



Inform

The CCTA Newsletter



CCTA's New Website

We are currently in the process of updating the CCTA website. The new and improved website will be launched in the coming weeks. The marketing team will communicate to the membership when the new website is available to view.

Dear Member

Welcome to the April/May edition of Inform Newsletter.

With spring upon us, the first quarter of 2008 appears to have passed as quickly as it arrived, and has proven to be an exceptionally busy period for CCTA.

On the 6th April 2008, significant provisions of the Consumer Credit Act 2006 came into force. As a result of a new exemption under the Consumer Credit Act 2006, CCTA has made a major investment on behalf of its membership, in the production of specific agreements to cater for this change in legislation. For further information about the new agreements please see this piece in inform.

Other items featured in this month's edition include details on our forthcoming annual conference "New Horizons in Consumer Credit" and the sponsorship packages that are available this year. We are hoping to

build on the success of the 2007 conference and introduce a new format for the day, as well as a fabulous after dinner speaker and black tie gala dinner.

The CCTA training and events programme continues throughout the month of May, with the Default and Litigation seminar and The Consumer Credit Act 2006 and 'The Unfair Relationship' provisions. A course synopsis of each of these courses is available in this newsletter.

Finally our Inform sponsors Oyster Bay Systems look at the uncertain economic times as the credit crunch tightens its grip.

If you have any queries, please do not hesitate to contact me chris.oakes@ccta.co.uk or any member of the team on **01274 714959**.

CCTA Annual Conference 2008

'New Horizons in Consumer Credit' - Thursday 20th November 2008 - The St Johns Hotel, Solihull

Here at CCTA we are starting to prepare for our 5th annual conference 'New Horizons in Consumer Credit' to be held at the new venue, The St Johns Hotel, Solihull. Building on the hugely successful 2007 conference we are looking to attract a record number of delegates to the day and evening

There are a number of opportunities to become more actively involved with the 2008 conference through the various sponsorship options as outlined below:

- Main event sponsor (including lunch and badge sponsor) (2 available)
- Breakout sponsor (one available)
- Exhibitor
- Champagne Reception Sponsor
- Gala Dinner Sponsor

If you wish to receive further information about any of the sponsorship options listed or on the event in general, please contact Jenny on 01274 714959, or email marketing@ccta.co.uk

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CREDIT US WITH INDEPENDENT THINKING

Upcoming **CCTA** Training Events

CCTA training events are the ideal way to ensure that your employees are kept up to date with the issues affecting your organisation.

Please see below for forthcoming training courses in May:

Wednesday 7th May 2008 **Default and Litigation - DL/08**

The course aims to de-mystify the legal processes required under The Consumer Credit Act and the Civil Procedure Rules in relation to customer default and consequential litigation.

Course Content

The course will cover a number of aspects surrounding customer default and consequential legal proceedings. It will give a summary of the legal system in England and Wales, and deal with the drafting and issuing of proceedings against customers. The course will explain how a claim commences and progresses to trial and the steps that are required to comply with the court directions. It will touch upon the importance of the Civil Procedure Rules, which govern all litigation in England and Wales and will advise the delegates upon the most effective methods of enforcing a judgement once obtained.

Wednesday 21st May 2008

Consumer Credit Act 2006 and the 'Unfair Relationships' provisions - CCA/UR/08

Significant provisions of the Act were implemented on 6 April 2007, which include the new 'Unfair Relationships' provisions - applicable to all credit agreements (whether regulated or not) entered into on or after that date with a 1-year transitional period for existing agreements.

The course aims to assist members to meet the 'challenge' of the new Consumer Credit regime by:

- Updating attendees on the main provisions of the Consumer Credit Act 2006 together with details of the implementation dates; and
- Providing an in-depth analysis of the 'Unfair Relationships' provisions

For further information on the courses above or any CCTA training event, please contact **Jeanette Beaumont on 01274 714959** or email jeanette.beaumont@ccta.co.uk

Consumer Credit Trade Association (A company limited by guarantee) **Notice to Annual General Meeting for the year ended 31 December 2007**

Notice convening the one hundred and seventeenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the one hundred and seventeenth Annual General Meeting of the Association will be held on Thursday 22 May 2008 at 12 noon at The Landmark London, 222 Marylebone Road, London NW1 6JQ for the following purposes:

1. To receive and consider the Accounts and the Report of Council and the Auditors for the year ended 31 December 2007.
2. To elect members of Council in accordance with the provisions of the Articles and the Companies Act.
3. To reappoint Messrs Baker Tilly as Auditors

4. To fix the remuneration of the Auditors.
5. To transact any other competent business.

BY ORDER OF THE COUNCIL

C.R. Oakes, Secretary

Suite 4 The Wave. 1 View Croft Road, Shipley, West Yorkshire, BD17 7DU.

To be entitled to attend and vote on the meeting a member must be entered in the register of members by 12 noon on Tuesday 20 May 2008.

An Ordinary Member entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his or her stead. The proxy need not be an Ordinary Member.

New Members

CCTA would like to officially welcome the following new members to the Association:

Lindsay Finance Limited
Nottingham
Credit Broker

MG Domestic/Easi Rent
Salisbury
Credit Grantor

Welcome Home Finance
Solihull
Rental

Dial-a-TV (MK) Ltd
Paulerspury
Credit Grantor

Active8 Money
Coventry
Credit Grantor

Leasedirect Finance Ltd
Flintshire
Credit Broker

Regulatory Update

28.02.08- Landmark decision against FOS

A landmark ruling against the Financial Ombudsman Service (FOS) has been won by a small IFA, in what may set a precedent for the way complaints against financial advisers are treated in the future. IFA Heather Moor and Edgcomb Ltd, successfully challenged the FOS' practice to charge IFAs a fee for complaint cases for which they were found innocent. Source: Financial Adviser, 21 February 2008

21 February 2008- Complaints to FOS regarding PPI up dramatically

The Financial Ombudsman Service received a record number of complaints about payment protection insurance in January, almost 82% of the total received in 2006/2007 fiscal year. The increase has attributed to greater consumer awareness following recent media coverage. Source: Financial Adviser, 21 February 2008

2.02.08 BERR- Cancellation Of Contracts Made In A Consumer's Home Or Place Of Work Etc Regulations 2008

BERR has published the consultation on the doorstep selling regulations "Cancellation Of Contracts Made In A Consumer's Home Or Place Of Work Etc Regulations 2008". Under s. 68 CCA the customer has a five-day cooling off period for cancellable agreements. It seems to 'exempt' credit agreements, which have existing cancellation rights.

BERR - "Removing barriers to the sharing of non-consensual credit data"

BERR has issued its response to the consultation "Removing Barriers to the Sharing Of Non-Consensual Credit Data". The main issue that arose from the response is that the Government considers that further detailed exploration of the issues involved is required in order to reach a firm view on whether legislation should be introduced to enable the sharing of non-consensual credit data. BERR has therefore established an expert working group made up of individuals with a detailed professional understanding of the legal and practical complexities surrounding the sharing of personal financial information to consider all the issues raised by

respondents to consultation. This group will report its recommendations to Ministers within a year.

8 Feb- 2008 Repossessions at the highest level since 1990's

Latest figures from the Council of Mortgage Lenders (CML) has revealed that the number of repossessions have reached a level not seen since the 1990s, with 27,100 homes being repossessed during 2007. Figures on homeowners in arrears between 6 and 12 months showed an increase to 41,200, not seen since 2001.

BERR Stakeholder Notice, February 2008

In their stakeholder notice BERR took the opportunity to update the industry on current consultations and the legislative reform order (LRO) which is scheduled for implementation on 1 October 2008. Variation of agreements BERR have been working with HMT to ensure that the risk of dual regulation which may be brought about by the operation of s.82 can be avoided.

Financial Limit

The forth and final commencement order will bring in all remaining CCA 2006 changes including the abolition of the financial limit. The commencement order will provide transitional arrangements for buy-to-let, unregulated agreements and issues arising from s.82.

Credit licensing and new fees

On 28 February the OFT published a General Notice of the fees for credit licenses which will apply from 6 April onwards. The fees are calculated on a 'self funding' basis to support the OFT's licensing work. The notice contemplates the new licence categories introduced by the CCA 2006 (debt administration (s.24 CCA 2006) and credit information services (s.25 CCA 2006).

27 Feb 2008- Egg credit card: no change in policy to cancel 161,000 accounts

Egg has refused to back down in the row over its

cancellation of the credit cards of 161,000 customers. After a meeting with the Labour MP and former consumer affairs minister Nigel Griffiths, Egg said there would be no change in policy. Egg had reviewed its 2.3 million credit card accounts after it was taken over by Citibank last year. Some customers complained about losing their cards, but the bank said they might become a high risk in the future.

27 Feb 2008- Picture Financial Services plc- complaint upheld.

The ASA has received complaints again about Picture Financial Services loans adverts, and the fact that they are misleading on the grounds that the ad implied that taking out a loan was something to be taken lightly. Picture argued that Picture Financial Services said neither of the ads showed someone actually taking out a loan; no loan offer was made or accepted in the ads and both ads showed people who wanted to refinance their existing borrowings at a lower rate than they were currently paying; they were not seeking to increase their borrowing. Picture further argued that they had received approval by Trading Standards and that the ad was compliant with the CCA ad reg requirements. ASA agreed that the ad was CCA compliant but argued that it was not compliant with the CAP (Broadcast) TV Advertising Standards Code of what constituted a misleading advert. Therefore the complaint was upheld. Principle: Even if an ad is not technically misleading, ASA may still determine that it is misleading by the tone and context of the advert.

10 March 2008- False credit applications on the increase

An increasing number of people are lying on application forms in order to secure credit or insurance in the face of tough conditions, according to CIFAS findings. People taking out insurance products or looking to acquire credit facilities have been found to be flouting the law by submitting false information on their applications in the hope that they will not be turned away.

CCTA New Agreements

On the 6th April 2008 significant provisions of the Consumer Credit Act 2006 came into force.

CCTA has made a significant investment, on behalf of its membership, in the production of specific agreements that cater for a new exemption under the Consumer Credit Act 2006.

The new agreements that are available to purchase in a hard copy format or under a CCTA Copyright are as follows:

Lease Agreement - LA2

Use - Outside the scope of the Consumer Credit Act 1974 where the Lessee is a Sole Trader or a Partnership

of two or three persons, the Agreement is entered into wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by the Lessee and the Primary Period Rentals exceed £25,000.

Hire Purchase Agreement - HPF (Fixed Rate)

Use - Outside the scope of the Consumer Credit Act 1974 where the Hirer is a Sole Trader or a Partnership of two or three persons, the Agreement is entered into wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by the Hirer and the Amount of Credit exceeds £25,000.

Hire Purchase Agreement - HPVR (Variable Rate)

Use - Not for use for Motor Vehicles. For use outside the

scope of the Consumer Credit Act 1974 where the hirer is a Sole Trader or a Partnership of two or three persons, the Agreement is entered into wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by the Hirer and the Amount of Credit exceeds £25,000.

The above Agreements are available to order by contacting CCTA on 01274 714959.

If any member has a query in relation to the new agreements, please contact **Graham Haxton-Bernard**, Head of Legal, Compliance and Regulatory Policy



Credit crunch tightens its grip

By John Harman of Oyster Bay Systems

The Chancellor delivered his 2008 Budget Report against a backcloth of an increasingly uncertain economic outlook and continuing disruption to global financial markets. While the UK and other economies have benefited significantly from globalisation, recent events have shown how interconnected markets mean shocks in one region can easily be transmitted elsewhere.

These uncertain and turbulent times are affecting the credit industry. There are implications for the availability and cost of credit, with some lenders reducing their risk appetite and carefully assessing the range of customers to whom they are prepared to lend. The business models of some financial institutions are under strain and there are ongoing fears about tighter conditions for raising capital.

A significant number of consumers could experience financial difficulties because of their high level of borrowing, now exacerbated by the huge leap in the cost of living. Debt figures released mid March by Citizens Advice show that Citizens Advice Bureaus in England and Wales saw mortgage arrears problems shoot up by 35 per cent in the first two months of 2008 compared with the same period in 2007. A survey of almost three-quarters of all bureaus in England and Wales found that they dealt with 215,000 new debt problems in the first two months of 2008 alone.

Debts relating to credit, store and charge cards still remain the largest category of debt, according to Citizens Advice, but, unusually for the time of year, credit card debt problems were down by 9 per cent, while problems with overdrafts were up by almost 7 per cent on the same period of last year.

Bank of England statistics show that the increase in total net lending to individuals in January (£8.4 billion) was

below the increase in December and the previous six-month average. The 12-month growth rate fell to 9.1 per cent and the three-month annualised growth rate fell by 0.4 percentage points to 7.7 per cent.

The increase in net consumer credit in January (£0.9 billion) was above that in December but below the previous six-month average. Net credit card lending rose by £0.1 billion, below the increase in December. Net other loans and advances increased by £0.8 billion, higher than the December increase. The annual growth rate of consumer credit rose by 0.1 percentage point to 5.9 per cent, but the three-month annualised growth rate fell by 1.4 percentage points to 5.2 per cent.

APACS has reported that in the fourth quarter of 2007, there were 1.9 billion plastic card purchases made in the UK totalling £91.5 billion. The number of purchases was 6.4 per cent higher than in the fourth quarter of 2006 and spending was 7.7 per cent higher. Debit cards accounted for 72.1 per cent of all plastic card purchases compared with 70.5 per cent in the fourth quarter of 2006.

Business investment for the fourth quarter of 2007 is estimated to be 1.7 per cent higher than the same period of 2006, and 0.5 per cent lower than the previous quarter, according to the Office for National Statistics. As anticipated, the downturn quarter on quarter reverses the previous quarterly improvement. The quarterly fall in business investment was due to reduced capital spending by industries classified within private sector non-manufacturing. There was reduced investment in industries within construction (down 10.4 per cent), other production (down 4.5 per cent) and distribution services (down 0.9 per cent). This was partly offset by an increase within other

services (up 0.3 per cent).

New car registrations slowed in February to 69,610 units, in line with forecasts, according to SMMT data. Year-to-date registrations were down 3.1 per cent to 231,707 units. Diesel volumes were up 11.1 per cent and alternatively-fuelled car demand rose by 21.4 per cent in February.

It seems unlikely that a return to the conditions we saw for the credit industry a year ago is imminent. The business climate is volatile and we can surely expect more adverse news to dominate the headlines with further implications for our industry in the weeks, if not months, that lie ahead.

Even though conditions are uncertain, funders and lenders are taking advantage of the opportunity to consider their own internal processes, with particular emphasis on their own software solutions.

The focus being to ensuring that when the economy does improve, they have the right systems in place to maximize their market share.



John Harman
Sales Director

For more information on our products and services please call John Harman on: 01792 797222 or email John.Harman@OysterBaySystems.com