



FLA RESPONSE TO THE DEPARTMENT FOR TRANSPORT'S CONSULTATION ON CONTINUOUS ENFORCEMENT OF MOTOR INSURANCE REQUIREMENTS FROM THE RECORD

FLA (Finance & Leasing Association) welcomes the opportunity to comment on the DVLA's consultation on continuous enforcement. We responded to your previous consultation on the proposals to seize vehicles driven by uninsured drivers.

Introduction

FLA is the main representative organisation for the UK consumer credit, motor finance and asset finance sectors, and the largest organisation of its type in Europe. Our members comprise banks, subsidiaries of banks and building societies, the finance arms of leading retailers and manufacturing companies, and a range of independent firms. The facilities they provide include finance leasing, operating leasing, hire purchase, conditional sale, personal contract purchase plans, personal lease plans, secured and unsecured personal loans, credit cards and store card facilities.

FLA members provided £18.3bn of motor finance in 2004 and financed at least 50% of all new car registrations.

1. OVERALL COMMENTS

FLA strongly welcomes all crime reduction measures and is supportive of the Government's efforts to tackle uninsured drivers. From our perspective it is important to understand the relationship between a finance house and their customer to ensure that the former will be made aware of any enforcement action against one of its vehicles, and particularly its seizure prior to potential disposal.



INVESTOR IN PEOPLE

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2. SPECIFIC COMMENTS

Finance companies have an ownership interest in the vehicles that they finance though the vehicle may not necessarily be registered in their name. Under lease agreements, finance houses are usually listed as the registered keeper of the vehicle. In contrast, on hire purchase agreements the V5 is usually in the name of the hirer. **The key issue is that the vehicle represents the security the finance company has on their asset.**

For FLA, the key question posed in the consultation concerns grounds acceptable as an appropriate defence (number 4). We would like to see a defence in situations where the finance company is listed as the registered keeper but is not the person responsible for insuring the vehicle (which lies with the person driving the vehicle) and can provide evidence that the customer had a contractual obligation to insure the vehicle. Our members contracts generally contain a requirement for the hirer/lessee to take out comprehensive insurance. They would also always be able to prove title to the vehicle.

More generally, FLA is investigating two possible solutions to prevent the likelihood of members' vehicles being seized without their knowledge:

- Firstly, a statutory obligation requiring local authorities to undertake HPI/Experian checks as is currently the case for abandoned vehicles prior to their disposal. We are currently at an early stage in investigating such a possibility.
- Secondly, access for FLA members to the Motor Insurance Database would help members to identify uninsured drivers. In this regard, we have written to the Motor Insurers Information Centre to explore such a possibility.

3. CONCLUSION

FLA members should always be in a position to demonstrate that they do not have responsibility for a vehicle being uninsured as the customer is bound by contract to take out insurance. It will therefore be in the interests of finance houses to work with the police to enforce any actions against uninsured vehicles. In return FLA would like recognition from the authorities that none of their vehicles will be disposed of without their prior knowledge.

4. FLA CONTACT DETAILS

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