

# Guide to Credit Advertising

## 1. All credit adverts (unless exempt) must :-

- Comply with the Consumer Credit (Advertisements) Regulations 2004
- Not be false or misleading

If not, offences may be committed by :-

The person causing the advert to be published (normally the advertiser)

The publisher

The deviser (eg an advertising agent)

The procurer (if not the advertiser)

## 2. General Requirements

Every advert must :-

- **Use plain and intelligible language**
- **Be easily legible (or clearly audible)**
- **Specify the name of the advertiser (in most cases a name shown on the advertiser's credit licence)**

## 3. Content of Advertisements

Information may be shown, indicating that credit facilities are available. Depending on the nature of the information given, further credit information may need to be shown in the advert. There are also rules regarding the prominence of the credit information shown. The table overleaf explains when these requirements apply:-

<b>Info Given</b>	<b>Further Info Required</b>	<b>Prominence Requirements (see below)</b>
Amount of credit (eg "loans up to £10,000")	None	1
Deposit of money in an account	None	1
Cash Price	None	1
Advance payment (eg "£99 deposit")	None	1
Frequency or number of repayments of credit (eg "36 monthly payments" or "weekly terms available")	Typical APR	1
Amount of repayments of credit (eg "£100 per month")	Typical APR " Full example" Postal address	1
Other payments and charges (other than those mentioned above) (eg "Broker's fee payable")	Typical APR	1
Amount of other payments or charges (eg "Admin fee £200")	Typical APR "Full example" Postal address	1
Total amount payable	Typical APR "Full example" Postal address	1
Other rates of charge (eg flat rates or APRs other than the "typical" APR)	Typical APR	2
Credit is available to "non-status" customers (eg "CCJs, arrears no problem")	Typical APR	2
Credit is more favourable than in other cases (eg "low rate finance")	Typical APR	2
Incentives to apply for credit (eg free gifts or statements such as "no deposit")	Typical APR	2
Any other credit information (eg "credit available")	None	None

## Notes

**The typical APR** is the APR at or below which the advertiser reasonably expects to provide credit under at least 66% of the agreements resulting from the advert. It must be denoted in the advert as “% APR” and accompanied by the word “typical” (eg “10% APR typical”, or “typical 10% APR”)

**A “full example”** means all the credit information specified in the first 9 items in the table above, where appropriate (ie from “amount of credit” down to “total amount payable”)

The name of the advertiser may itself act as a trigger for other information to be shown ( eg if the name suggests that loans are available at low rates, etc )

Interpretation of the table :-

For example, an advertiser can state that he offers loans up to £10,000 ( ie the amount of credit ) without needing to state anything more. If he mentions that loans are available for people with CCJs, poor credit history, etc, (ie “non-status” customers) he will need to state the typical APR. If he mentions that repayments on a loan are £100 per month (amount of repayments of credit), then he must state the typical APR and a full example.

## 4. Secured Loans

**NB** - Most mortgage advertising is now controlled by the Financial Services Authority. For guidance, see their website [www.fsa.gov.uk](http://www.fsa.gov.uk) However, some mortgage adverts may still be caught by the Consumer Credit (Advertisements) Regulations in whole or in part, depending on the type of loan and the lender(s) involved. Please seek further advice if unsure. For secured loans caught by these Regulations the requirements are as follow:-

If security is (or may be) required this must be stated, together with the nature of the security (eg “a guarantor may be required”)

If the security is the debtor’s home then the following warnings must be shown, as necessary :-

General warning

“YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR ANY OTHER DEBT SECURED ON IT”

If the loan is for debt consolidation, then the general warning is PRECEDED by

“THINK CAREFULLY BEFORE SECURING OTHER DEBTS AGAINST YOUR HOME”

If the loan is for “equity release”, then the general warning is replaced by

“CHECK THAT THIS MORTGAGE WILL MEET YOUR NEEDS IF YOU WANT TO MOVE OR SELL YOUR HOME OR YOU WANT YOUR FAMILY TO INHERIT IT. IF YOU ARE IN DOUBT, SEEK INDEPENDENT ADVICE”

If the loan is for a foreign currency mortgage, then the following warning must be shown in addition to any other warning required

“CHANGES IN THE EXCHANGE RATE MAY INCREASE THE STERLING EQUIVALENT OF YOUR DEBT”

## 5. Prominence Requirements

a) All items marked 1 in the table above (whether shown voluntarily or as part of a full example) must be shown together as a whole and with EQUAL prominence and :-

- the typical APR must be shown with them but given GREATER prominence.
- the typical APR must also be in characters 1.5 times the size of the characters of the other items.
- any secured loan warnings required must be NO LESS prominent than these items

b) The typical APR and any secured loan warnings required must also be given GREATER prominence than any items marked 2.

NB. The secured loan warnings need not be given in TV, radio or cinema adverts (except in the case of adverts on teletext or shopping channels, etc)

## 6. Restricted Expressions

Some expressions (or similar ones) may only be used if certain conditions are met. These are “overdraft” ; “interest free” ; “no deposit” ; “loan guaranteed” ; “pre-approved” ; “gift” ; “present”. If you need further advice on these, please ask.

Adverts should not contain indications such as “weekly equivalent” or other periodical equivalent (eg “only £3 per day”) unless customers can pay weekly, daily, etc, as the case may be.

## 7. Adverts where different requirements may apply

Credit adverts in books, catalogues and dealers’ publications, etc. Please ask for further advice if necessary.

The above details are intended as a summary of the requirements only and not as a definitive interpretation of the law. Further guidance is available on the Office of Fair Trading website [www.offt.gov.uk](http://www.offt.gov.uk)

Please seek further advice if necessary from your local Trading Standards office :- **East Kent 01233 898825 ; West Kent 01732 525291**