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# **Briefing Doc**

## **PS24/11 Temporary Rules for**

### **Motor Finance Complaints**



## Detailed Briefing Document

# FCA Extends Temporary Rules for Motor Finance Complaints

### Introduction

This briefing document reviews the Financial Conduct Authority's (FCA) Policy Statement PS24/11, which extends the temporary rules for handling motor finance complaints related to discretionary commission arrangements (DCAs). The statement summarizes feedback to Consultation Paper 24/15, outlines the FCA's response, and details the implications for consumers and firms.

### Background

In January 2024, the FCA launched a review into potential overcharging of motor finance customers due to past use of DCAs. This review prompted a pause on the eight-week deadline for firms to respond to related complaints to prevent market disruption and ensure consistent outcomes for consumers.

### Key Changes

**Pause Extension:** The pause on the eight-week final response deadline for DCA complaints is extended from 25 September 2024 to 4 December 2025.

**Referral Timeframe Extension:** Consumers who receive final responses to DCA complaints will have until 29 July 2026 (or 15 months from the response date, if later) to refer their complaint to the Financial Ombudsman Service.

**Record-Keeping Extension:** The rule requiring firms to maintain records relevant to DCA complaints is extended to 11 April 2026.

### Rationale for Extension

The FCA cites several reasons for the extension:

- 🕒 **Data Collection Delays:** Gathering data from firms has been challenging, hindering the FCA's ability to complete its assessment.
- 🕒 **Pending Litigation:** The outcome of the Barclays Partner Finance judicial review, challenging the Financial Ombudsman's decision on a DCA complaint, could significantly impact the FCA's approach.
- 🕒 **Need for Orderly Resolution:** The extension allows time to design, consult on, and implement appropriate redress pathways if necessary.
- 🕒 **Stakeholder Feedback and FCA's Response**

While some stakeholders supported the extension, others expressed concerns about delayed compensation for consumers. The FCA acknowledges these concerns but emphasizes the need to:

- 🕒 **Determine Widespread Misconduct:** The review aims to ascertain the extent of non-compliance and consumer harm caused by DCAs.
- 🕒 **Ensure Consistent Redress:** A thorough assessment is crucial to developing a fair and efficient redress mechanism.

### **Implications for Firms**

- 🕒 **Continued Compliance:** Firms must comply with the relevant rules in DISP App 5, including informing complainants about the pause and extended deadlines.
- 🕒 **Operational Preparedness:** Firms should prepare for a potential influx of complaints once the pause ends, ensuring adequate resources and systems are in place.
- 🕒 **Record Retention:** Maintaining complete and accurate records related to DCA complaints is critical.

### **Implications for Consumers**

- 🕒 **Complaints Process on Hold:** While consumers can still lodge DCA complaints, firms are not obligated to provide a final response until after 4 December 2025.

- 🕒 **Extended Referral Window:** Consumers have more time to decide whether to escalate their complaints to the Financial Ombudsman.
- 🕒 **Potential for Redress:** If the FCA's review finds widespread misconduct, consumers may be eligible for compensation.

### Next Steps

The FCA will continue its diagnostic work and monitor relevant litigation. In May 2025, the FCA intends to announce its next steps, which may include proposals for an alternative redress mechanism or a return to standard complaint handling procedures.

### Conclusion

The FCA's extension of temporary rules reflects the complexity of the DCA issue and the need for a thorough and considered approach. While the delay may disappoint some consumers, it is essential to ensure any redress scheme is fair, efficient, and addresses the root causes of the problem.

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