

These additional FAQs provide more information about the FCA's Motor Finance Compensation Scheme, including eligibility, different commission arrangements and what may happen in different circumstances.

## **About the Scheme**

### **Q: What's a High Commission Arrangement and why does this matter?**

The dealer or broker received a high level of commission. The FCA defines a high level of commission as:

- 39% or more of the total cost of the finance (including interest and fees), and
- at least 10% of the amount you borrowed.

Because of this, the FCA considers that the deal may have been unfair – as this could have encouraged the dealer or broker to recommend a finance agreement that earned them more commission rather than one that was best for you.

### **Q: What's a Tied Arrangement and why does this matter?**

A tied arrangement is where the dealer either:

- Offered finance from only one lender, or
- Had an agreement where one lender had the first opportunity to accept or decline the finance before it could be offered to another lender.

If this wasn't explained, customers may not have known that their finance options were limited. This means they may not have been able to compare different options or be sure that the finance agreement was right for their needs.

## **Eligibility**

### **Q: How do you decide if I'm eligible to take part in the scheme?**

We follow the rules set by the FCA to decide whether you qualify for the scheme.

We'll look at:

- The type of finance agreement you had
- When you took it out
- Whether the finance was for personal or business use
- The type of vehicle financed.

We'll also check whether commission was paid, how much was paid, the type of arrangement in place between us and your motor dealer or broker and whether you were told about it. This will determine whether our relationship with you is/was unfair.

### **Q: Which motor finance agreements are covered?**

The scheme covers certain regulated motor finance agreements, mainly Hire Purchase (HP) and Personal Contract Purchase (PCP), taken out between 6 April 2007 and 01 November 2024. These agreements must have been used to buy a motor vehicle (the FCA defines this as a mechanically propelled vehicle meant for use on roads).

Some types of agreements are not covered, including:

- Personal loans
- Credit cards
- Leasing agreements
- Finance used to buy vehicles not classed as motor vehicles, such as caravans or some agricultural vehicles.

### **Q: Are business or commercial agreements included?**

Some agreements taken out by certain types of businesses, such as sole traders or partnerships may be covered by the scheme. We'll check whether your agreement meets the scheme rules and let you know what this means for your case.

**Q: If I no longer own the vehicle, am I still eligible?**

Yes. Your eligibility depends on whether your motor finance agreement is covered under the scheme rules and the terms and conditions that applied when you took out the agreement. It does not depend on whether you still own the vehicle.

**Q: My agreement was arranged through a broker or dealership. Am I still eligible?**

Yes. Agreements arranged through brokers or dealers may be eligible if the agreement itself meets the rules of the scheme.

## **Other circumstances**

**Q: What if I'm in arrears or have missed payments?**

You may still be eligible to receive compensation. If you have any arrears or outstanding balances, we may use some or all of any compensation due to reduce what you owe. If this applies to you, we'll explain how it affects your payments.

**Q: What if I'm in a debt management plan, Individual Voluntary Arrangement (IVA), Debt Relief Order (DRO), or bankruptcy?**

You may still be eligible to receive compensation. Any compensation will be dealt with in line with the applicable insolvency rules and may be paid to your insolvency practitioner. We'll let you know what this means for your situation.

**Q: The borrower has passed away. Can their estate claim compensation?**

Yes. We'll try to identify and contact the personal representative or beneficiaries of the estate. We understand this may be a difficult time and will make the process as simple as possible.

If you're a beneficiary or personal representative of a borrower who has died, please contact us. We'll be happy to help. You can call **0800 018 9090**, Monday to Friday, 9am to 5pm (except bank holidays).

**Q: My agreement is in joint names. Will the other party be contacted too?**

Yes. All named parties on the agreement will be contacted. We'll make sure each person receives the information they need.

## **Taking part in the scheme**

**Q: Do I have to take part in the scheme?**

No. It's your choice. We'll contact you with the outcome of our review. If you don't want to take part in the scheme, you can tell us.

**Q: What happens if I don't take part in the scheme?**

We won't review your agreement under the scheme, and you won't receive compensation through it. You won't be able to refer your case to the Financial Ombudsman Service (FOS), but you can take the matter to court if you choose.

If you're unsure whether to take part in the scheme, you might find it useful to talk to someone you trust. The information provided in these FAQs may also help you decide.

**Q: Will taking part in the scheme affect my credit score or current finance agreement?**

No. Taking part won't affect your credit score or any current finance agreement.

**Q: Can I track the progress of my case?**

Yes. You can use our [secure online portal](#) to check the status of your case and see if you need to do anything.

## **Data and Security**

**Q: How will you use my personal data and who will my information be shared with?**

We'll only use your personal data to manage your case under the scheme. Where necessary, we may share your information with authorised organisations such as the Financial Conduct Authority (FCA) or Financial Ombudsman Service (FOS). We may also share your information with a Professional

Representative (PR) you have authorised to act on your behalf, such as a Claims Management Company (CMC) or law firm.

If we do not hold your current contact details, we may obtain updated contact information from trusted third-party tracing agencies or credit reference agencies such as Experian and Equifax. We use this information to identify and contact individuals who may be eligible for the scheme. We will only use this information to manage the compensation process and to meet our legal and regulatory obligations.

For more information about how we use your personal data and your rights, please see our [Privacy Notice](#).

**Q: Where did you get my data?**

If we did not already hold your current contact details, we may have obtained updated contact information from a trusted third-party tracing agency or credit reference agency, such as Experian or Equifax.

The information we receive may include:

- your name,
- date of birth,
- postal address,
- email address
- phone number.

We use this information to identify and contact individuals who may be eligible for compensation under the scheme. We will only use this information to manage the compensation process and to meet our legal and regulatory obligations.

For more information about where we obtain your personal data, how we use it and your rights, please see our [Privacy Notice](#).

## **Accessibility**

**Q: I have accessibility needs, such as sight, hearing, or language needs. How can you support me?**

We can provide information in different formats and offer additional support to meet your needs. Please let us know how we can help. You can call 0800 018 9090, Monday to Friday, 9am to 5pm (except bank holidays).