

Historical Motor Finance Commission claims **overwhelming** your **business operations?**



The motor finance industry has found itself sailing in choppy waters lately. Shifting regulations from the FCA and expectations around historical deals have created a **turbulent environment of scrutiny and claims**. This all started back in 2018 when an FCA review of motor finance commissions revealed a gap between transparency practices and evolving standards.

While many providers acted appropriately under previous regulations, vague disclosures, and narrow interpretations left them exposed. In fact, the FCA found that only **2.7%** of franchised retailers, **6.7%** of independent retailers, **14.3%** of car supermarkets, and **36.4%** of online brokers properly disclosed commissions.

Sensing an opportunity as Payment Protection Insurance (PPI) claims declined, Claims Management Companies (CMCs) pivoted to these old motor finance arrangements that seemed non-compliant under modern rules. Fast forward to today and we're seeing motor finance providers receiving unpredictable levels of Data Subject Access Requests (DSARs) based on historical finance arrangements.

Responding to this high volume of inquiries can significantly impact your teams' time and focus. Managing settled contracts diverts resources away from current operations and goals. Missing regulatory deadlines also leads to substantial financial penalties. It's a difficult position as past actions are evaluated by modern standards.

The challenges

- CMCs have issued over 250,000 DSARs to motor finance providers, seeking historical documentation on commission arrangements
- The Financial Ombudsman Service has a backlog of thousands of commission-related complaints awaiting decision
- Over 1,000 cases have already gone to small claims court under section 140
- Responding thoroughly to each DSAR can require providing every piece of communication-related to a customer under the regulations
- Adding sufficient staff to handle the increased workload is difficult amidst widespread talent shortages

How Davies can help

At Davies, we have guided finance providers through similar storms successfully before. With our expertise at the helm, we can help you resolve historical claims strategically while staying focused on what really matters - your customers.

We know that when you're in the trenches, it's hard to see a path forward. Allow us to give you a bird's-eye view. With decades in the industry, we bring expertise and perspective to illuminate the way.



Industry experts

Our team knows motor finance inside and out. We stay on top of the evolving regulatory environment so you can focus on your customers. Lean on our experience to guide your strategy. Our dedicated consultants understand these issues thoroughly and bring practical guidance.



Targeted consultancy

We dig into the details to understand your unique situation. Then we perform root cause analysis to pinpoint where exposures may lie. Our consultants use this insight to develop custom strategies to strengthen compliance and minimise risk. We identify issues and opportunities specific to your business.



Advanced technical solutions

We utilise the latest technology such as speech analytics and robotic process automation to efficiently manage high volumes of inquiries and claims. Secure, cloud-based platforms provide visibility into operations and ensure regulatory compliance. This allows real-time tracking of SLAs and workload balancing.



Immediate resourcing

Our expertise allows us to rapidly deploy highly skilled staff trained in regulatory procedures and claims management. We can quickly provide "boots on the ground" to help you deal with complaints and claims while boosting overall telephony operations. This allows you to handle influxes without diverting your teams.

Reach out today

Davies has the expertise and experience to help you move forward with confidence. Contact us today to schedule your free consultation.