



The Money Charity response to the BCAP Consultation on the introduction of scheduling restrictions for television advertising of HCSTC

The Money Charity is the UK's leading financial capability charity.

We believe that being on top of your money means you are more in control of your life, your finances and your debts, reducing stress and hardship. And that being on top of your money increases your wellbeing, helps you achieve your goals and live a happier more positive life as a result.

Our vision is for everyone to be on top of their money as a part of everyday life. So, we empower people across the UK to build the skills, knowledge, attitudes and behaviours, to make the most of their money throughout their lives.

We believe financially capable people are on top of and make the most of their money in five key areas:

- Planning (including budgeting)
- Saving
- Debt
- Financial services products
- Everyday money (including wages, cash, bank accounts)

The **MONEY** *Charity*

Response

1. Our work promotes a healthy attitude towards money management, which includes the appropriate and sustainable use of HCSTC products in certain circumstances. These products, though they are problematic for some consumers in certain situations, can be a useful financial decision for others.
2. Advertising which introduces people to certain forms of credit in an informative way can disseminate information and introduce people to forms of credit they may find useful. As such, we believe that advertising of credit products, provided the content is responsible and does not encourage dangerous use of credit, should be permitted.
3. Having said this, The Money Charity does worry that credit providers, certainly not limited to HCSTC are advertising in a way that is not informative, is seen by under-18s and does encourage dangerous use. The evidence outlined in the consultation paper does present a worrying picture of children seeing and misunderstanding television advertising and of pester power. But it is likely that similar results could be found across advertising in the wider credit sector.
4. So, if scheduling restrictions are to be imposed; we would want to see them introduced across the consumer credit sector. The danger of picking out one type of credit for advertising restrictions is that it implies that other forms do not carry the same risks. Given recent regulation, and worrying statistics from other parts of the consumer credit market, we think this is not an accurate message to send out.
5. Our statistics show that the average credit card debt per household is £2,349¹ and that credit card debt is more than 20 times larger than the total value of payday loans². When 8.9% of credit cards (5.1 million accounts) have current repayment patterns that, if continued, would take over 10 years to pay off the balance, it is difficult to argue that consumer risk is disproportionately located in the HCSTC market³.
6. In the past few years, regulation of the sector has resulted in maximum daily interest of 0.8% and restrictions on total repayment to twice the sum borrowed. Particularly in this context, the dangers of HCSTC versus other forms of credit are not obviously greater. To single out this market for advertising restrictions picks one target while ignoring another, considerably larger one without a huge amount of justification. It would also risk preventing information about potentially useful forms of credit from reaching the public, leaving those in need of short term credit to look elsewhere, perhaps to providers such as loan sharks who pose a much greater danger to consumers.

¹ <http://themoneycharity.org.uk/money-statistics/>

² https://assets.digital.cabinet-office.gov.uk/media/54ebb03bed915d0cf7000014/Payday_investigation_Final_report.pdf

³ <https://www.fca.org.uk/news/credit-card-market-study>

7. All this is not to say that we would always oppose the idea of scheduling restrictions completely, just that regulation ought to look at the whole credit market, be based on evidence and take into consideration potential negative consequences.
8. If HCSTC does have scheduling restrictions placed on its advertising where other forms of credit do not, we would like to see justification of this decision in terms of potential consumer detriment.