

**CONSUMER CREDIT (HIGH-COST SHORT-TERM CREDIT PRICE
COMPARISON WEBSITE) INSTRUMENT 2016**

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (The FCA’s general rules);
 - (2) section 137R (Financial promotion rules);
 - (3) section 137T (General supplementary powers); and
 - (4) section 139A (The FCA’s power to give guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act).

Commencement

- C. This instrument comes into force on 1 December 2016.

Amendments to the Handbook

- D. The Consumer Credit sourcebook (CONC) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Consumer Credit (High-Cost Short-Term Credit Price Comparison Website) Instrument 2016.

By order of the Board
21 April 2016

Annex

Amendments to the Consumer Credit sourcebook (CONC)

In this Annex, all the text is new and is not underlined.

After CONC 2.5 insert the following new section.

2.5A Conduct of business: high-cost short-term credit (HCSTC) products on price comparison websites

Application

2.5A.1 R This section applies to a *firm* which owns or operates a website that displays any terms on which *high-cost short-term credit* products are available from different *lenders* (referred to in this section as a “price comparison website”) and in relation to which it:

- (1) holds itself out as providing a price comparison service or a price service; or
- (2) describes itself in any way as a price comparison website or a price website; or
- (3) gives the impression in any way that the website is a price comparison website or a price website.

Listing details of high-cost short-term loans not based on commercial interests or relationships

2.5A.2 R Where a *firm* lists information on the website it owns or operates concerning *high-cost short-term credit* products in order to enable a *customer* to compare any terms of those products, it must display the information in a way that neither the ranking of products nor the prominence of display of products is based (wholly or partly) on the *firm’s* commercial interests or its commercial relationship with any *person*.

HCSTC price comparison website functionality

2.5A.3 R A *firm* must ensure that the price comparison website enables:

- (1) a *customer* to enter the value and duration of the *customer’s* desired loan when specifying the criteria for a search; and
- (2) a search to be made of the *high-cost short-term credit* products covered by the website and the results of the search to be displayed on the basis of only that information.

2.5A.4 G (1) A *firm’s* obligations under CONC 2.5A.3R(1) and (2) may be satisfied by enabling a *customer* to select from a reasonable range of

options of values of loan or of durations of loan, when specifying the criteria for a search.

- (2) What is a reasonable range of options for a search will depend, for example, on the breadth of value of loans or on the duration of loans that appear on the price comparison website. For example, it may be reasonable depending on the circumstances to allow a choice of bands of values or durations.

2.5A.5 R In response to a request to perform a search for a *high-cost-short-term credit* product, the *firm* must ensure that the price comparison website:

- (1) displays specific information relating to each loan covered by the website which corresponds to the search criteria entered by the *customer* as a separate result;
- (2) ranks those results in order of *total amount payable* in accordance with *CONC 3.5.5R(2)*, with the loan with the lowest *total amount payable* first and the highest last; and
- (3) where two or more search results have the same *total amount payable* in accordance with (2), ranks the results according to another criterion permissible under *CONC 2.5A*.

2.5A.6 R A *firm* must ensure that neither:

- (1) the ranking of the results of a search for a *high-cost-short-term credit* product, nor
- (2) the prominence of the display of the results of such a search, nor
- (3) whether a loan from a *lender* or *credit broker*, whose loans the *firm* arranges to compare or claims to compare, is displayed in the results of such a search,

is based (wholly or partly) on the *firm's* commercial interests or its commercial relationship with any *person*.

2.5A.7 G (1) The information displayed on the price comparison website (for example, information concerning a loan, the results of a search or claims about the market coverage of the website) will need to comply with the financial promotion *rules* in *CONC 3*. In particular, it will need to comply with the requirement for a communication or a *financial promotion* to be clear, fair and not misleading. The results of a search also need to comply with the detailed *rules* in *CONC 3.5*. In particular, the results will require a representative example. The relevant items of the representative example must be representative of what the *firm* reasonably expects, at the date on which the *financial promotion* is made, to be representative of *credit agreements* to which the *representative APR* applies and which are expected to be entered into as a result of the promotion.

- (2) The fact that a *lender* or *credit broker* pays a commission to the *firm* or pays for advertising or other marketing on the price comparison website (and the amount of any such commission or payment) should not affect the ranking or prominence of display of the results of a search. Such payment should also not affect whether information about a loan from a *lender* or *credit broker* whose loans the *firm* arranges to compare or claims to compare appears in the results of a search.
- (3) *CONC 2.5A.6R* does not require the *firm* to compare loans from a *lender* or *credit broker* where it has not arranged to do so with that *lender* or *credit broker* nor where it does not claim to compare loans from that *lender* or *credit broker*.
- (4) The *firm* should ensure that any information concerning a loan or any result of a search which relates to another *firm's credit broking* service states prominently that:
- (a) the *firm* referred to is a *credit broker* and is not a *lender*; or
 - (b) if the *firm* referred to is both a *lender* and a *credit broker*, the *firm* referred to is promoting its services as a *credit broker* and not its services as a *lender*.
- (5) *CONC 2.5A.6R* does not prevent the *firm*, once the initial results have been displayed in order of *total amount payable*, permitting a *customer* to re-sort the results of a search into a different order.

HCSTC price comparison website financial promotion

- 2.5A.8 R A *firm* must not display a *financial promotion*, other than the result of a search, in or between the results of a search.
- 2.5A.9 R A *firm* must ensure that the results of a search are clearly distinguishable from any other *financial promotion*.
- 2.5A.10 G A result of a search may include a hyperlink to the website of the *lender* or *credit broker* in question.

HCSTC price comparison website market coverage

- 2.5A.11 R A *firm* must list in one place on the price comparison website the brand names of *lenders* whose *high-cost short-term credit* products are displayed on the website.