

Consumer Protection Code for Licensed Moneylenders

Submission from

The Money Advice and Budgeting Service (MABS)

MAY 17th 2008

We welcome this code and the fact that the principles that apply to the credit industry in general will now apply to moneylending companies as their customers are entitled to the same protection. Please find below our response to your consultation document CP33.

Provision of information

2.2 Add ‘... *by expressing them in monetary values*’. This addition is necessary, in our view, as most customers of moneylenders do not understand APR and consequently the costs associated with their borrowings.

2.3 We are of the view that a responsibility should be placed on the moneylender to outline the methods of payment available to the consumer and the associated costs e.g. at the company office, door collection, collection charges etc.

2.9 Add ‘...clearly legible *and in plain English*’. This we feel is important as customers may have literacy problems. The NALA print point size should be recommended or required.

Knowing the Consumer

2.11 Should this exemption apply as the consumer may have little or no choice and should have been given advice as to suitability/affordability? If the requirement does not apply there is little or no protection for the consumer.

Suitability

2.16 and 2.17 Should these exemptions apply as the consumer may have little or no choice and should have been given advice as to suitability and/or affordability.

2.13 ... the refusal is noted on that consumer’s record *and a copy must be given to the consumer*.

2.15 the moneylender must note this on the consumers record and a *copy must be given to the consumer*.

In 2.13 and 2.15 it is necessary, in our view, for the consumer to be given a copy of his/her record where a refusal has been entered. Otherwise refusals could be recorded when in fact information or certification was not requested of the consumer at all.

Unsolicited contact:

2.18d

Has the fact that 'an existing customer' can be used for the purpose of referral neutralised this condition. This condition is so wide that 2.18 seem to have little purpose.

2.20 We are of the view that contact should be permitted only up to 7pm. particularly in winter months and where vulnerability may exist.

Other issues:

All printed communication and documentation should be in plain English in order to increase transparency.

Should the issue of early repayment and associated cost calculations be addressed in the code?

In our view the training of collection agents as to the requirements of this code and the supervision of its application is of great importance if the consumer is to experience the protection envisaged.