

Chapter 3

Financial promotions and communications with customers

3.8 Financial promotions and communications: lenders

Application

- 3.8.1 **R** This section applies to a *financial promotion* or a communication with a *customer* in relation to *consumer credit lending*.

Unfair business practices

- 3.8.2 **R** A *firm* must not in a *financial promotion* or a communication with a *customer*:
- (1) provide an application for *credit* with a pre-completed amount of credit which is not based on having carried out a *creditworthiness assessment* (see ■ CONC 5.2A); or

[Note: paragraph 5.3 of *ILG*]
 - (2) state or imply that providing *credit* is dependent solely upon the value of the equity in property on which the agreement is to be secured; or

[Note: paragraph 5.4 of *ILG*]
 - (3) promote *credit* where the *firm* knows, or has reason to believe, that the agreement would be unsuitable for that *customer* in the light of the *customer's* financial circumstances or, if known, intended use of the *credit*.

[Note: paragraph 5.5 of *ILG*]
- 3.8.3 **G** An agreement is likely to be unsuitable for the purposes of ■ CONC 3.8.2R (3) including in the following situations where a *firm*:
- (1) promotes, suggests or advises taking out a secured loan or to take out a secured loan to replace or convert an unsecured loan when it is clearly not in that *person's* best interests to do so at that time; or
 - (2) promotes, suggests or advises taking out *high-cost short-term credit* which would be expensive as a means of longer term borrowing, as being suitable for sustained borrowing over a longer period.

[Note: paragraph 5.5 (box) of *ILG*]

3.8.4

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For the purposes of **■ CONC 3.8.2R (3)** the unsuitability of an agreement does not apply to the question of whether a *customer* should enter into a *regulated credit agreement* at all.

[**Note:** paragraph 5.5 (box) of *ILG*]