

NEWS RELEASE

FOR IMMEDIATE RELEASE

20 July 2016

New lending standards published

Changes to the voluntary code of practice followed by the main providers of overdrafts, credit cards and personal loans are being published today [20 July 2016] following an independent review of the Lending Code.

The new [Standards of Lending Practice](#) will build on the current Code and will bring enhanced protections for vulnerable customers and those who may be at risk of financial difficulties.

Under the new Standards, firms will have to focus on achieving good outcomes for their customers at every stage of the process, from advertising products and customer applications through to the closure of an account.

Central to the new Standards are seven core principles [detailed in the notes below] which set out what all customers can expect from lenders. These include commitments to provide clear information and documentation, the responsible promotion of products and support for those experiencing financial difficulty.

The changes follow an independent review of the Lending Code by Professor Russel Griggs OBE, commissioned by the Lending Standards Board that oversees adherence to the Code. The new Standards of Lending Practice will become effective on 1 October, with the existing Lending Code remaining in force until then.

Lord Hunt of Wirral, Chair of the Lending Standards Board, said:

“Making sure customers get the best possible outcomes when they borrow money is right at the centre of what lenders must do, and these new Standards will help them achieve this.

“The Lending Code has evolved over the seven years since it was first introduced and we are determined this process continues to respond to changes in the marketplace and the regulatory environment. While giving firms the flexibility to provide innovative new services for their customers, we are also enhancing the protections for vulnerable customers and those who might be at risk of falling into financial difficulty.

“The Lending Standards Board will continue to provide independent oversight of adherence to the Standards and the LSB will continue to challenge the industry to improve”.

The new Standards, as with the Lending Code, will be overseen by the independent Lending Standards Board, and are sponsored by two industry trade bodies, The UK Cards Association and the BBA.

- ENDS -

For further information contact:

Lending Standards Board: robertskinner@lstdb.org.uk or 0207 012 0085

BBA: press@bba.org.uk or 020 7216 8989

The UK Cards Association: press@ukcards.org.uk or 020 3217 8436

Notes to editors:

1. Under the seven core principles of the Standards of Lending Practice, registered firms will ensure that their customers:

- a. Are told about the lending products the Firm has to offer, they will not face unreasonable barriers to accessing these and will be provided with clear information to enable them to choose a product that meets their needs.
- b. Will be assured that Firms are committed to promoting their products responsibly.
- c. Are provided with clear information about how to apply for the different lending products a Firm offers; what the application process entails and any other requirements a Firm may have. Customers should be made aware of what implications the application could have on their credit rating.
- d. Are aware of the high level basis on which the Firm will make its decision to lend to them. If the customer's application is declined the main reason for this will be provided, if requested by the customer.
- e. Will be provided with clear and understandable documentation along with information which clearly sets out both parties' rights and obligations during the lifetime of the product.
- f. Will be supported if they anticipate, or a Firm becomes aware, that they will have or are experiencing difficulty in repaying their borrowing.
- g. Will know what happens when they have repaid their borrowing or do not require it any longer.

2. **The Lending Standards Board** has, since 2009, independently monitored and enforced the Lending Code taking action where lenders fall short of the Code's requirements. The LSB has a range of sanctions available to it ranging from private warnings through to, in the most serious cases, public censure. In all cases action plans will be required to address areas of non-compliance.

The LSB's directors include a majority of independent members as well as representatives of the Code sponsors. Details of the Board members can be found on the LSB website.

3. **The UK Cards Association** is the trade body for the card payments industry in the UK, representing financial institutions which act as card issuers and acquirers. Members of the Association account for the vast majority of debit and credit cards issued in the UK - issuing in excess of 59 million credit cards and 98 million debit cards - and cover the whole of the payment card acquiring market.

The Association promotes co-operation between industry participants in order to progress non-competitive matters of mutual interest; informs and engages with stakeholders to shape legal and regulatory developments; develops industry best practice; safeguards the integrity of the card payments industry by tackling card fraud; develops industry standards; and co-ordinates other industry-wide initiatives such as those aiming to deliver innovation. As an Association we are committed to delivering a card payments industry that is constantly focused on improved outcomes for the customer.

www.theukcardsassociation.org.uk

4. **The BBA** is the leading trade association for the UK banking sector with 200 member banks headquartered in over 50 countries with operations in 180 jurisdictions worldwide. Eighty per cent of global systemically important banks are members of the BBA. As the representative of the world's largest international banking cluster the BBA is the voice of UK banking.