

This week at the UK regulators

Thirty second guide: The week in overview

The principal enforcement development last week was the well-publicised agreement reached between the FCA and the company that trades as Wonga in relation to substantial changes to be made to its lending practices and a redress exercise affecting significant numbers of customers in arrears. The action is the latest in a long line of agreements reached with consumer credit firms as part of the FCA's concerted campaign to drive up standards in the sector. In another area of its enforcement remit, the FCA has announced that it has charged a former senior executive in a listed company with two counts of insider dealing.

The main policy development last week was the finalisation of guidance by the FCA and PRA in relation to recommendations of the Financial Policy Committee on loan to income ratios for residential mortgages.

Wonga agrees to make changes to payday lending practices

As has been widely reported in the press, following discussions with the FCA, WDFC Group Limited ("Wonga") has (on 1 October) agreed to make significant changes to the way in which it assesses the affordability of loans offered to customers. The voluntary requirement notice agreed with the FCA also requires Wonga to approach approximately 330,000 customers currently in arrears of over 30 days, whose balances will be written off, and approximately 45,000 customers who are currently between zero and 29 days in arrears, who will be offered the opportunity to repay loans without interest or charges. A skilled person has been appointed under section 166 of the Financial Services and Markets Act to oversee this redress exercise and report on Wonga's activities

The FCA has acknowledged that a new management team at Wonga has acted quickly to take remedial steps, but has not ruled out further remedial steps and has pointed to the action as an illustration of the need for consumer credit firms to ensure that they lend responsibly and in a way that properly assesses customers' circumstances and ability to repay loans.

<http://www.fca.org.uk/your-fca/documents/requirement-notices/wonga-group-oct-limited-vreq>

FCA charges former executive with insider dealing

The FCA has (on 29 October) confirmed that it has charged Mr Paul Coyle, the former Treasurer and Head of Tax at Wm Morrison Supermarkets PLC with two counts of insider dealing under section 52 of the Criminal Justice Act 1993 in relation to trading in shares in Ocado Group PLC between February and May 2013.

The FCA has not released any further details at this stage.

<http://www.fca.org.uk/news/fca-charges-former-treasurer-at-wm-morrison-with-insider-dealing>

FCA warnings

Name of firm	Date of warning	Details
Cash-Lands.com	3 October 2014	Not authorised http://www.fca.org.uk/news/warnings/cash-lands-com-cc
Cash Lands/Credit Xpress	3 October 2014	Not authorised http://www.fca.org.uk/news/warnings/cash-lands-cc
MFEX Capital Management LLP/MFEX Capital Fund Investors/MFEX Enterprise Trust plc	3 October 2014	Not authorised http://www.fca.org.uk/news/warnings/mfex-capital-management-llp
Brookepoint/Brookpoint Ltd/Brooke Point	3 October 2014	Not authorised http://www.fca.org.uk/news/warnings/brookepoint
Kiyose Mergers	2 October 2014	Not authorised http://www.fca.org.uk/news/warnings/kiyose-mergers
Alliance Private Equity LLP	1 October 2014	Not authorised http://www.fca.org.uk/news/warnings/alliance-private-equity-llp
Pareto Securities	1 October 2014	Clone firm http://www.fca.org.uk/news/warnings/pareto-securities-clone
Mason Securities LLC	29 September 2014	Not authorised http://www.fca.org.uk/news/warnings/mason-securities-llc
Bradlodge Limited/Bradlodge Corporate Trading	29 September 2014	Not authorised http://www.fca.org.uk/news/warnings/bradlodge-limited
Munroe Securities Limited	29 September 2014	Clone firm http://www.fca.org.uk/news/warnings/munroe-securities-limited-clone

1 minute loan UK/loan 1 minute UK	29 September 2014	Not authorised http://www.fca.org.uk/news/warnings/1-minute-loan-uk
Robinson Capital Partners	29 September 2014	Not authorised http://www.fca.org.uk/news/warnings/robinson-capital-partners
Encompass Wealth Limited	29 September 2014	Not authorised http://www.fca.org.uk/news/warnings/encompass-wealth-limited

Policy developments

FCA		PRA	
Proposed developments			
		Deadline for responses	
Consultation papers	<p>The FCA has (on 2 October) published a consultation paper (CP 14/22) setting out proposed guidance in relation to the FCA's registration function under the Co-operative and Community Benefits Act 2014.</p> <p>http://www.fca.org.uk/static/documents/consultation-papers/cp1422.pdf</p>	28 November 2014	

Finalised policy and guidance				
		Implementation/effective date		
Policy statements	<p>Following the publication of its data strategy in September 2013 and its consultation paper (CP 14/5) released in March 2014, the FCA has (on 29 September) issued a policy statement (PS 14/13) on changes to regulatory reporting in relation to adviser charging and product sales data.</p> <p>http://www.fca.org.uk/news/fca-data-strategy</p> <p>http://www.fca.org.uk/our-fca/documents/consultation-papers/cp14-5</p> <p>http://www.fca.org.uk/our-fca/documents/policy-statements/ps14-13</p>	<p>1 October 2014 (Certain rules relating to product sales data reporting)</p> <p>31 December 2014 (Rules relating to integrated regulatory reporting)</p> <p>1 January 2015 (Certain rules relating to product sales data reporting)</p> <p>1 October 2014</p>	1 October 2014	<p>The PRA has (on 1 October) issued a policy statement (PS 9/14) in relation to the recommendation by the Financial Policy Committee ("FPC") on loan to income ratios for residential mortgages. See full details below in section in relation to finalised guidance issued by the FCA this week in response to the FPC's recommendation.</p> <p>http://www.bankofengland.co.uk/pradocuments/publications/ps/2014/ps914.pdf</p>
Finalised guidance	<p>Further to a consultation in June 2014 following the recommendation made by the Financial Policy Committee to the FCA and PRA in relation to the loan to income ratios for residential mortgages, the FCA has (on 1 October) published finalised guidance (FG 14/8). The guidance sets out in more detail how the regulators expect firms to follow the recommendation that</p>	1 October 2014		

	<p>mortgage lenders lending in excess of £100 million per annum should not lend more than 4.5 times applicants' incomes in more than 15 per cent of new loans (by number).</p> <p>http://www.fca.org.uk/our-fca/documents/finalised-guidance/fg14-08</p>			
--	---	--	--	--

Contacts

Roger Best
Partner

E: roger.best
@cliffordchance.com

Helen Carty
Partner

E: helen.carty
@cliffordchance.com

Carlos Conceicao
Partner

E: carlos.conceicao
@cliffordchance.com

Dorian Drew
Partner

E: dorian.drew
@cliffordchance.com

Jeremy Kosky
Partner

E: jeremy.kosky
@cliffordchance.com

Rae Lindsay
Partner

E: rae.lindsay
@cliffordchance.com

Kelwin Nicholls
Partner

E: kelwin.nicholls
@cliffordchance.com

Martin Saunders
Partner

E: martin.saunders
@cliffordchance.com

Judith Seddon
Partner

E: judith.seddon
@cliffordchance.com

Luke Tolaini
Partner

E: luke.tolaini
@cliffordchance.com

Editor

Chris Stott
Lawyer

E: chris.stott
@cliffordchance.com

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

www.cliffordchance.com

Clifford Chance, 10 Upper Bank Street, London, E14 5JJ

© Clifford Chance 2013

Clifford Chance LLP is a limited liability partnership registered in England and Wales under number OC323571

Registered office: 10 Upper Bank Street, London, E14 5JJ

We use the word 'partner' to refer to a member of Clifford Chance LLP, or an employee or consultant with equivalent standing and qualifications

If you do not wish to receive further information from Clifford Chance about events or legal developments which we believe may be of interest to you, please either send an email to nomorecontact@cliffordchance.com or by post at Clifford Chance LLP, 10 Upper Bank Street, Canary Wharf, London E14 5JJ

Abu Dhabi ■ Amsterdam ■ Bangkok ■ Barcelona ■ Beijing ■ Brussels ■ Bucharest ■ Casablanca ■ Doha ■ Dubai ■ Düsseldorf ■ Frankfurt ■ Hong Kong ■ Istanbul ■ Kyiv ■ London ■ Luxembourg ■ Madrid ■ Milan ■ Moscow ■ Munich ■ New York ■ Paris ■ Perth ■ Prague ■ Riyadh* ■ Rome ■ São Paulo ■ Seoul ■ Shanghai ■ Singapore ■ Sydney ■ Tokyo ■ Warsaw ■ Washington, D.C.

*Clifford Chance has a co-operation agreement with Al-Jadaan & Partners Law Firm in Riyadh.