

16 Annex 38BG

NOTES FOR COMPLETION OF THE DATA ITEMS RELATING TO CONSUMER CREDIT ACTIVITIES

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Introduction

1. These notes aim to assist firms in completing and submitting the data items relevant to credit-related regulated activities.
2. The purpose of these data items is to provide a framework for the collection of information by the FCA as a basis for its supervisory and other activities. They also have the purpose set out in paragraph 16.12.2G of the Supervision manual, i.e. to help the FCA to monitor firms' financial soundness.
3. The data should not give a misleading impression of the firm. A data item is likely to give a misleading impression if a firm omits a material item, includes an immaterial item or presents items in a manner which is misleading.

Defined Terms

4. These notes are not intended to provide any new definitions. Some of the terms we use below will already be included in the Glossary of definitions in the FCA Handbook. Where we use an alternative word or phrase we expect firms to apply an ordinary meaning to those phrases.

Scope

5. Most firms with *limited permission* are only required to submit data item CCR007 (Key Data). A firm is not required to submit any data items if the only credit-related regulated activity it carries on is providing credit references. The reporting requirements also do not apply to a not-for-profit body unless it is a not-for-profit debt advice body (and most apply only if, at any point in the last 12 months it has held £1 million or more in client money or, as the case may be, projects that it will hold £1million or more in client money in the next 12 months). An authorised professional firm does not need to submit the data items in *SUP* 16.12.29CR unless it is a CASS debt management firm.
6. All other firms undertaking *credit-related regulated* activities are required to complete the data items applicable to the activities they undertake as set out in *SUP* 16.12.29CR.
7. The credit-related regulated activities are:
 - a. Entering into a regulated credit agreement as lender;
 - b. Exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement
 - c. Credit broking;
 - d. Debt adjusting;
 - e. Debt counselling;
 - f. Debt collecting;
 - g. Debt administration
 - ga. Advising on regulated credit agreements for the acquisition of land (article 53DA);
 - h. Operating an electronic system in relation to lending;
 - i. Regulated consumer hire agreements;
 - j. Providing credit information services;
 - k. Providing credit references

Currency

8. Unless otherwise stated, you should report in the currency of your annual audited accounts, where this is Sterling, Euro, US dollars, Canadian dollars, Swedish Kroner, Swiss Francs or Yen. Where annual audited accounts are reported in a currency outside those specified above, please translate these values into an equivalent within the list using an appropriate rate of exchange at the reporting date or, where appropriate, at the rates of exchange fixed under the terms of any relevant currency hedging transaction, and that value used in the return.

Unless otherwise stated, figures should be reported in single units.

Data elements

9. These are referred to by row first, then by column, so data element 2B will be the element numbered 2 in column B.

General reporting guidelines

10. The consumer credit returns in *SUP 16 Annex 38AR* (Data Items relating to Consumer Credit activities) should reflect the standard accounting practices followed in the preparation of a *firm's annual report and accounts*, unless otherwise stated.
11. The information reported in the returns should cover the reporting period specified, unless otherwise stated.

CCR001 – Financial data for consumer credit firms

This data item provides the FCA with a snapshot of the assets, liabilities, income and expenditure of a firm, giving an idea of the on-going financial viability and whether this poses any potential risks to consumers.

Balance sheet items		
Total shareholder funds/Partnership capital/Sole trader capital	1A	Incorporated firms: add the value of all types of shares, reserves, retained earnings and verified current year profit. Partnerships and sole traders: add the value of all capital accounts, retained earnings and verified current year profit. LLPs: add the value of all cash and capital accounts.
Intangible Assets/Investments in subsidiaries/Investment in Own Shares	2A	Add the value of intangible assets/goodwill, investments in own shares, investments in subsidiaries, material current year losses and, if applicable, excess LLP member's drawings.
Subordinated debt and subordinated loans	3A	Add the value of any subordinated loans and other subordinated debt.
Current Assets		
Cash	4A	This is money physically held by the firm and money deposited with banks or building societies.
Debtors/Other	5A	Add the value of all types of debtors, stocks, investments (other than those included in 2A) and loans.
Current Liabilities		
Creditors	6A	Add the value of all types of creditors.
Largest Exposures (including inter-company): Amount	7A	Identify the amount of the two largest exposures (including those between the firm and a related entity). These exposures can either be amounts owed to the firm by debtors, or amounts owed by the firm to creditors.
Largest Exposures (including inter-company): Counterparty name	7B	Identify the name of the counterparty from or to whom the amounts are owed.

Largest Exposures (including inter-company): Type of exposure	7C	Identify whether the amounts are owed to the firm (debtor) or owed by the firm (creditor).
Income Statement (including regulated business revenue)		
Total income	8A	Submit the total income of the firm in the reporting period, from all activities, both regulated and non-regulated.
Retained Profit	9A	<p>This figure should be the amount of profit or loss retained from the period being reported on.</p> <p>This figure does not relate to the accumulated retained profit figure that appears on the firm's balance sheet, but to the retained profit or loss figure for the period shown on their income statement/P&L.</p>

CCR002 – Consumer Credit data: volumes

This data item provides the FCA with an overall picture of the size of the consumer credit market and how revenue is generated. On an individual firm level, it allows us to look at the relationship between customer numbers, transaction numbers and revenue.

In this data item, firms should complete each row relating to an activity they have permission to undertake.

Column A: Fee mechanism

In this column, firms should identify the predominant method used for applying fees to customers.

For the purposes of answering this question, an upfront fee is a single fee incurred once at the time of the transaction occurring. There are no further fees associated with the transaction. For example, a one-off broking fee.

An ongoing fee is where the fee is split into multiple payments across the lifetime of the product. For example, a percentage charge taken from monthly payments on a debt management plan.

Where a firm only uses upfront fees or only uses ongoing fees, the firm should select “upfront only” or “ongoing only”. “Mainly upfront” and “mainly ongoing” should be used when more than two-thirds of the relevant revenue from that activity is achieved using that method.

With respect to lending activities, “interest only” should be selected if revenue is generated solely from charging interest on loans. “Mainly interest” should be selected if interest accounts for more than two-thirds of the revenue generated. For example, an agreement for high-cost short-term credit may incur a fixed fee plus interest.

“Combination” should be used when no single revenue source (upfront fees, ongoing fees and interest) accounts for more than two-thirds of the relevant revenue from that activity.

Column B: Revenue

In this column, firms should enter the amount of revenue generated by each activity undertaken.

Column C: Total Customers:

In this column, firms should enter the total number of individual customers that have taken up a credit-related product during the period. This figure should be the number of customers, rather than the number of transactions. For example, if the same customer has taken out three loans, this counts as one towards the “total customers” figure.

A *credit repair firm* should count the number of individual customers who have engaged their services during the period.

In the case of jointly-owned products, each individual should be recorded as a customer for the purposes of this column. For example, a joint account held by two individuals would be recorded as two customers.

Column D: Total Transactions:

In this column, firms should identify the total number of transactions that were made during the period. For example, if the same customer has taken out three loans, this counts as three towards the “total transactions” figure.

Jointly-owned products should be recorded as a single transaction. For example, a joint account held by two individuals would be recorded as one transaction.

In the case of pawnbroking, each separate item held as security should be counted as a single transaction.

A *debt management firm* or a *not-for-profit debt advice body* to which this data item applies should record the number of debt management plans that they have entered into during the reporting period.

A *credit repair firm* does not need to complete this field.

Rows 1 to 8 and 13 to 14: Lending

The rows under the heading “Lending” relate to the different types of lending that are covered by *consumer credit lending*. For each type of lending that a firm undertakes, the row relating to that activity should be completed in full.

Firms undertaking logbook lending should report data relating to this activity in the row labelled “Bill of sale loan agreements.”

Row 9: Credit Broking

This row should be completed in full by all firms carrying on the activity of *credit broking* as defined in article 36A of the *Regulated Activities Order*.

Row 10: Debt Management Activity

This row should be completed in full by a *debt management firm* or a *not-for-profit debt advice body* to which this data item applies.

Row 11: All other credit-related regulated activity

Firms should include in this row data relating to all other *credit-related regulated activities* (defined in the Handbook *Glossary*) not covered in rows 1 to 10. The row should be completed in full and include the total of all other *credit-related regulated activities* that a firm undertakes.

Row 12: Total annual income for FCA fees reporting

This figure should be calculated with reference to *FEES 4 Annex 11BR*.

CCR003 – Consumer Credit data: Lenders

The purpose of this data item is to give the FCA an understanding of the number and value of credit-related loans that exist, and the extent of arrears attached to those loans. This data item will also provide information on interest rates being charged on those loans.

In this data item, firms should complete each row relating to lending sub-category that they have permission to undertake.

Firms undertaking logbook lending should report data relating to this activity in the row labelled “Bill of sale loan agreements.”

Column A: Total Value (000s)

In this column, a firm should enter the total value of loans outstanding at the end of the reporting period.

Column B: Total # Loans

In this column, the firm should enter the total number of loans in its loan book at the end of the reporting period. In the case of pawnbroking, a single credit agreement under which the firm has taken two or more articles in pawn should be counted as one loan.

Column C: Total # Loans in Arrears

In this column, a firm should enter the number of loans that had overdue repayments at the end of the reporting period. In the case of pawnbroking, the figure should include the number of credit agreements where any article taken in pawn under the agreement has become realisable by the firm during the reporting period, or the property in any such article has passed to the firm during the reporting period.

Column D: Total Value of Arrears (000s)

In this column, a firm should enter the total value of arrears that existed in its loan book at the end of the reporting period.

Column E: Total Value of New Advances in Period (000s)

In this column, a firm should enter the total value of loans made during the reporting period. In the case of Debt Purchasing, a firm should report the value of loans purchased during the period.

Column F: Ave. rate of interest (Total loan book)

The firm should calculate the average (mean) APR on all the current loans in its loan book at the period end. APR should be calculated in accordance with CONC App 1.2 in the Consumer Credit sourcebook.

The amount entered will be a percentage with no decimal places.

Worked example:

A firm has the following loans:

- 4 loans of £1000 with 300% APR
- 3 loans of £500 with 400% APR
- 2 loans of £200 with 500% APR
- 1 loan of £100 with 750% APR

Average rate of interest is calculated as follows:

$$((4 \times 300) + (3 \times 400) + (2 \times 500) + (1 \times 750)) / 10$$

Column G: Highest rate of interest (in period)

Firms should enter the highest APR that has been applied during the reporting period to a single loan. APR should be calculated in accordance with CONC App 1.2 in the Consumer Credit sourcebook.

The amount entered will be a percentage with no decimal places.

Row 11: Overdraft

The information recorded in this row should be on the utilisation of the running-account credit, not the facility.

Row 12: Other running-account credit

The information recorded in this row should be on the utilisation of the running-account credit, not the facility.

Row 13: Overdraft

The information recorded in this row should be on the utilisation of the running-account credit, not the facility.

CCR004 – Consumer Credit data: Debt Management Firms

This data item is intended to reflect the underlying prudential requirements contained in CONC 10 and allows monitoring against the requirements set out there.

This data item must be completed in sterling and single units.

Total value of <i>relevant debts under management</i> outstanding	1A	Firms should enter the total of the value of all the <i>relevant debts under management</i> that are used to calculate the firm’s current prudential resources requirement. This should be the figure calculated at the latest accounting reference date, or, if there has been a change in the value of all the <i>relevant debts under management</i> of more than 15%, the re-calculated figure. See <i>CONC 10.2.5R</i> to <i>CONC 10.2.10G</i> and <i>CONC 10.2.13R</i> to <i>CONC 10.2.14R</i> .
Total prudential resources requirement	2A	Firms should enter whichever figure is higher out of: a) £5000; and b) the variable prudential resources requirement that is calculated based on the value of relevant debts under management outstanding entered in element 1A (See <i>CONC 10.2.5R</i> , <i>CONC 10.2.8R</i> and <i>CONC 10.2.11G</i> to <i>CONC 10.2.12G</i>). NB: this data item must be completed as single units, so if £5000 is the highest requirement it should be submitted as “5000”.
Total prudential resources	3A	Firms should enter their total prudential resources, calculated in accordance with <i>CONC 10</i> .
Number of debt management plans that end before the end of the term originally agreed	4A	Firms should identify the number of debt management plans that ended earlier than stated in the original contract during the reporting period.

CCR005 – Consumer Credit data: Client Money and Assets

The purpose of this data item is so that the FCA has an understanding of how much client money and assets is being held by firms in relation to credit activities.

What was the highest balance of client money held during the reporting period?	1A	A CASS debt management firm should enter the highest total amount of client money that was held in respect of debt management activity at a single point in time during the reporting period.
What was the highest number of clients for whom client money was held during the reporting period?	2A	A CASS debt management firm should enter the highest number of clients for whom client money was held in respect of debt management activity at a single point in time during the reporting period.
How much client money (if any) did you hold in excess of five days following receipt?	3A	<p>If a CASS large debt management firm, at any point during the reporting period, held client money for an individual client, relating to a single transaction, in excess of five days of receipt of cleared funds, it should report the aggregate balance of this client money (ie, the sum of all the amounts that were held longer than five days). A CASS large debt management firm should report '0' if it did not hold client money in excess of five days at any point during the reporting period.</p> <p>In accordance with CASS 11, a CASS large debt management firm must pay any client money it receives to creditors as soon as reasonably practicable, save in the circumstances set out in in CASS 11. In the FCA's view the payment to creditors should normally be within five business days of the receipt of cleared funds.</p>

CCR006 – Consumer Credit data: Debt collection

The purpose of this data item is to give the FCA an understanding of the activities of firms undertaking debt collection, the size of the market and identify potential areas where there is risk of consumer detriment.

1A Have you undertaken any debt collection business during the reporting period?

Firms that have the permission to operate an electronic system in relation to lending (peer-to-peer lending) are required to submit CCR006 because the scope of that permitted activity allows firms to undertake debt collection. If a peer-to-peer lender has not undertaken any debt collection business, they should answer “no” and do not have to complete the remainder of the data item.

Stage of debt placement

The firm should complete each column in which they have debts to collect. All debts at sixth stage or lower should be aggregated and reported in column F.

Debt placement is the placement of an overdue account, passed out for debt collection either through an internal collection strategy (also known as in-house) or outsourced to a specialist third party debt collection agency. Each time the debt is passed to a new agency for collection, the stage of debt placement increases.

Total value of debts being pursued for collection	2	The firm should report the total value of all the debts that are being actively pursued for collection at the end of the reporting period.
Total value of debts under collection	3	The firm should report the total value of all the debts that it has on its books to collect at the end of the reporting period.
Total number of debts being pursued for collection	4	The firm should report the number of all the debts that are being actively pursued for collection at the end of the reporting period.
Total number of debts under collection	5	The firm should report the number of individual debts that it has on its books to collect at the end of the reporting period.
Number of debts under collection with missed repayments	6	The firm should identify the number of debts under collection on its books that have missed repayments.
Total income per placement (000s)	7	The firm should indicate the amount of income that has been attributed to debts collected under each stage of placement.

CCR007 – Key data for credit firms with limited permission

The purpose of this data item is so that the FCA can collect a small, proportionate amount of data from the large population of firms with limited permission undertaking *credit-related regulated activities*, to enable monitoring of the market with a risk-based approach.

<p>Revenue from credit-related regulated activities</p>	<p>1A</p>	<p>A firm should report the total amount of income (before expenses) actually received by the firm for its credit-related business activities during the reporting period.</p> <p>Example 1:</p> <p>A firm sells a product for £1000 after referring the customer for financing. The firm receives £50 commission for the referral, as well as the £1000 for the product sale.</p> <p>For data field 1A, the firm would need to report its credit-related income of £50. The income from activities unrelated to credit should not be included here.</p> <p>Example 2:</p> <p>A firm sells a product for £1,000. The customer pays £500 cash and the firm refers the customer for financing for the remaining balance. The firm receives £50 commission for the referral.</p> <p>For data field 1A, the firm would need to report its credit-related income of £50. The amount of finance referred should not be reported here.</p>
<p>Total revenue (including from activities other than credit-related regulated activities)</p>	<p>2A</p>	<p>A firm should report all income (before expenses) received for all its business, both regulated and unregulated.</p> <p>For example, if a firm has sold a product for £1000 and received £50 commission for referring the customer for credit, for data field 2A, the firm should report the total amount of money received, £1,050.</p>

<p>Number of credit-related regulated transactions in reporting period</p>	<p>3A</p>	<p>A firm should report every credit-related regulated transaction which occurred in the reporting period.</p> <p>For example, if one customer has been referred for credit twice, then this should be recorded as two transactions.</p> <p>In relation to debt counselling, the amount should relate to the number of separate occasions on which advice has been given.</p>
<p>Number of complaints relating to credit-related activities received in period</p>	<p>4A</p>	<p>A firm should submit the total number of complaints received in relation to credit-related activities undertaken by the firm during the reporting period. Any complaints about the firm's non-credit-related business should not be included here.</p>
<p>Credit-related regulated activity which generated the highest amount of turnover in reporting period</p>	<p>5A</p>	<p>Selecting from the following options, a firm should identify which <i>credit-related regulated activity</i> generates the highest amount of turnover.</p> <ul style="list-style-type: none"> • Lending • Consumer hire • Not-for-profit debt counselling • Secondary credit broking • Other
<p>Total annual income as defined in <i>FEES 4 Annex 11BR</i> for the purposes of <i>FCA</i> fees reporting</p>	<p>6A</p>	<p>Firms should refer to <i>FEES 4 Annex 11BR</i> to calculate this figure.</p> <p>Firms which receive grants or funding for their activities should only include this information here when it relates specifically to credit-related activity.</p>