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Chapter 1 Summary: Application and Purpose and Guidance on Financial Difficulties

# Overview

This chapter establishes the scope and application of the Consumer Credit sourcebook (CONC), which sets out detailed obligations for credit-related regulated activities. It defines who CONC applies to, what activities it covers, where it applies geographically, and provides guidance on identifying customers in financial difficulties.

# Key Points and Main Findings

## Application and Purpose

* CONC is the specialist sourcebook for credit-related regulated activities
* Builds upon high-level obligations in PRIN, GEN, SYSC, and CCA requirements
* Other FCA/PRA Handbook parts also apply, including SUP (supervision), DISP (complaints), and CASS (client assets)

## Scope of Application

* Applies to firms conducting credit-related regulated activities and connected activities
* Firms must ensure compliance by employees, agents, and other persons acting on their behalf
* Appointed representatives: Firms remain responsible for their acts and omissions

## Credit-Related Activities Include:

* Consumer credit lending
* Credit broking
* Debt counselling, adjusting, and administration
* Debt collecting
* Credit information services and references
* Operating electronic lending systems (P2P)
* Consumer hiring

## Geographic Application

* Applies to activities with UK residents from:  
    
  UK establishments  
  Non-UK establishments
* UK establishments
* Non-UK establishments
* UK establishments
* Non-UK establishments

## Land-Secured Agreements

* Generally excluded from CONC (governed by MCOB instead)
* Limited exceptions for certain partnerships and MCD article 3(1)(b) agreements
* Special provisions for high net worth individuals and business loans

## Financial Difficulties Indicators

* Key warning signs include:  
    
  Consecutive missed minimum payments  
  Adverse credit file entries  
  Outstanding county court judgments  
  Inability to meet repayments from disposable income  
  Evidence of borrowing to repay existing debts  
  Engagement with debt management plans or debt advice services
* Consecutive missed minimum payments
* Adverse credit file entries
* Outstanding county court judgments
* Inability to meet repayments from disposable income
* Evidence of borrowing to repay existing debts
* Engagement with debt management plans or debt advice services
* Consecutive missed minimum payments
* Adverse credit file entries
* Outstanding county court judgments
* Inability to meet repayments from disposable income
* Evidence of borrowing to repay existing debts
* Engagement with debt management plans or debt advice services

# Important Details and Conclusions

The chapter emphasizes that CONC operates within a broader regulatory framework, with firms needing to pay particular attention to the Principles for Businesses, especially those relating to integrity, fair treatment of customers, clear communication, and delivering good customer outcomes. The guidance on financial difficulties provides practical indicators that firms should monitor to identify vulnerable customers who may need additional support or forbearance measures.