StepChange response to HM Treasury consultation on Consumer Credit Act Reform – Phase 1

July 2025

Introduction

StepChange Debt Charity is a specialist not-for-profit provider of debt advice and debt solutions supporting people across the UK. In 2024, over 660,000 people contacted StepChange seeking debt advice or guidance with their problem debt and over 170,000 people completed full debt advice through our online and telephone service.

We welcome the opportunity to feed into this consultation on reform of the Consumer Credit Act (CCA). The majority of StepChange clients have consumer credit debts and our research highlights the harm that problem debt can cause and its roots for many clients in the conduct and practices of consumer credit firms. Effective regulation of consumer credit is vital to reduce vulnerability to problem debt and the harm that problem debt causes.

The Financial Conduct Authority (FCA) has made good progress since taking responsibility for consumer credit regulation, but some longstanding entrenched problems remain. We welcome the introduction of the Consumer Duty as a powerful tool to address consumer detriment in the credit market, but we strongly support retaining key CCA rights and protections to avoid a reduction in consumer protection at a time where high standards of consumer protection are vital.

Response to consultation questions

Question 1: Do you agree with our vision for a reformed regime?

We agree with the Government's analysis that aspects of the CCA have not worked well for consumers in practice and are in need of modernisation. In doing so there are opportunities, particularly in respect of form and content information requirements, to improve consumer outcomes by moving many of these provisions to FCA rules.

However, while the consultation states the Government's proposed approach to considering whether CCA provisions can be repealed is that 'Where the removal of a provision would mean consumers would not have a robust level of protection which could not be replicated by FCA rules and guidance, HMT will look to retain the provision in legislation or modify it as appropriate' (2.9), we do not agree the consultation applies that approach rigorously.

The consultation does not substantively address the most important point of feedback made by the FCA in its final retained provisions report, which is that there is a limit to the extent to which FCA supervision can provide the same dissuasive effect as self-policing sanctions in the CCA (7.34–7.38).[1] That is because:

- there are a high number of regulated consumer credit firms;
- there are real, demonstrated and continuing risks of misconduct by firms; and
- the FCA cannot monitor and intervene in all cases due to both its risk-based approach to supervision and resourcing constraints.

The Consumer Duty, while setting higher and in some respects clearer expectations of firms, does not fundamentally change that analysis or the limitations of the FCA's role in replicating protections in the CCA.

This consultation states 'the FCA's regime, such as the Consumer Duty, complaints processes and rules around forbearance, provides robust consumer protection' (2.11). In light of our experience as a consumer organisation and the limitations highlighted by the FCA itself, we do not agree that is the case.

The remaining provisions of CCA were retained alongside the Financial Services and Markets Act 2000 (FSMA) because they were necessary to provide a coherent and effective regulatory framework. In that sense, we do not agree that the FSMA is a 'modern' regulatory framework in contrast to the CCA; in fact, the two were designed to operate in tandem. Here it is worth remembering that the basis of current FCA rules on consumer credit derive directly or indirectly from the CCA regime. CCA provisions were retained to prevent a reduction in the completeness of consumer protection.

There are, equally, aspects of the FSMA that now look dated, such as its limitations in speaking to new risks to consumers created by the digitisation of financial services, or not picking up lessons learned that were incorporated into the 2006 Consumer Credit Act on regulatory processes needed to ensure consumer information protections land as intended. Developments such as the introduction of the Financial Promotions Gateway, which required new legislation, show that the FSMA regime was not fully modern or complete.

In reforming the CCA, the Government should seek to create a coherent approach that both modernises and addresses weaknesses of the existing regime. Fundamentally, consumer credit requires a tailored regulatory approach because it is a challenging market to regulate effectively: there are a high number of firms, which makes intensive monitoring and supervision of every firm impossible, strong incentives for firms to act in ways that are profitable even if doing so causes serious consumer harm, and a high level of consumer vulnerability among customers and, as such, exposure to harm.

Those difficulties have led to repeated serious episodes of consumer harm, in recent years including mass redress events such as those attached to payday loans and more

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[1] Financial Conduct Authority (2019) *Review of retained provisions of the Consumer Credit Act: Final report*

recently revolving credit, and repeated FCA interventions such as the ban on unauthorised overdraft fees and persistent credit card debt rules among others. Crucially, the FCA has acted after the fact in each case—the FSMA regime was not dissuasive or preventative in these cases.

The Consumer Duty is in part an attempt to end this 'detriment-intervention' cycle by setting clearer and higher expectations of firms. As a consumer organisation, we have always been clear that the Consumer Duty can raise standards but is not a replacement for other consumer protections. We have also made clear our view that the Duty is unlikely to be effective unless it is matched by a more active approach by the FCA to setting expectations in its rulebook, monitoring and enforcement. A strong regulatory toolkit, and a willingness to apply it proactively, is essential to the success of the Duty. Neither the Duty nor its enforcement, however, are a replacement for the specific protections in the CCA (in the context of this consultation sanctions, and in the context of phase 2, additional provisions such as unfair relationships).

As we note in our response to question 5, we are particularly concerned by the proposals to remove sanctions attached to information provisions without providing the FCA with an equivalent power. Our expectation had been that the Government would follow the advice of the final FCA retained provisions report and move some CCA information provisions into FCA rules while updating CCA sanctions. Instead, the Government is proposing to move all information provisions into FCA rules and remove all sanctions. This approach carries far greater risks than that outlined by the FCA And we are not convinced that the Government has made a compelling case that sanctions should not be carried into the FSMA regime. While we recognise it has been some time since the FCA's retained provisions report was published, developments in the interim do not justify a radically different approach.

The new secondary growth objective set by Parliament for the FCA is a reason to improve effective regulation of consumer credit. Well-designed regulation and sustainable growth should be mutually reinforcing by increasing consumer confidence in financial services, giving firms confidence to develop innovative products knowing they will not be undercut by irresponsible competitors, and by reducing the social costs of problem debt that drag productivity and cause public costs through health and other spending. Good regulation will support financially resilient consumers and, in turn, a resilient economy.

Consumers cannot afford a framework in which patchy compliance and poor conduct seeps into the basic structure and integrity of credit agreements. There is a better way forward to updating the CCA that reflects a proportionate and balanced approach to mitigating against risks to consumers.

Each prior reform of the financial services framework has set out a coherent framework balancing the roles of deterrence through sanctions and regulatory enforcement. Subsequent events have demonstrated that necessity and, if anything, illuminated that areas of regulation not covered by the CCA have not been subject to sufficient safeguards.

While we support many aspects of the Government's proposals, we believe there remains a place for updated sanctions within the CCA. Failing that, the best way forward is to identify how to strengthen the FCA's regulatory toolkit so that it can adequately replicate the deterrent effect of the CCA, such as by applying unenforceability as a sanction for a breach of FCA rules.

More generally, we would also like to see the Government engage more holistically with the challenge of modernisation. Digitisation has created new consumer vulnerabilities, for example through low friction borrowing journeys and the increasing ease of high frequency borrowing. These changes make it more important structural safeguards and expectations of firms in consumer credit borrowing journeys are clear and the CCA is updated in a coherent manner.

But they also bring into question the adequacy of the present FSMA 1c 'have regards' including the 'general principle that consumers should take responsibility for their decisions' that were formulated in a context in which digital access of financial services was less well developed and consumer behavioural bias was less well evidenced and understood than is the case now. We note that the FCA's current consultation on regulation of deferred payment credit (BNPL) highlights a number of ways in which BNPL firms exploit consumer behavioural bias, for example through benefit framing, anchoring and obscuring information (1.22 and Cost Benefit Analysis figure 13 / paragraph 61).[2]

The Government's intentions make it even more critical that regulation adequately addresses the interaction between credit product design, including the delivery of information in the customer journey, and behavioural bias. In particular this means strengthening the regulatory framework to create an appropriate balance between the expectation of consumers to take responsibility for their action and that of firms to avoid exploiting consumer vulnerability and behavioural bias.

The current proposals for reform of the CCA have the potential to introduce new risks of consumer harm without adequately considering how those risks should be offset by clarifying regulatory principles, updating sanctions and enhancing the FCA's regulatory toolkit.

Question 2: Do you agree with our preferred approach to legislation?

We agree with the proposed approach of a single primary legislative vehicle for phases 1 and 2 followed by any necessary secondary legislation. We agree that the interconnectedness of different aspects of the CCA means that a phased legislative

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[2] Financial Conduct Authority (2025) *[Deferred Payment Credit (unregulated Buy Now Pay Later): Proposed approach to regulation]()*

approach, while it might work for some specific reforms, is likely to be excessively complicated and impractical.

Question 3: Do you think the challenges in relation to the transitional provisions have been captured and what further thoughts do you have on possible appropriate transitional provisions?

We agree that robust consumer protection, legal certainty and fairness are appropriate principles to guide transitional provisions.

Clarity for consumers should be an important consideration, particularly for credit agreements covered by CCA provisions that may endure through any transitional period, such as open-ended and revolving credit (most commonly, overdrafts, credit cards and online retail credit).

Typically, the FCA consults formally on new rules after the Government has made new legislation and/or regulations. In this case, transposing elements of the CCA into FCA rules is likely to require substantial work by the FCA to develop evidence, consult with stakeholders and formulate proposals for consultation. So far as possible, enabling this process to begin at an early stage once decisions are made would therefore be desirable to support to most considered possible regulatory approach. We are particularly mindful that the transition from a prescribed communications in the CCA to a rules-based approach must be handled carefully and achieve a high level of confidence of all stakeholders that consumer outcomes will be improved.

We do not wish to see a rushed or minimalistic development process, which in light of high risks of poor consumer outcomes from poorly delivered or designed information we consider likely to result in an increase in consumer harm.

Question 4: Do you agree with our proposal to repeal the information provisions from the legislation and for these to be recast as appropriate into FCA rules?

We agree that the form and content of most CCA information provisions can be moved into FCA rules and that there can be consumer protection benefits from doing so.

StepChange's *Mixed Messages* report highlighting debt advice clients' experiences of creditor communications found creditor communications, including some required by the CCA (like default notices), tended to produce a negative emotional response among recipients and could cause people to disengage from seeking help or respond to payment requests by borrowing more.[3] In contrast, people in financial difficulty who felt creditor communications gave them options to deal with their situation or reassured them help was at hand were more likely to seek help from debt advice earlier.

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[3] StepChange (2022) *Mixed Messages: Why communications to people in financial difficulty need to offer a clearer, better route to help*

These findings support the case for more flexibility in form and content requirements; however, they also point to the need for a curated approach: evidence shows there are more and less effective approaches to communicating with and engaging consumers, particularly those experiencing financial difficulty.

An open-ended approach to the form and content of information requirements will not necessarily lead firms to apply what works because it is not always easy or in the commercial interests of firms to do so. An appropriate degree of consistency of approach and terminology in information requirements is also important to prevent consumer confusion and support consumer understanding.

To this end, as part of a curated approach we would like to see the FCA:

- develop the evidence base of what works to support informed consumer decision-making and engage customers, including those in financial difficulty, commissioning new research to address evidence gaps such as in consumer interaction with digital products and services;
- use this evidence to frame rules and form and content good practice – while flexibility and space for innovation are appropriate, the transfer of form and content to FCA rules should not lead to a 'free for all' approach; and
- iterate and refresh evidence and guidance periodically, building on learning from market innovation.

We consider that there is a real and ongoing risk that industry understanding of consumer digital journeys and product design runs ahead of the understanding and evidence available to the regulator and consumers themselves. It is important to address that risk and to do so on an ongoing basis and the market and products evolve.

As the process of reforming the CCA and developing new FCA rules progresses, a careful sequence of consumer research and testing is essential to ensure the mode, timing and the form and content of information requirements improve consumer outcomes, for example through supporting active, informed decision-making and customer engagement.

While the Consumer Duty should be powerful in guiding the approach to the form and content of information requirements, the Duty has no effect that changes the FCA's prior conclusion in its final retained provision report that the requirement on firms to provide certain notices should be retained in legislation.

We remain of the view that parts of the CCA information provisions—specifically the requirement to provide enforcement, default and termination notices (but not the form and content of those notices)—should remain in legislation as the FCA recommended because of the serious consequences of such notices. As such, we are particularly concerned by the Government's proposals to move enforcement, default and termination notices into FCA rules and remove the associated sanctions given the serious consequences of their content for customers. This will create an unjustifiable gap between the importance of these communications and surety that they will be delivered at the right time in an effective form and, in turn, too great a risk to consumers in financially vulnerable situations of harm.

Question 5: Do you agree with our conclusion that the FCA regime without sanctions provides a robust consumer protection?

No. Policy makers have long understood that requiring firms to provide consumers with certain specified information is a cornerstone of consumer protection in the credit market.

Information is the foundation on which it is possible to offset the asymmetry in power between consumers and firms. Clear, consistent information delivered at the right time is the only way consumers can understand an agreement, make informed decisions and take action where appropriate. Information provides transparency and enables customers to understand their rights and obligations and take informed decisions at every stage of their interaction with a credit product.

Where customers experience repayment difficulty, information is doubly important because the consequences of their actions (or not taking action) can be serious including court action and enforcement. That is why both information requirements and sanctions were retained in the CCA.

Moving information requirements from the CCA to FCA rules cannot result in a free-for-all where some firms do not provide essential information at the right time and an appropriate form to customers. We consider this a likely outcome of the Government's proposals.

While we accept that the present CCA sanctions can be overly rigid, the proportionate approach to maintain a high standard of consumer protection is to update and maintain those sanctions in the CCA while moving most information requirements to FCA rules or, failing that, to extend the FCA's FSMA unenforceability powers to maintain an adequate deterrent against firms failing to provide information in an appropriate form at the right time.

The risks of poor practice and consumer harm of providing lenders with more flexibility without sufficient safeguards are clear and easy to understand. Here we note the notice provisions brought in by the 2006 Consumer Credit Act followed a long and detailed government review of gaps in information requirements and firms' practices that had caused consumer harm.

The consultation seems to take the position both that sanctions are disproportionate and overly punitive and, at the same time, that sanctions have no deterrent effect due to their court-based nature. That does not appear coherent: if sanctions have no deterrent effect, they cannot simultaneously be disproportionate and punitive (since if they have not effect they would be largely irrelevant to firms).

The consultation does not substantively address the FCA's main point of feedback on sanctions in its final retained provisions report: that there is a limit to the extent to which FCA supervision can provide the same dissuasive effect as self-policing sanctions in the CCA:

> *7.34 In our view, the self-policing nature of these automatic sanctions contributes significantly to ensuring appropriate firm conduct and protecting consumers.*
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> *We do not think it would be sufficient to rely on FCA supervisory, disciplinary and restitutionary powers alone. These FSMA powers are important – we have used them to intervene and tackle detriment in a number of areas of the consumer credit market including high-cost credit. However, we cannot intervene in all cases where there may be regulatory breaches, or provide recourse to all affected customers, as we must prioritise our resources.*
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> *7.35 We note that the original legislative scheme, as recommended by the Crowther Report, combined both a public enforcement and self-policing element.*
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> *7.36 The consumer credit market is fundamentally different from other markets we regulate. This is partly due to the number and nature of firms in the market, which in the case of consumer credit includes a much larger number of providers, including smaller lenders or those engaged in credit or hire as an ancillary activity. This impacts on our ability, in practice, to proactively supervise firms and identify and act against non-compliance.*
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> *7.37 As noted in Chapter 4, there are currently around 7,200 firms with permissions for either lending or consumer hire. In total, there are over 38,000 firms with consumer credit permissions, including credit brokers.*
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> *7.38 Therefore, there is a limit to the extent to which FCA supervision can provide the same dissuasive effect as self-policing sanctions in the CCA. The extent to which it does may also vary by sector or firm, with some firms devoting greater resources to ensuring compliance or embedding this more in their processes*

Here we note that the FCA currently regulates over 40,000 authorised firms. Last year, the FCA opened 169 'failure to meet standards' enforcement cases across all its regulated firms (and 343 in 2023/24). In the same year, consumers made around 120,000 complaints to the Financial Ombudsman Service, 1 in 3 of which were upheld, highlighting the extent of conduct problems in the consumer financial services market. Put simply, the FCA's analysis remains highly relevant: the conduct of firms is certain to fall short in far more cases than the FCA can prevent or intervene and this is likely to extend in future to new issues with information without the deterrent effect of proportionate sanctions.

The consultation cites the ability of consumers to make complaints to FOS as a deterrent but that confuses the ability to access redress and compensation with the role of sanctions in preventing harm, and overlooks the recent history of mass redress where the FOS regime has responded to but not deterred poor conduct. Likewise, the consultation points to FCA handbook obligations on firms to identify and rectify breaches, ensure prompt redress payments are made to consumers. Neither consumer access to FOS or firms' handbook obligations have prevented multiple serious market-wide failures of firm conduct, particularly in high cost and subprime segments of the market, in recent years and there is no reason to suppose they will do so in future.

While it might be argued that some communication requirements already sit in the FCA rulebook without sanctions such as those in MCOB, those primarily apply to smaller (in terms of the number of firms) and, as such, easier to supervise markets like mortgage providers.

We remain of the view that the best way forward to modernise the CCA without significantly reducing consumer protection is to move most information and form and content requirements into FCA rules but update and retain sanctions in the CCA, or extend the FCA's rule-making powers under the FSMA to the same effect.

Question 6: What are your views on the following approaches for criminal offences? Officials would need to review these options in the context of the wider CCA Reform proposals. (a) Repealing all the criminal offences in the CCA, allowing the FCA to take enforcement action where possible; (b) Keeping all the criminal offences in the CCA; (c) Repealing all criminal offences (allowing the FCA to take enforcement action where possible) except those that relate to minors and canvassing off trade premises where criminal offences would remain.

We agree that there is a strong case for retaining the criminal offences for canvassing off trade premises and circulars to minors that are likely to have a deterrent effect given the risk and nature of harm these offences present. We also note section 119, which makes it an offence to unreasonably refuse to release the pawn in pawn broking loans, is still relevant and, given the potential impact on customers in vulnerable situations, justifies a stronger deterrent than FCA enforcement alone.

Question 7:

a: Has this paper captured the key issues and barriers for each of the cross-cutting themes of:

• Green Finance: No

We welcome the Government's policy focus on supporting the rollout of green finance products as part of the wider net zero agenda while maintaining robust consumer protection. An increasing number of households at all income levels will need to start transitioning to no and low carbon technologies such as electric vehicles and heat pumps. There is a pressing question on how households will be able to make this transition and how policy makers ensure lower income households do not get left behind.

We also recognise the financing green products comes with specific challenges for firms such as rapid depreciation of assets that cannot easily be removed or recovered. However, a number of the 'risks' set out in the consultation look simply like the cost to firms of delivering proportionate and appropriate consumer protections in line with the wider financial services sector.

Historically, the green finance industry has incurred significant liabilities for the mis-selling of solar panels in the 2000s. We also note the closing of the Green Deal Finance Scheme in 2015 following 'low take-up and concerns about industry standards' and the terms of reference for the subsequent Bonfield Review that prioritised consumer advice and protection as a means of ensuring that consumers 'get a good quality outcome when choosing to install energy efficiency or renewable energy measures in their homes'.

Take-up of green finance will not be facilitated by watering down consumer protections, which would only further reduce consumer confidence in a market that has already suffered reputational damage from previous mis-selling. Protections like connected lender liability protection are familiar to consumers, give many the confidence to buy from unknown suppliers (or online or from abroad) have been acknowledged in previous CCA review consultations to increase business to suppliers.

While there may be some opportunity in this review to reduce barriers to green finance without reducing consumer protection, we would suggest that the Government looks to other policy levers to encourage take up of technologies important to facilitate a net zero transition. Here we agree with the Green Finance Institute assessment that 'there is an important need for long-term cooperation across government departments, as well as with industry and local delivery partners' to support households to take up green technologies. Government guarantees for green lending and grant support for low-income households might be an important part of this mix.'

- **Islamic Finance: N/A**

We have no comment at this time.

- **Technology: No**

Our key point of feedback on this section is that responding to new technology must mean more than simply increasing the 'flexibility' of the regulatory framework.

As a provider of debt advice to financially and otherwise vulnerable clients, we know that people will seek and receive information through a variety of channels, including digitally through devices like smartphones. Indeed, a stable ratio of three in four of clients' website sessions with StepChange are on mobile devices (with the remainder on 'desktop' computers including laptops).

So we know that providing sometimes complex and detailed information via mobile devices raises a number of technical and policy questions, including for example:

- formatting for different devices;
- ensuring people can read and navigate through documents;
- the need for additional support and explanations, possibly through different channels; and
- the need for digital inclusion.

These issues are not only about the flexibility of prescribed requirements, but about how firms respond to consumer vulnerability and behavioural bias in technology settings, and the way that firms think about the communication and other needs of their customers.

Currently, there is a risk that firms' expertise and understanding of the impact of digital design on consumer behaviour is better developed than that of the regulator and other policy makers. We would like to see the FCA develop an evidence base to strengthen understanding of how digital delivery affects consumer behaviour and what approaches are effective in supporting consumer understanding and informed decision-making.

This should inform not only communications, where understanding best in class delivery of essential information via digital devices should underpin rules and guidance, but the wider regulatory agenda, such as the level of friction in digital credit journeys or safeguards against potentially manipulative juxtaposition of credit information/ratings and credit offers within digital comparison tools and apps.

The question also touches on the suitability of elements of the FSMA framework to a financial services market in which most products are now accessed digitally, most commonly via smartphones. The section 1c 'have regards', including the 'general principle that consumers should take responsibility for their decisions', were formulated in a context in which digital access of financial services was less well developed and consumer behavioural bias was less well evidenced and understood than is the case now.

While initiatives such as the Consumer Duty and associated consumer understanding outcome are adapting the present regulatory framework to be fit for a digital context, these aspects of the underpinning regulatory framework are in need of fresh examination to ensure they are fit for purpose.

b: Is there anything else you think needs to be considered in our Phase 2 policy work?

StepChange research highlights that an estimated 1.6 million adults have experienced coerced debt, a form of economic abuse, in the last 12 months. StepChange's research also shows that victim-survivors of abuse face barriers to good outcomes including an inconsistent response by creditors, an inflexible credit reporting system and limited specialist advice and support.[4]

One of the barriers to better support for victim-survivors, and among the most important, is uncertainty among firms about whether they can separate coerced debts that are joint credit agreements. The UK Finance report *From control to financial freedom* states:[5]

> *[There] is currently no legislative framework or regulatory guidance available to firms which sets out how a joint and severally liable debt should be divided between each party in order to achieve a fair outcome to both parties.*

This means firms can be reluctant to pursue a perpetrator alone for repayment and not the victim-survivor, and contributes to difficulties achieving economic justice. Uncertainty about legal and regulatory obligations should be removed to create the foundation for consistent and effective support for victim-survivors. StepChange alongside SEA and UK Finance has called for a cross-Government taskforce to identify and taking forward the legislative and regulatory changes necessary to overcome barriers to economic justice for victim-survivors. (And here we note that economic abuse is a cross-cutting theme of the Financial Inclusion Strategy.)

A key step within this objective is to identify and address barriers to separating joint debts. We would like to see HM Treasury coordinate with the FCA to assess to what extent current legislation is a barrier to separating joint debts and identify the legislative changes needed to overcome any barriers.

Question 8: Do you agree with the provisional assessment that, on balance, the Government's proposed proportionate approach to reform mitigates the negative impacts on those sharing particular protected characteristics and retain the positive equalities impacts of the products?

No: we have noted concerns that the Government's proposals overlook key challenges of consumer protection. This includes the history of firms arbitrating and exploiting gaps and ambiguities in legislation and regulation to engage in poor and predatory practices at the expense of financially vulnerable consumers including those with protected characteristics.

Recent Centre for Analysis of Social Exclusion research in collaboration with StepChange highlights stark inequalities in over-indebtedness across London with certain ethnic minority groups, particularly in the most deprived areas, exposed to disproportionately higher over-indebtedness risks rooted in demographic and socioeconomic drivers (such as income instability, employment patterns, and life

[4] StepChange (2025) *Too close to home: StepChange debt advice clients' experiences of coerced debt*
[5] UK Finance (2024) *From Control to Financial Freedom*

events) and a lack of financial buffers caused by poverty and disadvantage.[6] Recent Fair4All research *Levelling the Playing Field* also found that people from minority ethnic groups experience higher levels of discrimination in their interactions with financial services.[7] This evidence points to the fact that those with protected characteristic are more likely to be in vulnerable circumstances, are more likely to experience difficulty with credit, and are more likely to experience poor conduct if they do so.

The consultation sets out a narrow discussion of the benefits and risks of reforms to information requirements for those with protected characteristics, which misses the most important risks to consumers. In reality, not all firms act in good faith: examples of potential risks arising to those with protected characteristics include firms not only failing to effectively communicate important information to consumers, but actively misleading them. StepChange is familiar with one example of this through the behaviour of 'imposter firms' that imitate regulated free advice providers and mislead over-indebted consumers into setting up costly and often inappropriate IVA or debt management plan solutions.

This section of the consultation states 'the FCA's expansive supervision and enforcement powers provide a significant deterrent for firms' (8.24). Evidence shows this is far from the case. In fact, the FCA has been forced to intervene repeatedly to address market-wide misconduct and detriment that has already emerged. The Consumer Duty framework somewhat strengthens and sharpens the FCA's expectations, but it does not address underlying limitations of the regulatory model and no undue assumptions should be made about the Duty's future impact.

In reforming the CCA framework, the disproportionate impacts on those with protected characteristics and who are more vulnerable to harm should prompt serious reflection on the new risks that are likely to arise as well as potential mitigations. We do not consider that those risks have yet been adequately surfaced and addressed.

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[6] Karagiannaki, E. (2024) *Debt, ethnicity and local area deprivation in London*. Centre for Analysis of Social Exclusion and StepChange.
[7] Fair4All Finance (2023) *Levelling the Playing Field*