

A guide to the Lending Code



For consumers



THE
UKCARDS
ASSOCIATION



The voice of banking
& financial services

Introduction

This guide gives you an introduction to the standards you should expect from banks, building societies and credit-card providers who follow the Lending Code.

The Lending Code covers:

- personal loans;
- credit cards and charge cards; and
- current account overdrafts.

It doesn't cover store cards, loans secured on land or hire-purchase or leasing agreements.

The code is monitored by the independent Lending Standards Board (LSB). You can find out about the LSB and the lenders who follow the code at:

www.lendingstandardsboard.org.uk.

Where to find the code

You can download the Lending Code from your bank's website or from the LSB.

Key commitments to you

Lenders will act fairly and reasonably in all their dealings with you.

They will make sure:

- their advertising and promotional material is fair, clear and not misleading;
- they give you clear information about their products and services – how they work, their terms and conditions and the interest rates and charges that apply to them;
- they give you regular statements;
- they tell you about changes to interest rates, charges or terms and conditions;
- they lend money responsibly;
- they deal quickly and sympathetically with things that go wrong;
- they act sympathetically and positively when considering your financial difficulties;
- your personal information is treated as private and confidential; and
- their staff are trained to put the Lending Code into practice.

Communicating with you

Your lender will provide you with useful information at the right time so you can make informed decisions. They will use plain language and avoid using technical or legal language wherever possible.

You can opt out of receiving marketing material and your lender will tell you how to do this.

Before you open an account, lenders will give you important information about:

- how the account works and its main features, including how and when you must repay the credit provided;
- any conditions you must meet before they provide the credit;
- the interest and charges you must pay for the credit – how the lender will work these out and how you can pay them; and
- how they will tell you about changes to interest rates, charges and terms and conditions.

For current accounts with an overdraft facility, they will tell you:

- if you must repay the overdraft on demand and what this means;
- the difference between an agreed facility and unarranged borrowing;
- the notice that they will give you before interest and charges are taken from your account; and
- if you can 'opt out' from having an unarranged overdraft and how you can do this.

For credit cards, they will tell you:

- the minimum monthly payment that you must make;
- about recurring transactions (for example, an amount taken out every month) and how you can cancel them;
- what to do if you find a transaction on your statement that you have not authorised; and
- how to reject an increase to an interest rate and repay the debt at the existing rate.

Assessing if you can afford to borrow

You should always consider whether you can afford to repay any money you borrow.

Before lending you any money, lenders will assess whether they feel you can afford to repay it by considering:

- the type and amount of credit you want;
- your income and financial commitments;
- information held by credit reference agencies (CRAs); and
- how you have handled your finances in the past (if this is known).

They may also ask you for other information.

Lenders will also tell you when a credit search will be made and when they might pass information about you to CRAs.

Deciding not to lend to you or to lend less

If a lender decides not to accept your credit application, you can ask them to explain the main reason for their decision.

From time to time your lender will review your credit-card limit. They may then decide to reduce or increase the limit. You do not have to accept the offer of a higher limit and will be told how to refuse it. You can also ask for a higher credit limit.

To get a copy of the information that the CRAs have about you, you can contact them at:

Experian Ltd

www.experian.co.uk

Equifax Ltd

www.equifax.co.uk

Callcredit Plc

www.callcredit.co.uk

Help if you are experiencing financial difficulties

Each organisation that follows the code is committed to acting sympathetically and positively if you are experiencing financial difficulties.

Contact your lender as soon as you think you will experience financial difficulties and they will work with you to overcome them. This will include:

- considering stopping asking for repayments from you for at least 30 days to allow you time to get advice or present a repayment plan;
- making sure your repayments leave you with enough money to meet reasonable day-to-day living expenses;
- considering reducing or suspending interest and charges if these would cause the debt to increase or lead to the repayment term becoming too extended; and
- considering accepting token repayments (a small amount you can afford) until your situation improves.

If you owe money to a number of lenders, independent money advice may be recommended. At the end of this guide there is a list of organisations that provide free advice.

If you have any mental or physical health issues that affect your ability to repay your debts, you should let your lender know so they can make appropriate arrangements.

How to make a complaint

If you are unhappy with your lender's service, they will tell you how to make a complaint and how quickly they will deal with it. If they cannot settle the complaint to your satisfaction, you may ask the free, independent Financial Ombudsman Service to look into it. Their contact details are:

Financial Ombudsman Service

South Quay Plaza

183 Marsh Wall

London

E14 9SR.

Phone: 0845 080 1800

Website: www.financial-ombudsman.org.uk

What other protection do I have?

As well as the Lending Code, lenders must at all times follow the Consumer Credit Act, the Equality Act, and other legislation such as the Payment Services Regulations and the Consumer Protection from Unfair Trading Regulations.

If you want more information about your rights under the Consumer Credit Act, you can contact Consumer Direct by calling 08454 04 05 06 or using their website at: www.consumerdirect.gov.uk.

Where to get more independent advice

The following organisations provide free money advice.

- **Advice NI:** www.adviceni.net
- **Advice UK:** www.adviceuk.org.uk
- **Citizens Advice:** Your local bureau's number is in the Phone Book, the local library and at:
 - England and Wales: www.citizensadvice.org.uk
 - Scotland: www.cas.org.uk
 - Northern Ireland: www.citizensadvice.co.uk
- **Consumer Credit Counselling Service:** www.cccs.co.uk / 0800 138 1111
- **Money Advice Scotland:** www.moneyadvicescotland.org.uk
- **National Debtline:** www.nationaldebtline.co.uk / 0808 808 4000
- **Payplan:** www.payplan.com / 0800 280 2816



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