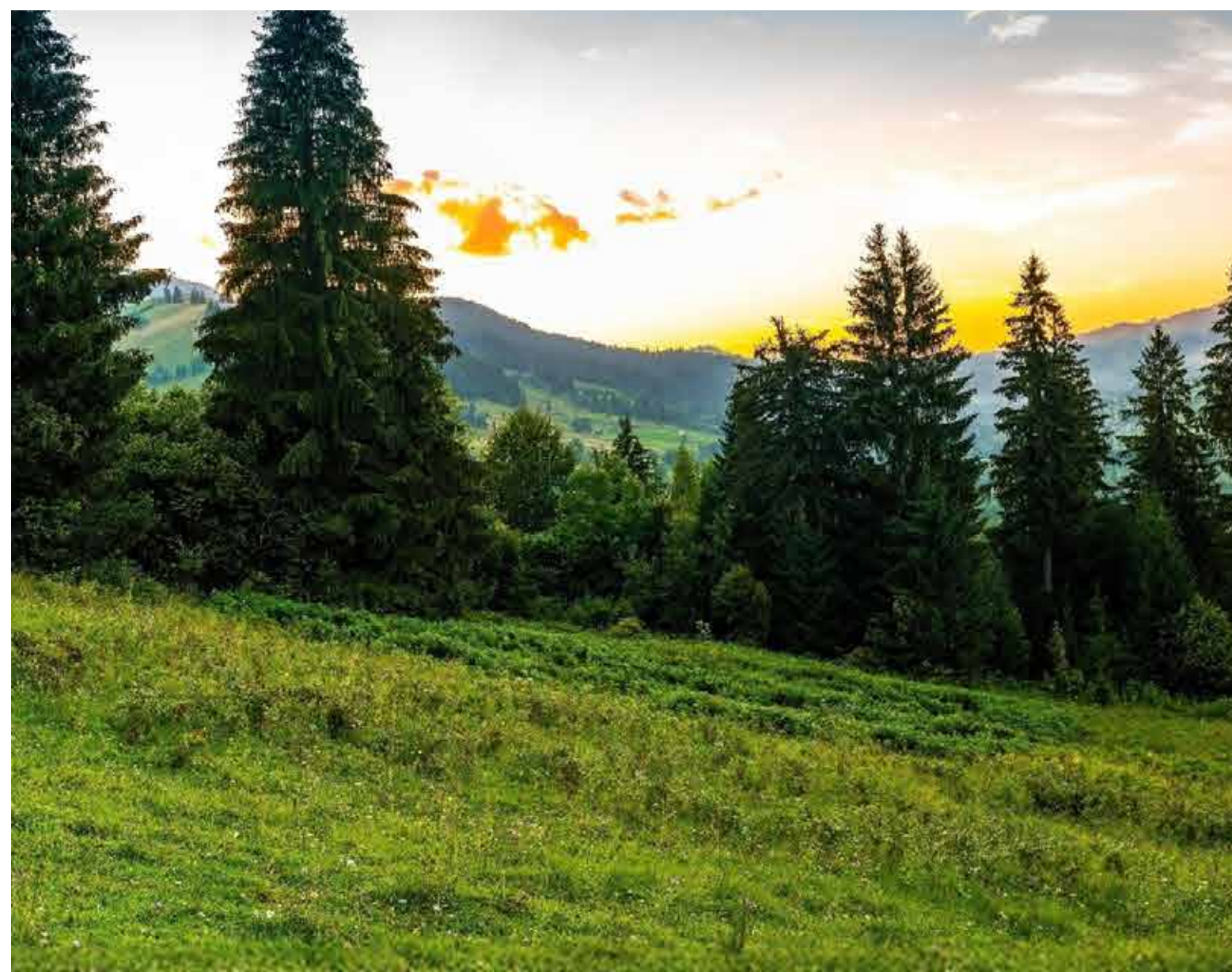




Data Use and Access Act implementation

- The DUAA continues to come into force through 2026.
- It gives the ICO new powers and responsibilities.
- From June 2026, firms must have a clear, written process for handling data protection complaints, so customers know how to raise these issues and staff know how to handle them.

Consumer credit firms should ensure data protection complaints are clearly integrated into existing complaints frameworks.





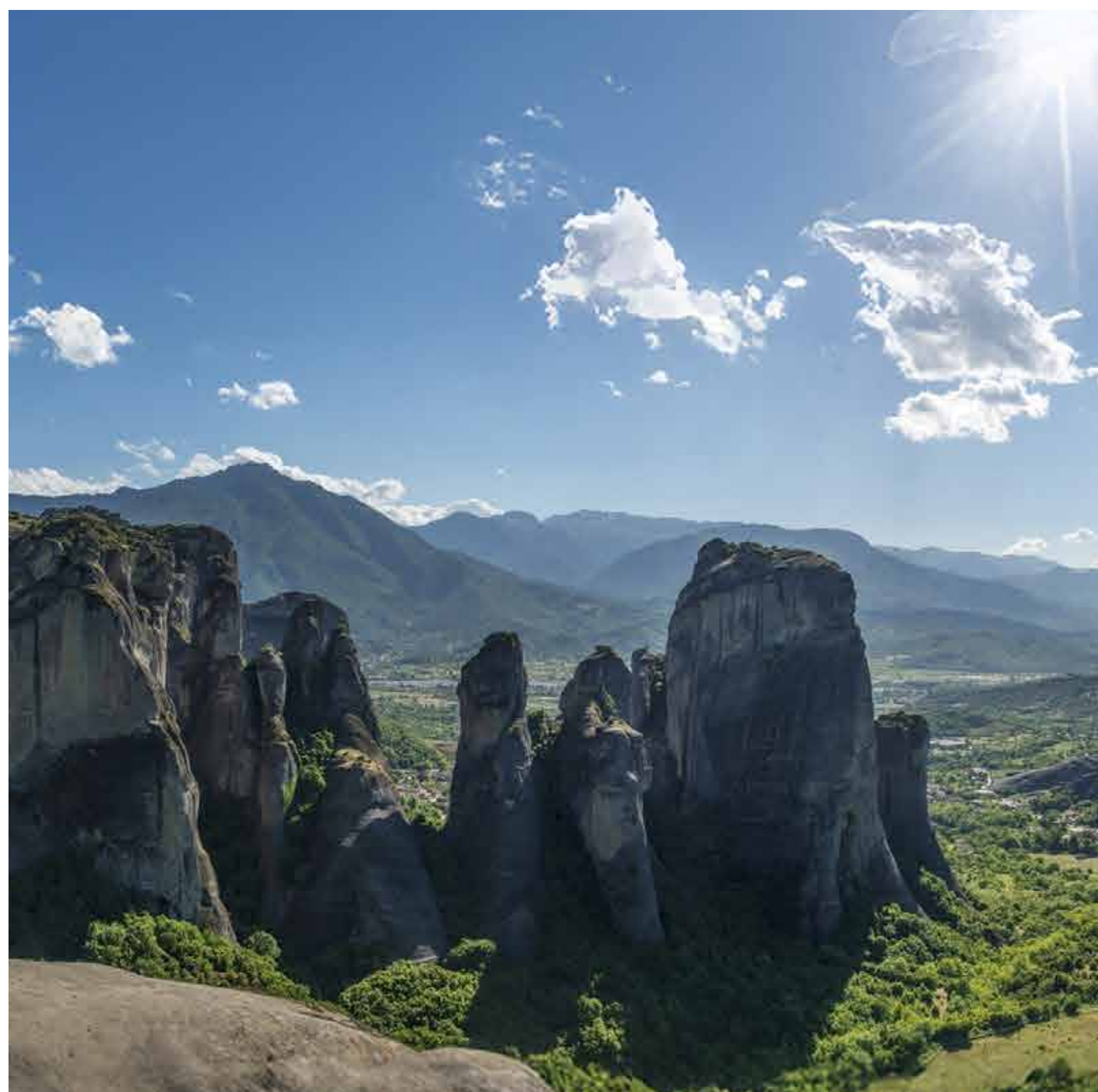
Treasury Select Committee

- The Treasury Select Committee has launched an inquiry into the Financial Inclusion Strategy.
- The CCTA made a submission to their call for input and physical evidence sessions began in early February.



Labour backbenchers

- Labour backbench MPs are increasingly active, including Private Members' Bills on financial exclusion and calls to expand credit unions.
- With more time on their hands that those with a government brief, they can concentrate on campaigning, looking for issues that will help them make a name for themselves.



Growth of Reform UK

- The party, led by Nigel Farage MP, has increased its membership, gained parliamentary representation, and attracted high-profile defectors from the Conservative Party.
- Its visibility has been boosted in part by Farage's close association with President Trump.
- Reform UK's rise adds to political uncertainty and introduces new voices into debates around regulation and consumer protection.

Ongoing parliamentary scrutiny of financial inclusion likely, combined with political uncertainty.





Conclusion

In summary

- 2026 will be a year of significant policy development rather than immediate rule change. Regulatory expectations continue to evolve, with a strong emphasis on outcomes, judgement and proportionality.
- The CCTA will monitor developments, engage with regulators and policymakers, and provide timely guidance to support members through this period of change.

We will continue to:

- Articulate the case for proportionate, evidence-based regulation that balances consumer protection with access to credit, particularly for underserved groups; and
- Engage with parliamentarians across the political spectrum, including newer and emerging voices such as Reform UK, to explain the practical impacts of regulatory change on alternative credit markets and consumer outcomes, and to build constructive relationships.



Next steps

What members should be doing now

- Ensure senior management and boards have visibility of the key regulatory developments expected through 2026 and understand which ones are most relevant to the firm's business model.
- Embedding Consumer Duty. The Duty is now firmly in the supervisory phase. Firms should be confident they can evidence consumer outcomes, governance oversight and effective monitoring, rather than relying on policies alone.
- Governance and accountability. Begin early consideration of how upcoming SM&CR reforms, non-financial misconduct expectations and AI governance expectations interact with existing frameworks.



Your Association

Role of the CCTA

- Represent members' operational realities in regulatory and political discussions.
- Provide early warning of emerging risks and expectations.
- Engage constructively with regulators to shape proportionate outcomes.
- Issue practical guidance to support implementation where change becomes certain.





We are one of the longest-established trade associations in the financial services sector, representing the interests of alternative lenders for more than a century. We represent over 150 firms in alternative lending and are at the heart of a more extensive network of smaller firms.

These are often smaller firms involved in alternative lending sectors such as home-collected credit, high-cost short-term, motor finance, logbook loans, pawnbroking, and lending for smaller retailers. Many of our members lend to customers under served or not served at all by mainstream lenders.

Members look to us to provide guidance and support regarding all regulatory matters. We are advocates for our network of lenders, brokers and associates.

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