

Consumer Credit Act - Do you need a credit licence?

The Financial Conduct Authority will take over regulation of consumer credit from the OFT on 1 April 2014.

All firms who currently hold a Consumer Credit Licence (CCL) will only be able to trade under their existing CCL until the 31 March 2014. All consumer credit licences expire on this date at midnight and if you have not taken action you will not be able to continue your licensable activities.

All firms who wish to continue trading after 31 March 2014 will need to be registered with the FCA. From 2 September 2013, current OFT licence holders can register with the FCA for 'interim permission' to carry on regulated activities from 1 April 2014.

Who needs a Consumer Credit Licence?

If your business sells goods or services on credit, offers goods for hire or provides debt counselling or debt adjusting services to consumers, you almost certainly need to be licensed by the OFT.

Engaging in licensable credit activities without a credit licence is a criminal offence, and can result in a fine and/or imprisonment. Businesses cannot normally legally enforce a credit agreement if they are not licensed.

Examples of categories typically applied for by particular types of business.

You should only apply for the licence categories actually needed for the credit activities carried out by your business.

It is important that you identify the credit activities that you actually carry out - you will need to select the relevant categories on your application and we may require you to explain why you are requesting certain categories of licence. We find that many businesses apply for categories they do not need and this delays the application process.

For further information contact Philip Chapman on p.chapman@wjclaw.co.uk
