



The FCA has extended the temporary changes to handling rules for motor finance complaints

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On 24 September 2024, the Financial Conduct Authority (FCA) published a policy statement (PS24/11) on extending the temporary changes to handling rules for motor finance complaints. It is extending the current pause to the time firms have to respond to consumers about motor finance complaints involving discretionary commission arrangements (DCAs). The FCA is also extending the period for setting out its next steps in its review into the past use of DCAs.

The FCA's current action follows the changes that it made to its Dispute Resolution: Complaints (DISP) rules which came into force on 11 January 2024. Under the new rules, the FCA implemented a 37-week suspension of the eight week time limit for motor finance firms to provide a final response to complaints concerning motor finance agreements involving DCAs between the lender and the broker. The time limit for complainants to refer DCA-related complaints to the FOS was also extended from six months to 15 months. The purpose of the pause is to allow the FCA to progress its diagnostic work into historical DCA complaints to determine whether there has been widespread misconduct and whether, consequently, consumers lost out financially. Additionally, if it is found that consumers lost out, the FCA will also continue to use this time to determine how redress should be provided.

The FCA has [decided](#) to extend the pause following its consultation in July 2024. The extension beyond the initial expiry date of 25 September 2024 is attributed to delays in gathering necessary data from firms and the pending judicial review of a FOS decision, which is significant for the FCA's ongoing assessment of DCAs. The judicial review's outcome, expected in October 2024, will be crucial for the FCA's future strategy. By May 2025, the FCA plans to communicate its next steps after evaluating the judicial review decision and any other significant legal developments.

What are the new timelines?

- The pause on the requirement for firms to provide a final response to DCA complaints within eight weeks, giving complainants the right to go to FOS (which was due to end on 25 September 2024) is now extended until 4 December 2025.
- This extension also allows complainants additional time, until 29 July 2026 or 15 months after receiving a final response from a firm, whichever is later, to escalate their DCA complaints to FOS. This adjustment ensures consumers do not need to rush their decision to involve the FOS pending further announcements from the FCA.

- The requirement for firms to maintain and preserve relevant records has also been extended, which will remain in place until 11 April 2026.

Next steps for firms

- In light of these changes, firms should re-evaluate their existing complaints handling procedures regarding DCA complaints to determine if any adjustments need to be made.
- The new rules require firms to keep DCA complainants informed about the pause when sending written acknowledgement. Therefore, firms will need to review their internal and external communication processes and ensure that these changes are brought to their customers' attention and that the existing complainants are notified about the changes to time limits for complaint handling and FOS referrals.
- Continue to progress DCA complaints they receive by investigating and collecting evidence that could help with their eventual resolution.
- Keep customers informed on the progress of the measures being taken for their complaints' resolution.

Next steps

If you would like to discuss anything raised in this article, feel free to contact our Regulated Lending and Banking team.