

September 2009



Update

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Director General's Editorial



Welcome to September's Update. I hope you all had an enjoyable summer break. It is certainly going to be a busy autumn!

Our campaign activity begins in earnest with the Labour and Conservative party conferences in Brighton and Manchester. We are sponsoring Adam Smith

Institute fringe meetings at both, and I will be sharing a platform with John Fingleton from the Office of Fair Trading (among others) to discuss *"Is the cure worse than the disease? The unintended consequences of regulation"*. Details are on page 10.

We have also drawn up an FLA "manifesto" that we will use in the run-up to the General Election. Our main message to the political parties is that specialist lenders can help to deliver some of their public policy objectives beyond the election, but that we need the right regulatory and fiscal framework to do so. We are also looking to contribute to the debate on alternative finance options for public services. See page 10 for more details.

I hope you have seen our responses (and press comment) on the raft of Government consultation papers released before the summer, including the Consumer White Paper, the OFT Review of High Cost Credit, the Treasury White Paper on banking regulatory reform, the OFT Irresponsible Lending Guidance and the Treasury Select Committee's Mortgage Finance Report. Details of the most current consumer credit issues can be found on pages 5 and 6, and of our recent media activity on page 11.

I have been warning politicians and Government officials for some time that they need to be very careful to ensure that the plethora of new regulation facing the lending markets does not have the unintended consequence of contracting it further and making financial exclusion (for businesses and individuals) worse. While there are signs here and there of improvement, the latest year-on-year figures still show shrinkage in many markets. For similar reasons, we continue to try to persuade the government to take action to ease the position in the wholesale funding markets for non-deposit takers. For what it is worth, the Government's recent public response to the Business Select Committee's report on the automotive sector said that they continued to pursue discussions in Brussels on a scheme which might help the motor finance sector.

We are also talking to the Conservatives (and the regulators concerned) about the Tories' plans for wholesale reform of credit regulation, including a Consumer Protection Agency to replace the Financial Services Authority and part of the OFT. See page 10 for details.

Recent weeks have also seen the publication of complaint handling figures by the Financial Services Authority and the Financial Ombudsman Service (see page 6). We have consistently pointed out the obvious unfairness of some of the criteria used to rank companies in the resultant league tables.

Page 3 reports on the new draft guidelines prepared by the FLA Risk and Fraud Group to improve joint working practices between finance providers and insolvency companies. On page 7 we report the latest motor fraud figures. The industry's work to detect and prevent fraud (including the FLA's support for the ACPO Vehicle Crime Intelligence Service, AVCIS) has cut motor fraud by 30%. On page 6 we report further progress on the regulation of Claims Management Companies and Debt Management Scheme operators, in response to our long-running lobbying campaign.

On 23 September I met the Consumers Affairs Minister, Kevin Brennan MP, to express our general concerns about the Consumer Credit Directive. We also discussed the implication of the Directive for the current voluntary termination regime. Full details are on page 7.

I am pleased this month to welcome more new members. Since June, Ocean Money, Singer and Friedlander Leasing, and Singers Corporate Asset Finance Ltd have joined the FLA as full members; and Thomas Eggar LLP, Manheim auctioneers, and 4Point Financial Services Ltd have all joined as associate members.

In addition to next month's drinks reception (8 October – see page 4), we have a busy autumn schedule of events and training courses. To help you to decide which you would like to attend, there is a handy guide on page 13 at the end of this newsletter.

On 1 October we shall be launching a new FLA website at the same address, www.fla.org.uk. Many of you have previewed the site while it was under development and know that it has a fresh, new look. It has been specifically designed with our wider audience in mind. As well as items of interest to members, it has lots of useful information for our stakeholders – politicians, government officials, the media and the general public. I look forward to hearing your views when the site goes live.

Stephen Sklaroff
Director General



Huge response to new lease accounting standards

The International Accounting Standards Board's (IASB) discussion paper on a new lease accounting standard received 290 responses, including our joint response with the Forum for Private Business. The majority of the responses voiced concerns about the complexity of the IASB's proposal's to put leased equipment in lessee balance sheets. There was also a widespread view that lessor accounting issues needed to be properly addressed (the discussion

paper had only dealt with lessee accounting). We are pleased with the quantity and quality of the responses, which reflected our extensive lobbying of stakeholders, including larger lessees, in partnership with our EU and US colleagues.

Capital Requirements Directive to include leased assets

Changes to the regulation of banks as a result of the banking crisis have, so far, affected leasing only indirectly. But in August, the European Commission proposed changes to the Capital Requirements Directive which would have a direct impact. In particular, an existing 'national discretion' that allows member states to recognise certain leased equipment owned by banks as collateral for bank lending is to be replaced by a general rule making this a requirement on member states. If confirmed, this

would be good news because it would set in stone the favourable treatment of leased assets for capital requirement purposes. We have lobbied for this for several years. However, we have asked members to review the planned changes to confirm that the proposed rule is at least as wide as the discretion that it will replace.

FLA develops new guidance on vendor finance

The Asset Finance Technology Group has been considering action FLA members could take to avoid the risks associated with the bundling together by equipment vendors of services with equipment financing. Proposals are being developed for further guidance to accompany the new Business Finance Code, and a guide to voluntary best practice for contracts between members and their vendor partners is being prepared. Details are being circulated to members for comment.

FLA to provide guidance on insolvency

The Risk and Fraud Group has developed draft guidelines on how asset finance providers and insolvency practitioners can best work together to help achieve business rescues while protecting lessors' interests. Meetings are being held with the Insolvency Service and members of the insolvency profession to discuss the draft guidelines. The Group is also preparing a guide to insolvencies for asset finance providers.

World Leasing Expo 2009

Around a hundred leasing industry participants attended a series of seminars hosted by the FLA at the Leasing World Expo 2009 event in West London on 23 September. Delegates learned a about new technology to trap fraud, best practice for keeping control of assets being financed, how to get the most out of leasing systems, and possible future directions in leasing software. FLA members took part as speakers and in chairing seminars. We were also pleased to meet many FLA members at our exhibition stand.

Asset Finance



For asset finance issues contact:
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e-mail: julian.rose@fla.org.uk

VAT rate change causes confusion for hire purchase agreements

The VAT Group is meeting officials from HM Revenue and Customs on 30 September to discuss the VAT rate that should apply to hire purchase transactions entered into this year, but under which the equipment will be supplied in 2010. To avoid a risk that

members could be liable to penalty charges, we have asked for confirmation that providers' VAT should be charged at 15 per cent, not at the higher rate that will apply in 2010.

Senior Executives meeting and dinner

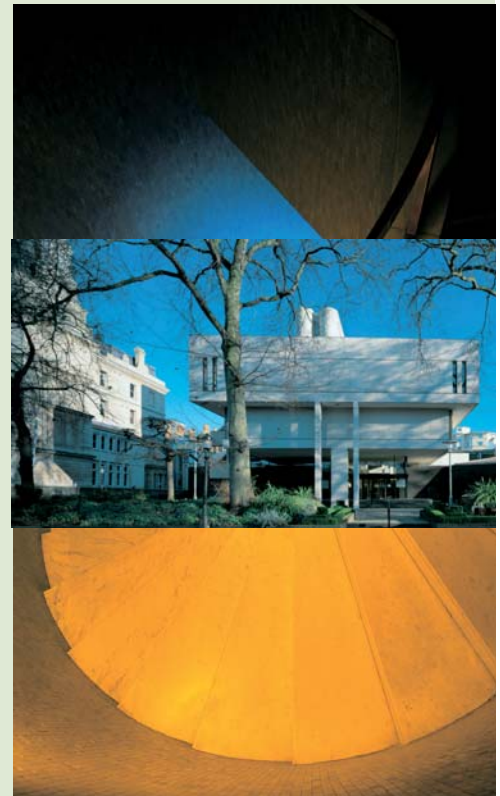
The next meeting of the Asset Finance Division senior executives group, for heads of leasing companies, will be held on 19 November. This

will be followed by a dinner, to which leaders of associate members of the Division will also be invited.

FLA challenges plans for reporting Greenhouse Gas Emissions

The Department for Environment, Food and Rural Affairs (DEFRA) has proposed that lessors should start to report on the carbon emissions of equipment on operating leases. This is part of a much wider set of proposals on the measurement and reporting of greenhouse gas emissions, as required by the Climate Change Act. We have told DEFRA that

lessors should be responsible for any public reporting of emissions, and that asking lessors to do so would involve costly and unnecessary duplication of work, as well as producing misleading information. DEFRA is expected to publish its guidance on 1 October.



Autumn Drinks Reception

8 October 2009
Royal College Of Physicians
London

By popular demand we are holding the first FLA Autumn Drinks Reception in London on 8 October 2009.

The Autumn Drinks Reception is designed for FLA members and clients to network with other colleagues and stakeholders. The Drinks Reception will run from 18.30 to 20.30 and will take place at the Royal College of Physicians, England's oldest medical college and a Grade 1 listed modern masterpiece in Regent's Park.

Book now
Call 020 7420 9626
www.flaevents.org.uk

Coming soon. New FLA website live on 1 October 2009



More time needed for Payment Protection Insurance Guidance

As part of the PPI cross-industry group, the FLA has been meeting the Financial Services Authority (FSA) on a weekly basis to contribute to the regulator's draft guidance on Payment Protection Insurance (PPI) complaint handling. A formal consultation on the guidance is expected by the end of September. We have pressed the FSA to give lenders longer than the proposed one month period for responses and

implementation, not least because systems changes cannot be made in such a short time. Following our lobbying, the FSA has agreed to take a more proportionate approach to the weighting of evidence and redress. But we remain concerned that the guidance could result in the retrospective application of regulatory standards. We continue to challenge the FSA on this point.

Government publishes draft regulations on Consumer Credit Directive

On 22 July, the Government published draft regulations implementing the Consumer Credit Directive (CCD). The aim is to finalise the regulations by the end of 2009, giving lenders a six-month implementation period ending in June 2010. The FLA's CCD Group continues to meet monthly, and a detailed response on the draft regulations has been prepared. An FLA conference on the CCD is

planned for early December, with additional workshops taking place in January 2010. These events will provide members with detailed information on implementing the CCD. We are also dealing with members' specific queries on implementation issues, especially where these could have specific implications for different sectors of the credit market.

OFT publishes Irresponsible Lending Guidance

On 31 July the Office of Fair Trading (OFT) published draft Guidance on Irresponsible Lending. As well as setting out examples of responsible and irresponsible lending, the Guidance prescribes what the Government expects of lenders when they provide adequate explanations and

assess credit-worthiness under the Consumer Credit Directive. On 18 September, the FLA hosted a roundtable discussion between members and the OFT on the draft Guidance and we will respond to the consultation by the 21 October deadline.

Consumer White Paper published

On 2 July, the Government published a Consumer White Paper setting out measures to support responsible lending and borrowing in the consumer credit market, with an emphasis on the credit and store card markets. It also included plans for a new Consumer Advocate to take legal action on behalf of groups of consumers who have no other form of redress.

The FLA has met BIS officials to discuss how they will prioritise the eight separate consultations on consumer credit issues listed in the White Paper. Not surprisingly, the initial priority will be credit and store card reforms. We attended workshops with officials on 15 and 21 September to discuss the issues. The workshops provided an opportunity for us to outline the potential impact of the proposals on industry and on the provision of credit in future.

FLA briefs Whitehall officials on Second Charge Mortgages

Meetings have been held with officials across Whitehall in advance of the Treasury's promised consultation on the regulation of the second charge mortgage market, due in November. The FLA has given officials a briefing paper. While our starting point is that regulation should remain with the OFT (for pragmatic reasons), we are also actively engaged in discussions with the FSA on their own mortgage market review, in case there is a change in regulator. The FSA will conduct its own consultation in November.

MPs look into credit rating

The Treasury Select Committee announced on 22 September that it will be conducting a short inquiry into the impact on the credit ratings of consumers of shopping around for personal loans or credit cards. The Committee has called for evidence on the effect of multiple credit searches on individuals' credit ratings and the extent to which lenders offer best practice quotation searches. We are taking the views of our consumer finance members. The deadline for submissions to the inquiry is 14 October.



FLA to review Lending Code

The FLA's review of the Lending Code will begin at the end of September. A Working Group comprising a broad range of lenders has been convened and will meet monthly during the review. The review was delayed

pending the publication of the Consumer Credit Directive draft regulations and the draft Irresponsible Lending Guidance, because these could affect the standards set by the Code.

Government clamps down on Claims Management Companies

We recently contributed to the Ministry of Justice's Impact study on the second year of Claims Management Companies (CMCs) regulation. There is now tighter regulation for CMCs claiming that credit agreements are unenforceable. Due in part to FLA lobbying, the Solicitors Regulatory

Authority (SRA) is currently investigating 14 solicitor firms (with links to 45 CMCs) who may have breached SRA rules. The Ministry of Justice has recently cancelled 100 CMC licenses based in part on evidence provided by FLA members.

Complaints figures identify companies for the first time

On 15 September, the Financial Ombudsman Service (FOS) published complaint data relating to individually-named financial businesses. The data included the number of complaints received about individual businesses and the percentage of complaints found by the FOS in favour of consumers. FOS had informed the companies concerned in advance, and we issued detailed guidance to members on the process being adopted by FOS, together with suggestions on how lenders might want to present the information in context.

On 3 September, the Financial Services Authority (FSA) published aggregated company complaints data between 2006 and 2008. They plan to publish aggregate data covering the first half of 2009 in October, and will then publish updates every six months after that. The FSA is also consulting on proposals to publish company-specific complaint data from the latter half of 2010 onwards. The FLA will formally respond to these proposals.

FLA secures changes to PPI Orders

The FLA responded on 7 August to the Competition Commission's (CC) formal consultation on its draft Payment Protection (PPI) Order. We raised a large number of concerns about the practicability of the proposed Order. A number of areas still require further clarification and there were several technical errors.

Following our lobbying, the Commission has agreed to amend the Order to ensure that the development of innovative loan products, such as 'debt freeze' and 'debt waiver' can continue. Earlier drafts of the Order would have prevented this.

New limitation periods may hamper efforts to avoid indebtedness

We have responded to the Ministry of Justice's consultation on limitation periods, which proposed a reduction in limitation periods from 6 years to three for unsecured credit. Our response focused on the fact that the industry is committed to helping customers with payment difficulties. But if the Government reduces the limitation period, lenders will be forced into taking collections activity at an earlier stage. This is directly at odds with the need for more lender forbearance, which is a central theme of the new Consumer White Paper. Our response has been circulated to officials across Whitehall dealing with collections and forbearance policy issues.

Debt Management Schemes under scrutiny

The Department for Business, Innovation and Skills and the Ministry of Justice have launched a joint consultation on ways in which to improve how debtors deal with their debts. Specifically, the Government is addressing ways in which to help those in financial hardship, the fees levied by debt management scheme operators, and the practice of creditors when adding interest to debts. This may lead to regulation for Debt Management Scheme operators. The FLA has been calling for a regulatory framework for fee-charging Debt Management companies as a way to ensure that fees are transparent and that consumers are adequately protected. The consultation closes on December 18.



First dealerships achieve SAF Approved status

On 1 August, we extended our Specialist Automotive Finance (SAF) initiative which is aimed at raising standards of motor finance knowledge in dealerships. The introduction of *SAF Approved* widened SAF certification from individual staff to whole dealerships. The SAF scheme is good news for consumers as it improves the level of information and advice they receive and helps them to choose the right finance product for their next car. Vertu Motors and Mercedes-Benz Retail – two of the largest car retail groups – have already achieved *SAF Approved* status. We are meeting all the other large dealer groups to encourage them to do the same. The FLA is also promoting SAF at the Retail Motor Industry Federation's (RMIF) regional dealer road shows. In August, we also re-launched our two motor finance websites – www.FinancingYourCar.org.uk and www.SpecialistAutomotiveFinance.org.uk. SAF and our new websites have received positive coverage in the media (see motor section of Media Update, page 11).

ACPO endorses FLA Vehicle Recovery Scheme

The FLA's vehicle recovery scheme, launched in May, has been endorsed by the Association of Chief Police Officers' (ACPO) roads policing group. Of the 43 regional police forces, 24 have already voluntarily registered for the scheme, which helps improve road safety by returning vehicles with outstanding finance seized by the police to

finance company owners. We hope that the police endorsement of the scheme will encourage all remaining forces to sign up and so ensure total coverage in England, Wales and Northern Ireland. Up to 20,000 seized vehicles could be returned to FLA members over the next year.

FLA tackles motor fraud

The FLA has published its motor finance fraud statistics for the second quarter of 2009. The figures showed that cases of actual motor finance fraud fell by almost 30%, despite an increase in attempted fraud. Almost 2,500 cases of attempted motor finance fraud were prevented in Q2 2009, saving FLA members over £30 million. Motor lenders have prevented over 5,700 fraudulent deals worth £66 million since the start of the year. Application fraud is still the most common type of financial crime on motor finance agreements.

On 3 September, Paul Harrison spoke at a press day organised by the ACPO Vehicle Crime Intelligence Service (AVCIS) to raise awareness of car crime. He explained emerging trends in motor finance fraud and how the industry was responding with innovative initiatives. The event generated significant media interest, including coverage on *BBC Breakfast*, *Radio 5 Live* and *BBC Radio 4*.

VTs and the Consumer Credit Directive

We are currently discussing with the Government the implications of the Consumer Credit Directive for the current – deeply flawed – system of voluntary terminations in the motor market.

Motor Finance



For motor finance issues contact:
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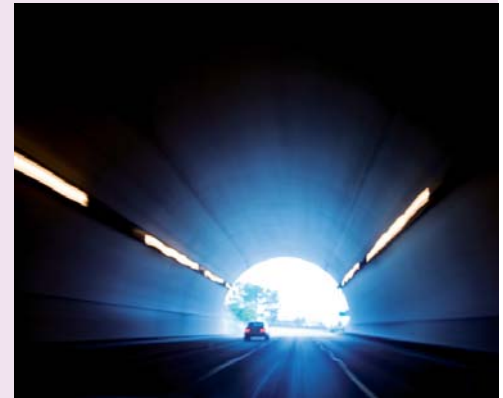
FLA members call for second Asset Recovery seminar

On 17 September, the FLA hosted its first-ever seminar to share best practice on the main issues affecting finance companies when appointing and working with agents to recover vehicles. This well-attended event, hosted by Burlington Credit, generated many in requests to run a

similar event in early 2010. We are also considering introducing FLA guidance for finance companies when using field operatives employed by agents.

Wholesale funding

The Government's response to a recent Business & Enterprise Select Committee report on the automotive industry in the UK, stated publicly that they continued to discuss with the Brussels authorities a guarantee scheme aimed at helping motor finance companies raise affordable wholesale funds. While adding nothing to what we already knew, this is the first time the Government has publicly referred to these discussions.



Motor Finance Convention The Recession As A Driver For Change

11 November 2009, Heritage
Motor Centre, Warwickshire

The FLA Motor Finance Convention 2009 will bring together expert speakers to address the diverse range of issues impacting the UK motor finance and related industries. Join us for essential information on how to adapt and survive in the rapidly changing motor finance industry.

Book now
Call 020 7420 9626
www.flaevents.org.uk

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THE JOURNAL FOR THE CAR FINANCE INDUSTRY
Motor Finance

Coming soon. New FLA website live on 1 October 2009

Europe

All change in Europe

On 4-7 June 2009, European electors chose their MEPs for a new five-year term. The centre-right did well in the elections. In the UK, the Conservatives won most seats (25), with UKIP and Labour in joint second place (13 seats). The Lib Dems were not far behind (11 seats). The Conservatives have fulfilled their pledge to withdraw from the mainstream centre-right coalition and form their own political group with colleagues, from Poland and the Czech Republic. It remains to be seen whether

this results in a loss of influence. A favourable for the UK financial services industry is that Conservative MEP Malcolm Harbour and Lib Dem MEP Sharon Bowles won the chairmanships of the Internal Market and Consumer Protection and Economic and Monetary Affairs Committees respectively. These committees have a strong influence on regulation of financial services.

MEPs challenge EU market intervention at responsible lending hearing

On 3 September, the European Commission (EC) held a hearing on responsible lending. Its focus was primarily on the mortgage and credit intermediation markets, but included some of the Consumer Credit Directive's provisions. Helpfully, senior MEPs questioned the need for further EU intervention in the consumer credit market. The FLA and Eurofinas are lobbying MEPs to oppose market intervention and we will target the new

Commissioners when they take office in November. This topic will also feature at the forthcoming Eurofinas/Leaseurope Annual Convention www.annual-convention.eu to be held in Prague on 4-5 October 2009. The FLA will attend.

FLA to review Data Protection Directive

The EC is reviewing the Data Protection Directive. The review is assessing whether, in light of new technologies and globalisation, the Directive remains fit for purpose. The FLA is hosting

a meeting on 5 November to discuss our response to the review. If you wish to attend, please contact Ed Simpson.



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Prague 2009 WHERE TO NEXT?

**Eurofinas & Leaseurope
Annual Conventions**

Prague Marriott Hotel
4-5 October 2009

Registration now open



www.annual-convention.eu

Update is for sharing

Please consider passing Update to a colleague who might find it useful. Remember FLA membership covers all staff within each member company. If you would like your own copy just e-mail your name and company to: update@fla.org.uk

More information on almost all topics covered in this edition of Update is available at: www.fla.org.uk

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Coming soon. New FLA website live on 1 October 2009

Financial services regulation tops the political agenda

On 8 July, The Treasury published a Financial Services White Paper which sought views on a single regulator for the credit industry. The White Paper also set out plans to improve complaint-handling standards. It also included a proposal that lenders not regulated by the Financial Services Authority (including FLA members) should contribute to the cost of a new national money advice service. The closing date for responses is 30 September. We are collating the views of FLA members.

On 20 July, the Conservatives announced their own plans for regulatory reform. The centrepiece of their proposals is the transfer of the banking regulatory functions of the Financial Services Authority to the Bank of England, and the creation of a new Consumer Protection Agency which would absorb the credit regulation functions of the Office of Fair Trading. The Conservatives intend to create "a much more consumer-orientated, transparent and focused body than the FSA". We are meeting the Conservatives to discuss the implications for our sector.

FLA campaigns against threats to responsible lending checks

The FLA has joined a cross-industry group campaigning in favour of the continued availability of the Edited Electoral Register. Lenders rely on access to both the Full and Edited Registers for responsible lending and to help prevent fraud. The Ministry of Justice will be publishing a consultation document this autumn.

The Government Equalities Office is consulting on whether age can continue to be considered as a risk factor in credit scoring decisions and credit risk models. It is a critical feature of credit assessment and enables creditors to lend responsibly, so we shall continue to make the case for continued use of age criteria.

FLA takes manifesto messages to party conferences

The FLA will be representing members' interests at the party conferences. With the Adam Smith Institute we will jointly host fringe meetings at the Labour and Conservative conferences. The topic will be 'Is the cure worse than the disease? The unintended consequences of regulation'. Speakers include Mark Hoban, Conservative Treasury spokesman, OFT Chief Executive John Fingleton, David Smith, the Sunday Times Economics Editor, and Paul Mason BBC Newsnight's Business Editor. We will also attend the corporate day at each conference and participate in a Money Advice Trust/Resolution roundtable discussion on establishing a financial health service.

We have prepared a manifesto to take to the party conferences. Our manifesto sets out our lobbying priorities in the run up to the general election. The main message is that with the right regulatory and framework specialist lenders have the potential to help a future Government achieve its policy objectives. We also propose leasing as an alternative finance option for public services. A communications campaign will accompany the manifesto messages.



Media update



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Consumer

The FLA Communications Team has in the last four weeks dealt with press inquiries on a range of topics affecting the consumer credit industry, including in-store credit, secured loans, repossessions, debt sale, irresponsible lending and charging orders. Our monthly consumer finance statistics have attracted coverage in the *Daily Express* and *the Herald* as well as in several regional papers. International interest in our figures came from the *Boston Globe*.

In early July, our responses to the Consumer White Paper and Office of Fair Trading review of high-cost lending were carried in *The Times*, the *Daily Express*, the *Scotsman*, the *Independent* and on the *BBC News website*, as well as in the trade press and online. Stephen Sklaroff was interviewed for *Channel 4 News* on 2 July. Our concerns about the activities of Claims Management Companies appeared in *The Guardian*, the *Sunday Express* and regionally.

On 8 August, our press release on the FLA consumer finance figures forecast a lower number of possessions for second charge mortgages in 2009. This was covered on the *BBC News Website* and the *Independent on Sunday*, and in trade magazines.

We also provided comment and analysis on the credit market to the financial trade press. Articles mentioning the FLA appeared in: *CCR*, *Credit Today*, *Credit Management*, *Motor Finance*, *Mortgage Strategy*, *Mortgage Introducer*, *FT Adviser*, *Mortgage Solutions*, *Lending Strategy*, *Moneyfacts* and *Business Money*.

Asset

Lease accounting has featured strongly in the FLA's asset finance press coverage over the summer months. On 12 July, we gave an exclusive to the *Mail on Sunday*, describing the problems changes to lease accounting could cause to SMEs in the UK. Subsequently, the story appeared in *Leasing World*, the *Sunday Post*, *SME Web*, *CA Magazine*, *freshbusinessthinking.com*, *Leasing Life*, *Business Money*, *Credit Today*, *Health and Care*, *SME Business News*, *Roadtransport.com*, *Business Moneyfacts*, *Business Car Manager*, *Credit Today*, *Accountant*, *International Accounting Bulletin* and *Fleet World*.

We released our second quarter business statistics on 17 August. They were reported in *Leasing World*, *Leasing Life*, *Credit Today*, *Credit Collections and Risk*, *SME Web* and the *Mail on Sunday*.

Our comments on access to affordable wholesale funding were carried in *Business Money*, *Shout99*, *Leasing Life*, *Leasing World*, *Business Moneyfacts*, *Credit Today* and the *Mail on Sunday*, as well as on its associated website *thisismoney.co.uk*.

Motor

We concentrated on four main messages in our recent motor finance press activity: SAF Approved, motor fraud, the FinancingYourCar.co.uk website, and our industry statistics.

On 1 August, the FLA's *SAF Approved* scheme was launched for car dealerships (see page 7 in the motor finance section). We published a series of press releases during August to raise awareness of the scheme. Positive stories appeared in the *Mail on Sunday*, *Birmingham Evening Post*, *Nottingham Evening Post*, *Derby Evening Telegraph*, *Auto Express*, *MotorFinance*, *Business Car Manager*, *Auto Retail Manager*, *Car Dealer*, *Motor Trader* and *AM magazines*.

The FLA-sponsored Unit in AVCIS (ACPO Vehicle Crime Intelligence Service) had an open day on 3 September; simultaneously we published FLA's motor fraud statistics. We placed the story with the *London Evening Standard*, and got coverage in relevant trade press. *BBC News* reported from the open day.

Over the summer, motor finance business showed some improvement on trading conditions earlier in the year. Articles reflecting this were carried in: *Auto Express*, *Motor Trader*, *Motor Finance*, *Leasing World*, *AM*, *Car Dealer*, *Penarth Times*, *Sudbury Mercury*, *South Wales Argus*, *Wheels within Wales*, *Bury Times* and *Birmingham Post*. *The Daily Telegraph* covered the statistics that we published on 10 August. The FLA's statistics were used to support a call for more Government support for the sector in a 'one-year-on' article in *The Guardian* on 27 August.

FinancingYourCar.org.uk was relaunched in August – the site was mentioned in the *Mail on Sunday*, the *Birmingham Mail* and *thisismoney.co.uk*.

Coming soon. New FLA website live on 1 October 2009

Research and Statistics

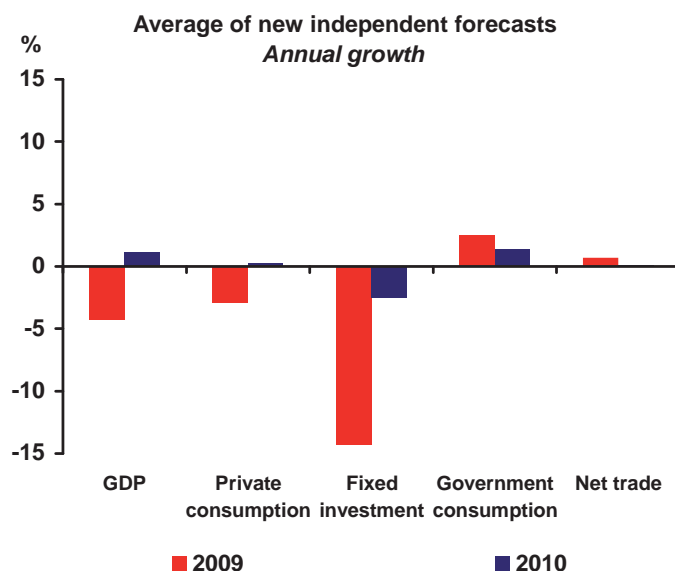


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Is the recession over?

The second quarter of 2009 saw UK economic activity fall by a record rate. Official data for GDP showed that it contracted by 0.7% in Q2 2009 compared with Q1 2009 and fell by 5.5% compared with the same period a year earlier. But restocking, the car scrappage scheme and consumer spending to take advantage of the VAT rate reduction before it comes to an end, are all expected to contribute to economic growth in the second half of 2009. Overall, GDP in 2009 is forecast to fall by 4.3%.

At the moment there is no clear driver of growth in 2010. Unemployment has risen to almost 2.5 million and is forecast to top 3 million by the middle of 2010. This, as well as subdued earnings growth, is likely to suppress consumer spending. Current forecasts suggest private consumption will grow by just 0.3% next year and fixed investment will be lower than in 2009, by 2.5%. Overall, the economy is expected to grow by 1.2% in 2010



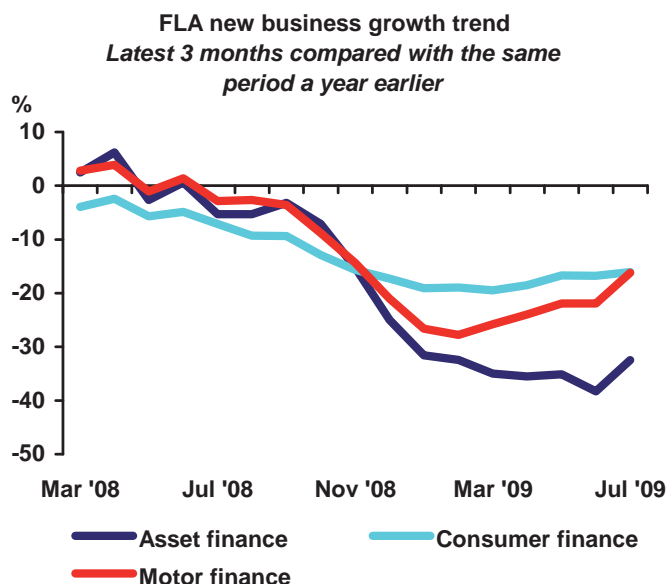
Source: HM Treasury, *Forecasts for the UK Economy, A comparison of independent forecasts, September 2009, No. 269*

Market trends show some signs of improvement

In July 2009 the business finance sector transacted new business of £1.7 billion to support capital investment. This represented a fall of 26% compared with July 2008 and was the smallest rate of contraction in new business since March 2009. The improvement came from the direct business finance sector, which reported growth in new finance for cars, IT equipment and property.

FLA members provided £4.4 billion for consumer purchases in July, which was 17% lower than in July 2008. July was a weak month for direct unsecured loans, credit card finance and store card finance. But the FLA's share of the UK consumer credit market held steady at just over 30% in the twelve months to July 2009.

In July, FLA motor finance providers reported the smallest contraction in new business in a year. Overall, new motor finance business - by value and volume - fell by 10% and 3% respectively. The number of new cars bought on finance by consumers fell in July by 4% compared with the same month a year earlier. The number of used cars bought on finance by consumers fell by 7% over the same period.



Source: FLA

Coming soon. New FLA website live on 1 October 2009

FLA Events and Training



Book online at: www.flaevents.org.uk

To Book contact:

Events: Linda Charles, Tel: 020 7420 9626,

E-mail: linda.charles@fla.org.uk

Training courses: Ryan White, Tel: 020 7420 9643,

E-mail: ryan.white@fla.org.uk

Date	Event Type	Event	Location	Fee £	
				FLA Member	Non member
EVENTS					
07 October	Breakfast Briefing	The Equality Bill – The Impact On Financial Services	Central London	£150	£200
08 October	Networking	Autumn Drinks Reception	Central London	£86.50	£105
13 October	Seminar	VAT Issues For Asset Finance	Central London	£295	£350
11 November	Convention	Motor Finance Convention	To Be Confirmed	£505	£655
25 November	Conference	New Solutions for Lending Risks and Fraud Conference	Central London	£495	£595
01 December	Networking	Christmas Drinks Reception	Central London	£86.50	
December (tbc)	Convention	Consumer Credit Directive Convention	Central London	£505	£655
TRAINING					
30 September	Training	Dealing with Claims Management Companies Course	Central London	£225	£295
02 October	Training	The Regulations Governing Advertising and Marketing of Consumer Credit Products	Central London	£440	£595
06 October	Training	Introduction to Finance Course	Central London	£440	£595
09 October	Training	Lease Accounting and Tax Update Course	Central London	£440	£595
14 October	Training	Understanding Collections and Debt Recovery Course	Central London	£440	£595
20 October	Training	Introduction to Consumer Credit Course	Central London	£440	£595
10-12 November	Training	Intermediate Leasing Course	Central London	£1720	£2185
16 November	Training	PPI Training	Central London	£225	£295
17 November	Training	Dealing with Claims Management Companies Course	Central London	£225	£295
23 November	Training	PPI Training	Central London	£225	£295
24 November	Training	Designing a Bespoke Motor Finance Package	Central London	£440	£595
25 November	Training	Selling Motor Finance to Businesses	Central London	£440	£595
04 December	Training	Anti-Money Laundering	Central London	£440	£595
07-08 December	Training	Intensive Essential Underwriting Skills Course	Central London	£1080	£1400
09 December	Training	Effective Complaints Handling Course	Central London	£440	£595

All events shown are exclusive of VAT

Become an FLA sponsor!

In 2008, the FLA's events were attended by over 2000 people in the finance and leasing industry. The FLA presents an annual programme of conferences and events, with top-level speakers from government and industry on the latest issues.

As an FLA event sponsor you will get numerous opportunities to meet fellow members, to exchange views and network. We are always happy to discuss ways for you to become involved as a sponsor



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