

The Financial Conduct Authority

NOTE: Legal advice should be taken before applying the information in this document to any specific facts and circumstances.

On 1st April 2014, the Financial Conduct Authority (FCA) took over the regulation of consumer credit from the Office of Fair Trading (OFT). The FCA provides stronger protection and better outcomes for consumers than the previous OFT regime.

What does this mean to me?

If your business is involved in dealings with individuals, sole-traders or partnerships, essentially anyone who is not a limited company or Plc it is essential that you hold all the necessary permissions from the FCA.

Put simply, if your business activities include any settlement of hire agreements (in the context of trade-ins and upgrades) and settlements of third-party finance for individuals, sole-traders and partnerships. It is quite possible that you will require permissions for debt adjusting and counselling from the FCA.

Moreover, if you offer, promote or arrange finance, including a simple introduction or the passing of a telephone number, you are engaging in credit brokerage which is an activity regulated by the FCA.

What if my business only deals with corporate customers?

If you are ONLY referring purely corporate* business and have no dealings whatsoever with customers who are individuals or small partnerships then your business may not need to be FCA authorised.

*Ltd's, PLC, LLP and large partnerships of more than 4 partners'

What if my business is not FCA authorised?

If you are not FCA authorised, finance companies can only receive referrals from you for corporate business because:

1. Any agreement entered into as the result of an introduction from an unauthorised dealer will be unenforceable without an appropriate order from the FCA.
2. It is a criminal offence to introduce someone looking for credit to a company or individual willing to provide credit without an appropriate licence from the FCA.

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FCA guidance and information

The FCA have produced guidance in the form of 'Understanding Consumer Credit' which is available [here](#).

Application forms, information and general guidance can be found on the FCA website [here](#).

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