



Consumer Credit Association of the United Kingdom

THE MEMBERS' CODE OF PRACTICE

INTRODUCTION

BUSINESS PRACTICE

This Code of Practice (“the Code”) sets out the standards of business practice for members of the CCA(UK) (“the Association”). The Code should be read in conjunction with the Constitution, Objects and Rules of the CCA (UK). The Code is published by the Consumer Credit Association of the United Kingdom, Queens House, Queens Rd, Chester CH1 3BQ. Telephone 01244 312044. Copies are available free of charge. (A larger print version is available on request).

THE ROLE OF THE CODE WITHIN THE ASSOCIATION

The Association first launched an 18-point Code of Practice in 1984, the forerunner of all codes in the Credit Industry. The Code was revised in 1989 and was supported by the Office of Fair Trading (“the OFT”) under their codes regime from 1989 to 2001. By this time it had raised standards within the Home Credit Industry and was regarded as an effective Code covering the majority of those engaged in the market.

Membership of the Association and compliance with the Code is entirely voluntary on the part of the member; it is not required to trade as a home credit lender in the UK and is not a replacement for the legal obligations and licensing requirements prescribed by law.

Membership of the Association is strictly controlled and granted at the sole discretion of the Executive Committee, subject to an applicant meeting the strict entry criteria which includes a minimum one year probationary membership period (this may be extended to a maximum of two years at the discretion of the Executive Committee). Compliance with the Code is mandatory for all members of the Association, including probationary members. The Association has the power through its Constitution to refuse to accept members on application or at the end of the probationary period if they have not met the criteria for full membership, including compliance with the Code.

Adherence to the Code is intended to ensure that the members of the Association deliver a consistently high standard of customer service and a key benefit of membership is the ability to display the Association Logo, the symbol indicating adherence to the Code.

Discipline has always been part of the Code and members are subject to the ultimate sanction of expulsion, which the Association has used in the past, under the Disciplinary Rules. There are due processes set in the Code for customers, for members and for the Association.

THE MARKET

The main focus of the Code is Home Credit. Under this lending system an agent calls each week at the customer’s home to make loans and receive payments.

CUSTOMERS

Customers should be aware that although this Code binds the member they also have a role to play. They should ensure that:

- they give no false or misleading information;
- they are able to fulfil the obligations they sign up to;
- they tell the member if the member does not do what the member is supposed to do under the agreement and they give the member reasonable time to resolve the matter;
- they inform the member as soon as possible of any situation that may have arisen that will cause them to be unable to meet their obligations under the agreement;
- any merchandise supplied is used for the purpose it is intended and given fair wear and tear.

1. Responsibility of Members

Each member shall:

- 1.1 Comply with this Code of Practice.
- 1.2 Conduct business lawfully and comply with all relevant legislation (including the Consumer Credit Act 1974, the Data Protection Act 1998 and the Money Laundering Regulations 2007) and judicial decisions.
- 1.3 Have appropriate regards to all applicable guidance.
- 1.4 Act with care in the day-to-day conduct of business.
- 1.5 Provide adequate training for those working in their business so that they carry out their duties in accordance with this Code and all applicable legal requirements.
- 1.6 Follow where appropriate requests conveyed to members by the Executive Committee of the Association from the enforcement authorities.
- 1.7 Notify the Association of any matters coming to their attention about others that might adversely affect the reputation of the industry or the Association.
- 1.8 Fully co-operate with the Association at all times in the discharge of its functions under the Constitution, including permitting the Director General access to premises during business hours, upon the giving of reasonable notice, to undertake routine compliance checks or investigate any compliance issue brought to the Association's attention regarding the member.
- 1.9 Provide a copy of this Code free of charge to any customer who requests it, in an appropriate and accessible format.

2. Seeking Business, Providing Credit and Operating Credit

Each member shall:

2.1 Marketing and Advertising

- (a) Ensure that all advertising and promotional literature:
 - i) is fair and reasonable, clear and comprehensible, and truthful;
 - ii) does not contain any misleading information and is not otherwise misleading;
 - iii) complies with all relevant legislation and has regard to all relevant guidance;
 - iv) does not bring the reputation of the Association and its members into disrepute.
- (b) Ensure the guidelines in relation to Selling by Electronic Communication are followed (see Appendix A).
- (c) Ensure the guidelines in relation to Canvassing are followed (see Appendix B).

2.2 Selling Away from Trade Premises (Prepayment and Non-Credit Sales)

- (a) Ensure that when selling away from trade premises appropriate withdrawal rights are provided for unsolicited prepayment and non-credit sales where there is no express request from the customer.
- (b) Ensure that any prepayments received are separately accounted for.

2.3 Refusal of Credit

- (a) Ensure that where a customer is refused credit and makes it clear that he/she believes the refusal to be unreasonable and requests it, is given the name of a manager within the member's business by whom, or details of a process whereby, the application may be reviewed.
- (b) Where credit is refused on the basis of information from a credit reference agency, ensure that the customer is advised of this when told of the refusal and provide the name, address and telephone number of the agency. In any other case where such an agency is used, the name and address of the agency must be given if the customer requests it.

2.4 Home Visits

Where appropriate, and in accordance with the statutory rules, ensure that there is a written and signed request to call in place.

2.5 Credit Worthiness & Adequate Explanations

- (a) Before granting credit or hire facilities (or increasing the amount of credit under an existing facility), members must take reasonable and proportionate steps:
 - (i) to carry out a reasonable and proportionate affordability assessment (taking into account, for instance, the type of credit being provided, the size of the loan and other relevant circumstances) to assess the customer's ability to repay;
 - (ii) to ensure that customers are not provided with credit or hire facilities that are clearly unsuitable for their needs and circumstances;
 - (iii) to ensure that customers are provided with adequate explanations as prescribed by law before the agreement is made.
- (b) Members must take particular care in the case of loan applications from customers where they know or are made aware that those customers have special requirements (paying particular attention to Section 3 below) and provide additional information and guidance in a form that the customer can understand.

2.6 Credit Brokerage

- (a) Take reasonable steps to ensure that any independent credit-broker used will not impose any pressure on the customer to enter into a loan.
- (b) Before accepting business from any credit-broker for the first time:
 - i) carry out such inquiries as may reasonably be regarded as necessary to be satisfied with the integrity and competence of the credit-broker and that the credit-broker is licensed under the Consumer Credit Act 1974;
 - ii) ensure that this Code is brought to the credit-broker's attention.
- (c) Monitor generally the activities of credit-brokers from whom business is accepted and in particular:
 - i) take reasonable steps to ensure that credit-brokers do not persuade or permit customers to sign blank application forms, or do not encourage or knowingly permit customers to provide false or misleading information;
 - ii) take reasonable steps to ensure that credit-brokers act in accordance with the Consumer Credit Act 1974, all regulations made under that Act, any relevant guidance and this Code;
 - iii) ensure that if a credit agreement is not made within 6 months of an

introduction that the credit-broker refunds all fees, less any statutory deduction;

iv) decline to accept further business where a credit-broker falls below the requisite standards of law, integrity and competence or fails to comply with the applicable provisions of this Code.

2.7 Documentation: Terms & Conditions and Pre-Contract Disclosures (SECCI)

- (a) Where required in all credit and hire transactions use:
 - (i) pre-contract disclosure in the form required by law, namely as SECCI (Standard European Consumer Credit Information);
 - (ii) lending agreements that comply with all relevant legislation.
- (b) Inform customers:
 - (i) Of the lender's membership of the Association;
 - (ii) That compliance with this Code of Practice is mandatory for all members of the Association;
 - (iii) Of the contact details of the Association..
- (c) Ensure that all communications with the customer are easily intelligible and, in particular, provide clear statements of terms and conditions under credit and hire agreements subject to using prescribed wording stipulated by law.
- (d) Provide documents and copies of documents at a time and in a format as statutorily required to do so.

2.8 Credit Protection Insurance

Only offer Credit Protection Insurance if authorised and regulated by the Financial Conduct Authority to do so.

2.9 Merchandise

- (a) Take care to ensure that any merchandise supplied to customers is of satisfactory quality and suitable for the purpose for which it is sold. If any merchandise is found not to comply with these standards the customer can:
 - (i) have the merchandise replaced or repaired promptly;
 - (ii) have the cost of the merchandise credited promptly;
 - (iii) have the contract rescinded and any deposit, initial payment or interest paid returned.
- (b) Where an order is placed provide the customer with the actual, or estimated, delivery and completion dates.
- (c) Ensure that customers are provided with clear and accurate details of:
 - (i) any standard guarantees or warranties from a manufacturer or supplier;
 - (ii) any guarantees and warranties which are optional (if any) and the costs (if any) of these optional guarantees, as well as who they are offered by.
- (d) Ensure that prepaid deposits are retained until the delivery of the goods or services is complete, and prepaid deposits that are to be repaid to customers due to the failure to deliver goods or services on time are returned within 14 days.
- (e) Ensure that after sales service is dealt with in an effective and proper

manner.

- (f) Encourage any suppliers of goods and services to maintain high standards of quality, workmanship and service.
- (g) Ensure that any canvassers they use observe this Code and its guidelines (see Appendix B).
- (h) Ensure proper completion and distribution of withdrawal rights/cancellation notices to the customer where applicable.
- (i) Ensure that customers are given advance notice of any delays, and offer suitable alternatives and remedies should delays occur.

2.10 Information about Accounts

Comply promptly with all statutory and other reasonable requests by customers for information about their agreements and accounts, supplying where necessary copies of documentation and statements of account in an easily intelligible form (or otherwise using wording prescribed by law).

2.11 Confidentiality

- a) Keep in strict confidence any information about the customer except where disclosure is authorised by the customer or permitted or required by law.
- b) Ensure that appropriate security measures are taken to prevent unlawful or unauthorised processing of customers' personal data, and against the accidental loss of, or damage to, customers' personal data.
- c) Comply with all statutory and legal requirements, including but not limited to:
 - (i) The Data Protection Act 1998;
 - (ii) The Privacy and Electronic Communications Regulations 2003.
- d) Ensure that customers are informed of their right under the Data Protection Act 1998 to access their personal data.
- e) Ensure that all employees who handle customers' personal data receive adequate training to ensure that they understand their obligations in relation to data protection and confidentiality.
- f) Ensure that customers' details are not passed to marketing companies, brokers and any other third parties unless they have expressly consented to such transfer.
- g) Where a credit reference agency is used, take reasonable steps to ensure that all customer information provided to that credit reference agency is accurate.

2.12 Defaults

- (a) Encourage customers in financial difficulties to inform them of their difficulties at the earliest possible moment and endeavour to respond sympathetically.
- (b) Where the member has been notified that the customer is in genuine financial difficulties, show forbearance and consideration towards such customer and work with such customer to help them to repay their debt in a manageable way.
- (c) Provide in all relevant correspondence the name, or designation, or contact number, of a specially trained member of staff who (or a department which) may be contacted if difficulties arise.

- (d) Ensure that they fully comply with the law on Harassment (see Appendix C).
- (e) Ensure any external collection agency acting on their behalf:
 - (i) is licensed under the Consumer Credit Act 1974;
 - (ii) is bound to comply with this Code or the Credit Services Association Code of Practice;
 - (iii) is bound to comply with all applicable legislation and to have due regard for all applicable guidance.

3. Customer Care

Members should ensure that extra care and guidance is provided to those customers who they know to have:

- (i) a disability;
- (ii) poor literacy skills;
- (iii) limited or impaired mental capacity.

4. Complaints

- 4.1 Each member shall have appropriate and effective internal procedures for dealing with all customer complaints in accordance with the steps laid down by this Code (see Appendix D), and comply with rules or standards laid down by the Financial Ombudsman Service ("FOS").
- 4.2 These complaints procedures must be disclosed to customers in full and in writing, at the point-of-sale as well as in the pre-contractual and contractual material given to customers, and must include:
 - (i) Full contact details for the complaints service;
 - (ii) Any reasonable information customers must provide, which must not involve excessive detail or form-filling;
 - (iii) A reasonable timescale in which complaints will be dealt with, including a timescale for its resolution;
 - (iv) Details of available methods of alternative dispute resolution in the event that the member is unable to satisfy the customer.
- 4.3 These procedures must state clearly that in addition to the member's internal complaints procedure and the Association's complaints procedure, the customer has the right to refer any dispute to the FOS after eight weeks. Members must ensure that they do not in any way lead customers to believe that any internal or Association complaints procedure is a substitute for a complaint to the FOS, nor should members in any way discourage customers from exercising their right to take their complaint to the FOS.
- 4.4 Each member must ensure that all their relevant staff and agents are trained in the steps they must take to handle customer complaints in accordance with this Code.

5. Compliance

- 5.1 Membership of the Association entitles the member to display the approved trade association symbol thereby indicating the member's compliance with this Code.
- 5.2 It is a requirement of membership of the Association that members must comply fully with this Code of Practice and its Appendices. Any instance of non-compliance shall be drawn to the attention of the member concerned. The Disciplinary Committee has the power under the Constitution to adjudicate and to take action against non-compliant members, including expulsion from the Association, in accordance with the Disciplinary Rules.
- 5.3 Any decision of the Disciplinary Committee may be appealed to the Executive Committee via an appeal process as provided for in the Disciplinary Rules. Any decision of the Executive Committee in an appeal process, together with any action it recommends, will be binding on the member.
- 5.4 The Association shall monitor members' compliance with this Code on an ongoing basis and may publish an annual report on its findings.

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APPENDIX A

SELLING BY ELECTRONIC COMMUNICATION

(incl. telephone, text and e-mail)

Members should follow these guidelines:

1. HONESTY & COURTESY

- i) Make clear from the outset the purpose of any call or message to the consumer. No sales calls or messages should be made in the guise of market research or with the offer of different goods or services.
- ii) Not make any misleading statements, exaggerations or partial truths.
- iii) Accept responsibility for the statements of their employees and home credit agents.
- iv) Not subject consumers to harassment either by high pressure sales techniques or by persistent attempts to persuade them to change their minds.
- v) Not make any calls or messages using deception to telephone switchboards or to company receptionists for the purpose of obtaining information about consumers.
- vi) In the case of telephone calls in particular:
 - a) The caller's name, and that of the member's organisation responsible for the call, should be given at the start of the call and be repeated on request at any time during the conversation.
 - b) The name and address of the caller or the member's organisation should appear in a telephone directory, or be obtainable through an enquiry service, to enable the consumer to verify the authenticity of the caller.
 - c) The caller should answer questions honestly and completely.
 - d) When requested, or when a person is signed up to the Telephone Preference Service or similar, remove a consumer's name from the contact list.
 - e) The caller should provide the consumer with a clear opportunity to refuse any appointment or offer and accept such a refusal promptly.
 - f) If the caller makes an appointment to visit the consumer's home the caller should provide the consumer with a contact point in case the consumer wishes to cancel or postpone the visit.

2. PRIVACY AND CONFIDENTIALITY

- i) Members should collect and record only the minimum amount of personal information about consumers and all such information should be treated in strict confidence.
- ii) Telephone calls should only be made at reasonable times - normally between 9.00am and 8.00pm - unless otherwise requested by the consumer.
- iii) Telephone calls should not be made on Sundays or Public Holidays - unless otherwise requested by the consumer.
- iv) Telephone callers should ask whether they have telephoned at a convenient time and offer to call back if they have not.
- v) Telephone callers should try to ensure that information, appointments or orders are not obtained from minors.

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APPENDIX B

CANVASSING

Members should ensure that:

- i) This Code is adhered to and satisfactorily demonstrated by the canvasser or his servants or his agents.
- ii) In accordance with the law, no canvassing of debtor-creditor agreements off trade premises is undertaken.
- iii) The Canvassing section of the Business Guidelines and its updates are used as guidelines to establish good practice.
- iv) All appropriate licences are obtained and that those of third party canvassers are checked and recorded in the contract with the canvasser.
- v) A canvassing contract is drawn up between the member and the canvasser reflecting all the above.
- vi) All independent canvassers are made aware of the benefits of membership of the Association.
- vii) Samples chosen for canvass are inspected for satisfactory quality and that, where appropriate, product liability insurance is in place.
- viii) All credit agreement documentation, and all order forms and invoices where appropriate, are completed satisfactorily and routinely audited.
- ix) Customer complaints are dealt with in accordance with the steps set out in this Code.
- x) Breaches of the Code by the canvasser, or any activities likely to bring the Association into disrepute, are notified to the Association.
- xi) Canvassers provide customers with either a copy of the completed order form, an invoice, or a copy of the agreement confirming details of the sale. If such documentation is not a regulated agreement it must show the following details:
 - a) the name and business address of the seller;
 - b) the name and business address of the collector (if different from the seller);
 - c) a description of the goods or services;
 - d) the cash price;
 - e) where required by statute, notice of cancellation rights in the statutory form.

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APPENDIX C

HARASSMENT

Members must comply with the law on harassment. Some examples of non-compliance are:

- i) Falsely claiming that criminal or other proceedings can be, or are being, brought for non-payment.
- ii) Falsely implying that the collector may legally seize property or take other action without going to court.
- iii) Compelling the consumer to sign documents that allow repossession of goods.
- iv) Impersonating a court officer or any other official either in person, by letter or on the telephone.

- v) Making nuisance visits or telephone calls, or sending nuisance e-mails, text messages, or other forms of electronic communication.
- vi) Using abusive or threatening language in person, or by any form of electronic communication.
- vii) Contacting the consumer at work (unless authorised to do so by the consumer) or contacting the consumer's employer with the intention of creating embarrassment or causing fear of dismissal.
- viii) Waiting outside a consumer's place of work on payday, or at any other time.
- ix) Calling on a consumer's neighbours in the pretence that they are the consumer.
- x) Sending insufficiently addressed postcards designed to embarrass the consumer.
- xi) Illegally taking books or documents as security.

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APPENDIX D

CUSTOMER COMPLAINTS PROCEDURE

Members should at all times endeavour to provide a high standard of customer service and support. If a situation arises whereby a complaint is received from one of their customers, members must make every effort to resolve the matter equitably and sympathetically in accordance with the procedure outlined below.

Customers are entitled to complain if they are dissatisfied with any aspect of a member's service, standards, actions, policies, or merchandise supplied. Customers do not necessarily have to put their complaint in writing or make it directly to the member's office. They may convey it to the agent who calls to their home. When a complaint refers to merchandise supplied by the member, the assistance of the member's supplier may be sought, but ultimately the member remains responsible.

Complaints Procedure – 3 avenues of redress

ONE – internal resolution

On receipt of a complaint from a customer, members should try to resolve the issue immediately. If more time is needed to investigate the matter, members should aim to resolve it within 10 working days. If the matter escalates beyond this stage the member should investigate it in accordance with their internal complaints handling policy. The customer should be advised that the member will provide a formal response within a maximum of 8 weeks from the date of the complaint, following which the customer can proceed to take the matter to FOS.

The customer should be advised of their concurrent rights to complain to the Association and to FOS if they are dissatisfied with the member's response and provided with current contact details of both organisations.

TWO – Association resolution

A customer who remains dissatisfied can make a formal complaint about the behaviour of a member directly to the Association by telephone, e-mail, letter or by using the Association's complaint form. Customers must be advised that their right to complain to the Association is in addition to their right to complain to FOS and that the two processes are not mutually exclusive and can be run in parallel.

Complaints should be addressed to the Complaints Department, Consumer Credit Association, Queens House, Queens Road, Chester, CH1 3BQ. Complaints may also be made by telephone on 01244-312044; by fax on 01244-318035; or via email at complaints@ccauk.org.

The Association will acknowledge the complaint within 5 working days and the Head of the Complaints Department will make a full investigation. Every effort will be made to give a final response within 15 working days, but if that is not possible the Association will provide the customer with a progress report giving the status of the investigation and a date when a final response letter will be provided.

A customer who remains dissatisfied after that can have the complaint referred to the Director General of the Association who will investigate it and report to the customer within 10 working days. If that is not possible the Director General will agree a date with the customer when a response will be provided.

THREE - The Financial Ombudsman Service (FOS)

All customers must be advised that they have the right to refer the complaint to FOS eight weeks after making the complaint. The customer should be given contact details for FOS: Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London, E14 9SR. Tel 0845 080 1800. Fax 020 7964 1001. The FOS' decision and settlement terms will be legally binding on the member.

A complaint may fall outside the remit of FOS in certain circumstances. This includes, for example, complaints referring to merchantable or service quality, or non-consumer credit transactions).



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Email: cca@ccauk.org

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