



# FCA publishes final rules on Buy Now Pay Later products

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The Financial Conduct Authority (FCA) today confirmed it will introduce new rules in the Buy Now Pay Later (BNPL) market, saving consumers around £40-60 million a year. The changes, which include banning firms from charging backdated interest on money that has been repaid by the consumer during the BNPL offer period, will be in force by 12 November 2019.

The measures are designed to reduce the harm experienced by some consumers who buy products using BNPL credit offers. There are a range of firms who offer BNPL as part of their credit offers; these include catalogue credit, store cards and retailers who offer finance at the point of sale (this can be in-store or online).

BNPL offers tend to provide a promotional period, typically up to 12 months, during which consumers do not have to make payments and are not charged interest. However, if the consumer does not repay the entire amount within this period, then interest will usually be charged from the date of purchase. Consumers who repay part but not all of the amount owed are still charged backdated interest on that part. Typically, over a third of consumers do not repay within the offer period, incurring interest charged from the date of purchase.

The proposals confirmed today mean:

- Firms cannot charge backdated interest on amounts of money that have been repaid by the consumer during the BNPL offer period.
- Firms have to provide better information to consumers about BNPL offers. The information should be more balanced and appropriately reflect the risks as well as the benefits of the product.
- Firms must give prompts to consumers, to remind them when the offer period is about to end, so that consumers are more likely to repay the credit before they incur interest.

Christopher Woolard, Executive Director of Strategy and Competition, at the FCA, said:

'Since taking over regulation of consumer credit in 2014, our interventions have made a real difference to consumers, especially to people who use high-cost credit. The changes we are announcing today in the BNPL sector build on these interventions. They are intended to simplify these products and make it easier for consumers to make informed decisions.

'The rules we will be implementing will not only improve the information consumers receive about BNPL offers, but will stop firms from charging backdated interest on sums repaid during the offer period. We expect the overall package of measures will save consumers around £40-60 million a year and tackle the harm we identified in this market. As we have shown, we will intervene where we see harms and we remain vigilant in this and other sectors.'

The rules for the disclosure measures will come into force on 12 September 2019. The partial repayment rule, which will prevent backdated interest from being charged on repaid amounts, will come into effect on 12 November 2019.

## Notes to editors

- [PS19/17: Buy Now Pay Later offers – feedback on CP18/43 and final rules.](#)

- [CP18/43: High-Cost Credit Review: Feedback on CP18/12 with final rules and guidance and consultation on Buy Now Pay Later offers](#).
  - Further information on the work of the Financial Conduct Authority in the [high-cost credit sector](#).
  - On 1 April 2014, the FCA took over responsibility for consumer credit and the regulation of 50,000 consumer credit firms, including logbook lenders, payday lenders and debt management firms.
  - On 1 April 2013, the FCA became responsible for the conduct supervision of all regulated financial firms and the prudential supervision of those not supervised by the Prudential Regulation Authority (PRA).
  - The FCA has an overarching strategic objective of ensuring the relevant markets function well. To support this it has three operational objectives: to secure an appropriate degree of protection for consumers; to protect and enhance the integrity of the UK financial system; and to promote effective competition in the interests of consumers.
  - Find out more information [about the FCA](#).
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