



FCA confirms introduction of rent-to-own price cap

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The Financial Conduct Authority (FCA) has today confirmed the introduction of a price cap to protect some of the most vulnerable customers in the UK in the rent-to-own (RTO) sector. The cap will be introduced from 1 April 2019 and will save consumers in the UK up to £22.7 million a year.

In the [Policy Statement published today](#), the FCA has confirmed the following measures will apply to the RTO sector:

- setting a total credit cap of 100%
- introducing a requirement on firms to benchmark base prices (including delivery and installation) against the prices charged by 3 mainstream retailers
- preventing firms increasing their prices for insurance premiums (eg theft and accidental damage cover), extended warranties, or arrears charges, to recoup lost revenue from the price cap

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

'The actions we are taking today build on our wider work on high-cost credit and will save some of the most vulnerable consumers in the UK millions of pounds. This price cap has been designed to target some of the most excessive prices in the rent-to-own market. The measures come into force from 1 April and we will be keeping a close watch on firms' compliance. We will review the impact of the price cap in 2020 and if further work is needed to protect these customers we are prepared to intervene again.'

Currently, in some cases, RTO consumers are paying in total more than 4 times the retail price of some goods. The cap is intended to tackle those very high prices. Under the new rules, consumers will save hundreds of pounds on household products.

In November 2018, we published a Consultation Paper outlining our intention to introduce a price cap in the RTO market, to protect vulnerable consumers from the high prices being charged in this market.

The majority of respondents to the consultation agreed with the FCA's assessment and the need to intervene in this market. Feedback from consumer groups in particular showed strong support for a price cap, which they believe would address the harm caused by high prices.

The FCA has committed to carry out a further review to assess the impact of the price cap, which will take place in April 2020.

The FCA is continuing to promote the availability and consumers' awareness of alternatives to high-cost credit. As set out in the [November 2018 Consultation Paper](#), this includes working with Government and other stakeholders to support their initiatives. The next update on the FCA's alternatives work will be published in the second quarter of 2019.

Notes to editors

- [Policy Statement \(PS19/6\): Rent-to-own price cap – feedback on CP18/35 and final rules](#)

- The price cap will come into force from 1 April 2019 and will apply to any new products RTO firms introduce to the market for the first time.
 - For products that RTO firms are already offering, the rules will apply either at the point the RTO firm raises the price or 1 July 2019 (whichever date is sooner). Micro-enterprises will have a further 3 months for their existing products (until 1 October 2019).
 - Further information on the work of the Financial Conduct Authority in the [high-cost credit sector](#).
 - Our previous work has also resulted in redress packages for around 340,000 consumers of RTO firms - BrightHouse, PerfectHome and Buy As You View - of nearly £16 million.
 - 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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PS19/6: Rent-to-own price cap – feedback on CP18/35 and final rules

CP18/35: Rent-to-own and alternatives to high-cost credit – feedback on CP18/12 and consultation on a price cap

Further information on our work in the high-cost credit sector