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Press Release

Consumer Credit Counselling Service response to new FSA mortgage arrears and sale-and-rent-back policy

National debt charity Consumer Credit Counselling Service (CCCS) welcomes policy measures announced today by the Financial Services Authority (FSA) that are designed to protect people with mortgage arrears or entering sale and rent back agreements.

The FSA's new rules state that firms must not apply monthly charges where an agreement is already in place to repay arrears, that payments by customers must be used to settle missed monthly payments first and that lenders must consider all options before seeking to repossess a person's home.

The FSA additionally proposed a ban on the use of emotive advertising, cold calling and high-pressure sales techniques by sale and rent back (SRB) firms, as well as a 14 day cooling-off period and guaranteed five year tenancy for people entering SRB agreements.

CCCS chairman Malcolm Hurlston said:

"The FSA's action against arrears penalties will help borrowers to tackle their debts more fairly and effectively. It is good to see measures that further entrench repossession as a last resort among lenders, strengthening the mortgage pre-action protocols currently in place.

“FSA proposals to fully regulate the sale and rent back sector are very much welcome. Cracking down on emotive advertising and high-pressure sales, as well as introducing a cooling-off period and guaranteed five year tenure, will help prevent people in difficulty being exploited by unscrupulous, profiteering companies.

“We would however like to see lenders encouraged to send their customers in arrears for independent and impartial advice rather than pay mediators.”

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Notes for editors:

1. CCCS has a free phone helpline (0800 138 1111), which is open 8am to 8pm, Monday to Friday.
2. CCCS operates Debt Remedy, an online counselling service available round the clock at www.cccs.co.uk for those who prefer an anonymous option.
3. CCCS's ethos is to help the “can't pays”, not the “won't pays”, and does not condone debt avoidance. CCCS always aims to help its clients pay back what they owe, in a realistic timescale and manner that is suited to each individual's situation.
4. CCCS is self-funding. Lenders share with the charity the benefit they receive from its operation, making a donation from the money repaid to them. This allows CCCS to retain its independence and ensure that its advice is always in the best interest of the client.