



## **Radiocentre response to FCA Quarterly Consultation Paper CP15/42 published December 2015**

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Radiocentre are pleased to have an opportunity to respond to question 8.1 of the FCA's Consultation Paper CP15/42 on consumer credit amendments.

We fully support the FCA's principle that consumers should be properly informed in order to ensure they make the right financial decisions and that all financial promotions should therefore be clear fair and not misleading. Our views on the FCA's recommendations in this consultation reflect these principles.

Our comments are listed below and relate specifically to paragraphs 8.9 through to 8.12 (Financial Promotions : representative example) and paragraphs 8.13 to 8.15 (Financial Promotions: representative APR):-

- We agree with the FCA's recommendation (para 8.10) to dis-apply the requirement to include a representative example where the APR is 0%. We agree with the FCA's view that in such instances a representative example gives no material benefit to consumers and that removing these details makes it easier for consumers to focus on key facts (para 8.11).
- We also agree that this change will reduce cost to firms and facilitate promotions in media where space or time is limited such as radio (para 8.11)
- We therefore fully support the suggested change to the accompanying guidance at CONC 3.5.4G.
- We also further agree that where promotions only relate to agreements where the APR is 0%, the inclusion of a representative APR does not benefit consumers and we therefore support the proposal to also dis-apply this requirement (para 8.14)

In summary we feel these recommendations by the FCA represent a really positive step towards making financial promotions clearer and easier for consumers to absorb and understand.

We'd also like to take this opportunity to advise that we have been holding a series of discussions with senior Commission officials and MEPs to raise awareness of our concerns regarding Article 4 of the Consumer Credit Directive and the standard information requirements (translated into CONC 3.5.5).

As you know this legislation results in the most complex and lengthy financial information which research has demonstrated consumers can neither absorb nor understand. This is particularly the case on radio where these have to be read in real time.

We will also be making a submission on behalf of our industry to the recently announced REFIT Platform in Brussels, in which we will be requesting an amending directive to this section of the



Consumer Credit Directive in the interests of both consumer protection and reduced industry burden.

We recognise that this regulation comes directly from Brussels however we'd welcome an opportunity to talk to the relevant contacts within the policy and supervision teams of the FCA both to bring them up to speed on our work in this area and seek their opinions and feedback on our approach. We plan to get in touch initially with our existing contacts at the FCA to arrange this since they will already be aware of this initiative from earlier conversations.

If you would like further information on this in the meantime, however, please don't hesitate to contact Judith Spilsbury on 020 7010 0600; email [Judith.Spilsbury@radiocentre.org](mailto:Judith.Spilsbury@radiocentre.org)

### **About Radiocentre**

As the industry body for commercial radio in the UK, Radiocentre's role is to help support a strong and successful commercial radio industry so that it grows in audience and revenue year on year.

We prove the value of radio advertising through research and marketing and provide a voice for commercial radio in all matters relating to regulation and government, promoting the public value and diversity of commercial radio. We also ensure all ads which are aired on UK radio are fair and honest for consumers.

We have already built up a strong working relationship with the FCA to help advertisers navigate the correct interpretation of the FCA's regulations relating to consumer credit promotions with very positive results to date.

Commercial radio is a relatively small sector generating just over £575 million in advertising revenue per annum but it provides a valuable advertising channel for many businesses, including financial services, motors and retail. A healthy advertising market is vitally important to a vibrant and successful financial services industry and indeed to the economy as a whole. Based on the Advertising Association's Study, Advertising Pays, we estimate that financial advertising on commercial radio contributes in excess of £750 million to the UK economy.

**Radiocentre, January 2016**

**RadioCentre  
6<sup>th</sup> Floor  
55 New Oxford Street  
London  
WC1A 1BS  
T: +44 (0) 20 7010 0600**

Radiocentre  
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