

Chapter 4

Pre-contractual requirements

4.8 Pre-contract: unfair business practices: consumer credit lending

Application

4.8.1 **R** This section applies to a *firm* carrying on *consumer credit lending*.

Unfair business practices

4.8.2 **R** A *firm* must not unfairly encourage, incentivise or induce a *customer* to enter into a *regulated credit agreement* quickly without allowing the *customer* time to consider the pre-contract information under section 55 of the CCA and the explanations provided under ■ CONC 4.2.5 R.

[Note: paragraph 5.10 of *ILG*]

4.8.3 **G** Stating an end date for a promotion would not amount to the behaviour in ■ CONC 4.8.2 R.

[Note: paragraph 5.10 (box) of *ILG*]

4.8.4 **R** A *firm* must not unfairly encourage, incentivise or induce a *customer* to enter into a *regulated credit agreement* for an amount higher than the *customer* requests.

[Note: paragraph 5.11 of *ILG*]

4.8.5 **G** Merely offering a *customer* more *credit* than the *customer* requested would not amount to the behaviour in ■ CONC 4.8.4 R where:

- (1) the offer of the higher amount was based on a proper *creditworthiness assessment*; or
- (2) the *firm* offers more advantageous terms, conditions or prices to *customers* for larger loans, provided that such offers are sufficiently transparent and a proper *creditworthiness assessment* has been carried out;

and the *customer* was not pressurised or unfairly coerced into accepting the higher amount of *credit*.

[Note: paragraph 5.11 (box) of *ILG*]

4.8.6

R

A firm must not lead a customer to believe that the customer's current debt repayments can be reduced under a regulated credit agreement over the same term when this is not the case.

[Note: paragraph 5.13 of ILG]