



News Release

24 February 2005

DEVIL IN THE DETAIL – FLA CHAIRMAN URGES GOVERNMENT TO LOOK AGAIN AT CONSUMER CREDIT ACT

The Government risks unintended long term consequences if it rushes the Consumer Credit Bill through as it stands, warned FLA (Finance & Leasing Association) Chairman Peter de Rousset-Hall last night (Tuesday 22 February).

Speaking to a 1,500-strong audience at the association's annual dinner in London, Mr de Rousset-Hall said FLA - the principal representative of the asset, motor and consumer finance sector in the UK – supported and applauded many aspects of the Bill and the open approach to consultation taken during its design stages.

“But, as we all know, the devil lies in the detail. To confine Committee Stage to four sessions risks, frankly, unintended consequences and problems with which we could all be stuck for some time. The shelf life of the existing act was 31 years, so it is important to get it right,” he said.

He urged Government to revisit and modify three specific areas to avoid major problems in the future:

1. the unchecked discretionary powers given to the OFT (Office of Fair Trading) – allowing it the freedom to micro manage consumer credit businesses, with little real accountability to Parliament.
2. a clause covering ‘unfair relationships.’ Actually meant to help consumers, the poorly defined clause would instead lead to uncertainty and inconsistency.
3. lack of modernisation of the outdated 66 year-old law on voluntary terminations (VTs) or the ‘half rule.’

Mr de Rousset-Hall said the ‘half rule’ currently distorts the market: “It does not help vulnerable borrowers ... and instead it deprives many consumers of access to cheap and affordable car finance. SME's lose out too as VTs limit lenders' ability to offer Hire Purchase (HP) and Conditional Sale options for often much-needed capital investment. We invite the Government to give these matters further attention so as to save Parliamentary time on the later stages of the bill.”

- ends -





- Picture shows: Peter de Rousset-Hall, FLA Chairman and Managing Director of Ford Financial Britain, addressing FLA's annual dinner at London's Grosvenor House Hotel.

Note to editors:

FLA is the principal representative of the asset, motor and consumer finance sector in the UK. FLA members achieved £89.7 billion of new business in 2003. Of this £25 billion was provided to the business sector and UK public services, representing over a quarter of all fixed capital investment in the UK in 2003 (excluding real property). The remaining £64.7 billion was provided to the consumer sector and FLA members represented 29.7% of all unsecured lending in the UK.

For further media information, please contact:

Jane Lawrence or Paul Ovington at Direct Public Relations

T: 020 7407 6882 E: directpr@btconnect.com

or Ian Humphreys at FLA

T: 020 7420 9623 E: ian.humphreys@fla.org.uk

