Centre for Responsible Credit

Response to CP26/15: Financial Promotions and Representative APR

1. INTRODUCTION

1.1 The Centre for Responsible Credit (CfRC) welcomes the opportunity to respond to CP26/15. This response draws on our January 2026 report, Good Score, Empty Cupboard: The credit score trap forcing households to cut spending on essentials, based on a representative survey of around 3,400 low-to-middle income (LMI) adults in Great Britain carried out in August–September 2025, and thirty in-depth interviews.

1.2 Our research examined how people use credit score dashboards — platforms such as those provided by Experian, ClearScore, and Credit Karma. These let consumers check their credit score and access their credit file, but they also act as credit brokers, offering loans and cards from their lending panels.

1.3 This response has two parts.

- Part One addresses the consultation's questions on representative APR disclosure and argues that several of these sit uneasily with the FCA's own behavioural research.
- Part Two identifies a regulatory gap that this consultation does not currently address — "credit limit utilisation rate" messaging on dashboards — and raises concerns about two proposals (Questions 1 and 6) that we think would widen, rather than close, that gap.

1.4 The evidence behind both parts of this response was gathered more than two years after the Consumer Duty came into force. We think this matters: it shows that the Duty's principles-based requirements have not, in practice, prevented the specific harms discussed below, and that the more specific rules and guidance this consultation proposes to loosen, remove or relocate continue to serve a purpose the Duty alone has not replaced.

PART ONE: APR DISCLOSURE AND THE FCA'S OWN EVIDENCE

2.1 Over half (55%) of the LMI dashboard users we surveyed had been offered extra credit when checking their score. 49% felt these offers encouraged them to take on more credit than they could afford, and 28% felt pressured to accept. Of those prompted, 43% took up an offer; within six months, around one in five saw their overall debt rise or experienced stress and anxiety, 18% struggled with the new repayments, 18% cut back on essentials, 14% had to borrow further to cover repayments, and around one in ten missed a payment or defaulted.

2.2 These offers typically work in two stages: a general invitation ("check your offers"), which is plainly an advertisement and should remain subject to CONC 3.5.7R; and a personalised result shown after a soft search, and combined with other information available to the lender at this point (potentially including 'alternative' behavioural and transaction data) carrying a single APR tied to the consumer's own profile. This second stage is where consumers decide whether to proceed with an application and it is where credit applicants interact with APR disclosures.

2.3 The FCA's own commissioned behavioural research found that APR alone performs well as a disclosure metric, that non-standardised or asymmetric alternatives produce worse outcomes, and that a substantial share of consumers default to a "low APR equals low cost" heuristic that

consistent APR disclosure — not its removal — helps correct. The research's own policy implications note that a more flexible regime "could cause consumer harm."

2.4 Yet the consultation asks whether the triggers for requiring a representative APR, the Representative example requirement, the 51% threshold, and the term "representative" itself should be loosened, changed or removed. We think this sits uneasily with the FCA's own findings, and that the dashboard journey described above is precisely the context in which that evidence applies most directly: a single, personalised rate, shown at the point a consumer is asked to decide on whether to proceed.

2.5 We have reviewed the policy options the FCA has set out for the Representative APR threshold (Question 19) and consider the option of keeping the threshold at 51% while also requiring firms to show the highest APR that might be charged to be preferable. This is the simplest and least burdensome change for firms to make, while still giving consumers a second, concrete figure that signals the range of outcomes they could face.

2.6 Removing the word "representative" for these single-APR personalised offers (Question 21) would strip away the one signal that the rate shown is provisional rather than guaranteed — at exactly the point where "pre-approved" or "matched" framing already creates a false sense of certainty.

2.7 It should be noted that the APR figure does more than measure cost. It also reflects something that matters enormously to borrowers: how long a period they need to repay within. Repaying £500 over 12 months is a very different proposition from repaying the same £500 in 30 days, even where the total interest, and other costs being charged, are the same — the second leaves a borrower far less room to manage their budget.

2.8 The APR figure is, however, sometimes criticised as misleading for short-term products, because it can create headlines running into the hundreds or thousands of per cent. We think this is a strength of the calculation, not a flaw. Short-term lenders have long used 'low-cost' framing — focused on a flat fee, or 'a few pounds a week' — to make borrowing sound manageable. Annualising the cost strips that framing away and signals the burden that a borrower is taking on, over a short period. We think more should be done to help borrowers understand this, with guidance (Question 20) provided to firms in this respect. This should encourage firms to explain why short-term APRs look the way they do — rather than treating the figure as something to be downplayed. On this basis, we think the APR figure should continue to apply to all credit products, including those with a term of less than 12 months.

2.9 We do, however, agree that APR alone is not enough. Borrowers also need to be told, in clear terms, what their credit will cost them. APR disclosures should therefore be paired with information on the total cost of the credit. Our preference is for this to take the form of the total amount repayable — a single, concrete figure showing exactly how much money a borrower will hand over by the time the credit is repaid in full.

2.10 We are not aware of any published evidence that investors are deterred from the high-cost short-term credit sector by high APR figures themselves. This was certainly not the case before the introduction of the total cost cap and the FCA's rules restricting 'rollover' lending, when APRs in this market were considerably higher than today and investment was nonetheless substantial. Investment in the sector declined later, as complaints about irresponsible lending to the Financial Ombudsman Service increased, making it harder for investors to price in the liabilities lenders faced because of past irresponsible lending practice. Investment continues to be affected by ongoing concerns about lending practice, the potential for Ombudsman complaints, and by the shrinking pool of lower-income borrowers who can legitimately (i.e., responsibly) be lent to during

the current cost-of-living crisis. We do not think a requirement to additionally disclose the highest APR that might be charged would have any significant effect on investment in the sector.

PART TWO: CREDIT LIMIT UTILISATION RATE MESSAGING — A REGULATORY GAP

3.1 Separately from advertised offers, dashboards commonly display "tips" telling consumers to keep their credit utilisation below a set percentage (commonly 30%) to protect or improve their score. This is framed as financial education rather than a sales message, but it typically prompts one of two responses: paying down a balance or taking on more available credit — a new card, including those offered on a 0% balance transfer basis — often sourced through the same platform's broking function. The conflict here is structural: these tips are delivered by a party that profits, through commission, if the consumer follows the tip into taking on more credit.

3.2 Our survey, carried out more than two years after the Consumer Duty came into force, finds that many are pressured by a desire to maintain their credit scores into taking on new lines of credit. This is evidence of real, current harm — not a historic problem the Duty has already resolved.

3.3 Messaging about the importance of 'credit utilisation' sits in a regulatory gap. It is not unambiguously an "advert" of the kind CONC 3.5 contemplates, since it does not name a product or quote a rate, so it does not engage the protections this consultation proposes to retain there.

3.4 The only specific guidance in this consultation addressing misleading 'advice'-style content relates to debt solutions (CONC 3.3.10G(7)). Question 1 therefore proposes moving this guidance out of CONC 3.3 altogether and into CONC 3.9 — as this applies only to debt counselling and debt adjusting firms, not to credit brokers. However, in contrast to this, we propose that CONC 3.3.10G(7) should be broadened in scope and applied to both credit brokers and providers of debt solutions.

3.5 We also have separate, narrower reservations about Question 6, which proposes removing CONC 3.3.11G — guidance on misleading introductions to lenders, including introducing a customer to a high-cost short-term credit provider after implying access to mainstream credit — alongside several other provisions, relying on the Consumer Duty's good faith and foreseeable harm requirements to cover the same ground. We do not have evidence of our own that this specific removal would cause harm in this part of the market. Our concern is a more general, principled one: the consultation does not set out evidence that reliance on the Duty's general standards will deliver outcomes as good as the current named guidance, at a correspondingly lower cost. We think the FCA should be able to demonstrate this equivalence, rather than assume it, before removing a specific, well-understood example.

3.6 We recommend that the FCA consult on broadening the application of CONC 3.3.10G(7) to credit brokers; before proceeding with the removal of CONC 3.3.11G under Question 6, set out the evidence that reliance on the Consumer Duty will deliver equivalent outcomes at lower cost (we take no position on the other provisions bundled into that question); and commit to giving utilisation-rate messaging, and similar 'tips' embedded in credit-broking dashboards, dedicated attention, whether through this review, through other rules and enforcement of the Consumer Duty, or through the work of the Credit Information Governance Body (CIGB).

4. SUMMARY OF RECOMMENDATIONS

We recommend that the FCA:

(a) Retain the existing representative APR architecture — including CONC 3.5.7R's triggers, the Representative example requirement, the 51% threshold and the term "representative" — for personalised, soft-search-based dashboard offers, including for credit products of less than 12

months' duration, and address directly the tension between the consultation questions and its own behavioural research.

(b) On Question 19, keep the Representative APR threshold at 51% and additionally require firms to show the highest APR that might be charged — the simplest, least burdensome option that still gives consumers useful extra information.

(c) On Question 20, issue guidance requiring firms to fully explain the Representative APR, including the time dimension of the calculation, which is currently poorly understood by consumers.

(d) Require representative APR disclosure to be complemented by a total amount repayable figure, so that consumers see both the standardised cost/time metric and a single concrete figure for the total they will repay.

(e) Consult on broadening the application of CONC 3.3.10G(7) to credit brokers.

(f) Before proceeding with the removal of CONC 3.3.11G under Question 6, set out the evidence that reliance on the Consumer Duty will deliver equivalent outcomes at lower cost; we take no position on the other provisions bundled into that question.

(g) Give "credit limit utilisation rate" messaging, and similar dashboard content, dedicated regulatory attention — through this review, other rule changes, enforcement of the Consumer Duty, or the CIGB.