

MoneySavingExpert

MSE response to FCA consultation CP24/22: Further temporary changes to handling rules for motor finance complaints

Summary

MoneySavingExpert (MSE) welcomes the opportunity to respond to this consultation on temporary changes to motor finance complaints on non-discretionary commission arrangements.

MSE has been at the forefront of providing consumers with free, impartial information and tools, helping them navigate the changing landscape of motor finance complaints about discretionary commission arrangements (DCAs).

After the Financial Conduct Authority (FCA) confirmed its investigation to establish whether mass mis-selling has taken place in the DCA market and to consider potential routes for redress, we have been able to support consumers in what they should do and have engaged well with the FCA to ensure the accuracy and integrity of our offering.

So far this has included a dedicated guide, a complaints tool, and news coverage of relevant changes. Additionally, we have been monitoring consumer feedback on various providers' approaches to handling complaints during the pause on time limits for DCA complaints.¹ We have also conducted several surveys of MSE users and published results in our guide. We are confident that our work has reduced the likelihood that hundreds of thousands of consumers will seek help from claims management companies (CMCs) and other professional representatives (PRs), in cases where they should eventually be able to make a claim independently.

Regarding recent updates on non-DCAs, we were pleased to see the FCA act quickly to communicate its intentions and issue this consultation, with tight implementation deadlines.

With the FCA's principles for intervention in mind, together with our own experience of supporting consumers with DCA complaints, we broadly agree that there should be a pause on non-DCA complaint timeframes until at least May 2025 (on current best estimates of relevant legal proceedings). This should prevent potentially adverse outcomes for consumers who may have a claim and reduce disorderly behaviour from CMCs and PRs.

On balance, a pause on complaints timeframes until December 2025 may be a marginally better option for consumer information purposes, so that people are clear on their rights and expectations, regardless of whether they have a DCA or non-DCA complaint or a mix of the two. Either way, we would like to see the FCA maintain its commitment to issuing an update on both DCA and non-DCA complaints by May 2025.

¹ MSE's motor finance guide and reclaim tool (including user survey results), can be viewed at: <https://www.moneysavingexpert.com/reclaim/reclaim-car-finance/>

There are a handful of questions in the consultation where we would like the FCA to consider a few more details in its final determination, to ensure greater clarity for consumers during and after the chosen pause, and consistency and fairness from firms in this time.

Q4: Do you agree with our proposal that DISP 1.4.1R should continue to apply while the extension to time limits is in place?

Q5: Do you agree with our proposal that firms must include an explanation of the extension to the time limit rules when acknowledging new complaints that would be subject to the proposed rules?

Acknowledgement of complaints.

We are pleased to see that the FCA has set an expectation that firms should continue to investigate complaints, maintain records and proactively look at systemic problems that may have affected people who have not yet complained during any pause. We are also pleased that the FCA expects firms to acknowledge the complaint within 8 weeks, but we think this needs to go slightly further.

For complaints received on or after 25 October 2024 (less than 8 weeks before the commencement date of the pause), we would like to suggest that the FCA expects firms to acknowledge the complaint **within one month** – so that consumers are kept informed that their complaint has been received in a timely manner and are not left in the dark.

Continual surveying of MSE users making DCA complaints shows that there are still a nominal amount of complainants across all firms who have not received a response to acknowledge the complaint after two months (to be clear, our guide advises consumers who haven't received an acknowledgement to check their emails first to ensure the complaint was sent). At least one firm stands out in our surveying, with nearly a quarter not receiving an acknowledgement after two months.

Apart from the obvious frustration for the consumer, an expectation for firms to acknowledge the complaint within one month will help maintain the FCA's objective of an orderly complaints handling approach for non-DCA complaints. This is particularly important for firms that have not previously used DCAs and so have been less affected by the existing complaints handling pause, but may now be affected under the wide definition of non-DCAs for this new pause.

Informing customers of the complaints handling pause and timeframes.

It is right that the FCA expects firms to communicate relevant time limits around the pause as it would under normal complaints circumstances.

Knowing that there has already been a high level of complaints made through PRs for DCA complaints, we would also like the FCA to consider ways that it could ensure that consumers who have a PR communicating on their behalf are also promptly informed, directly where possible, and without causing undue emotional harm. While the FCA may not have jurisdiction over those firms handling complaints on behalf of the customer, we reiterate the importance of not leaving people in the dark – the FCA should explore if there are any ways firms can ensure customers are also directly or indirectly told about timeframes if they are using these services.

This premise would also apply to people who have had a close friend or family member submit a complaint on their behalf – we appreciate that this presents a more difficult challenge, but the FCA should also give due regard to this scenario.

Q10: Do you agree with our proposal to require firms to write to complainants who have already received a final response letter if the time they have to refer a complaint to the Financial Ombudsman has been extended?

We agree with this proposal, but we have some outstanding concerns for consumers who have received a final response from either the firm or the Financial Ombudsman about a non-DCA complaint before and during the relevant pause timeframes.

We appreciate that decisions may have been made against the consumer based on a current understanding of what is right and fair for non-DCAs. Should consumers then become eligible for a complaint (as a result of legal determinations or other future interventions in the non-DCA market), we expect that this would constitute meaningful new information which would give grounds for a complaint to be reheard. Nonetheless, we would appreciate clarity from the FCA on how consumers will likely go about having their complaint reheard by the firm or the Ombudsman if this is the case.

About MoneySavingExpert.com (MSE)

[MoneySavingExpert](#) (MSE) MoneySavingExpert.com, founded and Chaired by Martin Lewis, is dedicated to cutting consumers' bills and fighting their corner. It is the UK's biggest and most trusted consumer website. For 20 years, campaigning journalism has been at the heart of MSE's mission. The site is behind many notable campaigns, including student finance reform, reducing energy bills, mortgage help, scam ads regulation and helping consumers reclaim an estimated £1bn in bank charges and £12bn in PPI payouts.

With millions subscribing to receive the weekly MSE's Money Tips email and visiting the site monthly, MSE ranks as YouGov's most recommended brand (all sectors) in the UK. It is also, according to Press Gazette, the UK's largest specialist online news publication, with more traffic than many national newspaper sites. In September 2012, the site joined the MoneySupermarket.com Group PLC.

In the event of any queries, please contact the campaigns team:
campaigns@monesavingexpert.com