



The Money Charity response to GP 16/2

- 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, and that this, reduces stress and hardship, 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)

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1. The Money Charity welcomes this Guidance Consultation. We believe that it is necessary that guarantors have the same protections that are available to debtors, so in broad terms we support the FCA's revised view. In order to fulfil the CCA provision that for '*a surety (including a guarantor and an indemnifier) with appropriate protections*' the '*regulations must apply equally to guarantees and indemnities*'.
 2. Taking or demanding payment from a guarantor would amount to 'enforcement' of the security, so we support the decision to reconsider that the decision that this would not be the case. New guidance should reflect this.
 3. The justifications for providing the same process comprising of a default notice and 14 day response period to guarantors as is offered to debtors are both moral and practical:
 - a. There is no moral or logical justification for not affording guarantors the same protections as debtors – they have entered a contract similar to the borrower, and nothing exempts them from potential vulnerabilities in the case of default that would affect any other party to a loan contract.
 - b. Provision of a default notice solely to a debtor could be justified if the guarantor and debtor were to be treated as a single unit who will necessarily share information and decisions with one another. This, however, is not a reasonable assumption to make. In many cases, the debtor and the guarantor will not communicate, so each must be contacted individually before any enforcement is undertaken.
 4. The Money Charity also welcomes the FCA's willingness to return and swiftly reconsider decisions in light of additional representations. Inevitably, even when the right decision making processes are undertaken, not every outcome will be correct. A regulator should always be responsive to new evidence and reasoned argument, and GP16/2 is a heartening example of this good practice.

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