

**CONSUMER CREDIT (FIXED INSTALMENT PLAN REPAYMENT  
ALLOCATION) (AMENDMENT) INSTRUMENT 2021**

**Powers exercised**

- A. The Financial Conduct Authority (“the FCA”) 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 (General rule-making power);
  - (2) section 137T (General supplementary powers); and
  - (3) section 139A (The FCA’s power to give guidance).
- B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force on 1 October 2021.

**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 (Fixed Instalment Plan Repayment Allocation) (Amendment) Instrument 2021.

By order of the Board  
30 September 2021

## Annex

### Amendments to the Consumer Credit sourcebook (CONC)

In this Annex, underlining indicates new text and striking through indicates deleted text unless otherwise stated.

#### 6 Post contractual requirements

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#### 6.7 Post contract: business requirements

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Credit card and retail revolving credit requirements

- 6.7.4 R A *firm* must first allocate a *repayment* to the debt subject to the highest rate of interest (and then to the next highest rate of interest and so on) for:
- (1) the outstanding balance on a credit card; or
  - (2) the outstanding balance on a store card; or
  - (3) a credit card or a store card, in relation to which there is a *fixed-sum credit* element, to *repayments* beyond those required to satisfy the fixed instalments; or
  - (4) a credit card or a store card, in relation to which the *customer* has opted to repay part of the outstanding balance in fixed instalments over a fixed duration, to *repayments* beyond those required to satisfy the fixed instalments.

[**Note:** paragraph 6.3 of *ILG*]

- 6.7.4A G The rule in CONC 6.7.4R(4) applies where a regulated credit agreement for a credit card or a store card provides the *customer* with the option of allocating one or more outstanding purchase or other types of transactions on their credit card or store card to one or more repayment plan repayable in fixed instalments over a fixed duration (in CONC 6.7.4BR, CONC 6.7.4CG and CONC 6.7.4DG, such option to repay in fixed instalments is referred to as a “fixed instalment plan”).
- 6.7.4B R The *firm* must not offer the *customer* a fixed instalment plan unless, acting reasonably, it has concluded that such option is likely to be in the *customer’s* best interests and the *firm* has taken reasonable steps to ensure that the *customer* is put in a position to make an informed decision regarding the exercise of such option.

- 6.7.4C G Examples where it would not be considered reasonable for a *firm* to conclude that a fixed instalment plan is likely to be in the *customer's* best interests (in accordance with *CONC* 6.7.4BR) include:
- (a) where the rate of interest that applies to cash transactions (this includes, among other things, cash withdrawals, purchases of travellers' cheques or foreign currency, gaming transactions and other cash-like transactions obtained using a credit card or store card) is higher than the rate of interest applicable to other types of transactions on the *customer's* credit card or store card and the *customer* has a significant outstanding cash transactions balance (which is not included in the offer of a fixed instalment plan) or a recent history of carrying a significant cash transactions balance; and/or
  - (b) where a *customer* is likely to be worse off by taking out a fixed instalment plan than if the *customer* does not take out the fixed instalment plan.
- 6.7.4D G Examples of reasonable steps required by *CONC* 6.7.4BR to ensure that the *customer* is put in a position to make an informed decision regarding the exercise of the option to take out a fixed instalment plan would include the *firm* doing the following:
- (a) providing a *customer* with information, clearly and in plain language, about the features, costs and implications of a fixed instalment plan to enable the *customer* to make an informed decision about whether a fixed instalment plan meets the *customer's* needs and financial situation. This may include illustrative examples of one or more typical fixed instalment plans designed to help the *customer* to understand the effect of setting up a fixed instalment plan and to compare costs. Illustrative examples could, where possible, be personalised to a *customer's* individual circumstances; and
  - (b) explaining in clear terms to the *customer* the implications arising from a failure to make a fixed instalment plan payment. Where relevant, this should include explaining to the *customer* whether a failure to make a fixed instalment plan payment would be reported to a *credit reference agency* as a missed payment.