

Lisa Ocero
Handbook Team
Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

5th January 2024

Dear Lisa,

CP23/25 – Quarterly Consultation No 42

We welcome the opportunity to respond to this consultation. The Association of British Credit Unions Limited (ABCUL) is the primary trade association representing credit unions in England, Scotland, and Wales, with around two thirds of credit unions in Great Britain affiliated to the Association.

Credit unions are co-operative societies who provide financial services – primarily savings and loans facilities – to their member-owners. They are registered as Co-operative Societies under the Co-operatives and Community Benefit Societies Act 2014 and the Credit Unions Act 1979. As deposit-takers they are dual-regulated by the Prudential Regulation Authority and the Financial Conduct Authority.

Credit unions have since their inception in Britain in 1964 been closely associated with anti-poverty and financial inclusion. They tend to provide savings and loans facilities to those with limited or no access to financial services from mainstream providers, generally due to their low income and / or lack of a developed credit profile. They have been a central element of numerous government and philanthropic initiatives to extend financial inclusion and address the lack of adequate provision of affordable credit and secure savings facilities for large sections of the population. They are capped in the interest that they can charge at 42.6% APR under the Credit Union Act 1979 and provide credit in competition with high-cost lenders.

They are numerous, with nearly 250 credit unions active in Great Britain today with more than 1.4 million members and £2.3 billion in assets under management. They range from mid-sized businesses of up to 50 staff to small voluntary organisations.

Overview of Response

This response will express our view that the majority of ABCUL member credit unions support the FCA's proposed amendments to the Credit Union sourcebook (CREDS) as a result of the legislative changes to the Credit Unions Act 1979.

ABCUL Association of British Credit Unions Limited
Holyoake House, Hanover Street, Manchester M60 0AS
Tel 0161 832 3694 Fax 0161 832 3706
Email info@abcul.org Website www.abcul.coop

Q3.1. Do you agree with our proposal to remove CREDS 1.1.2G and CREDS 1.1.2AG, and amend CREDS 1.1.4G to set out how CREDS applies to credit unions?

The credit union sector supports the requirements for changes to be made to CREDS 1.1 with the removal of CREDS 1.1.2G and CREDS 1.1.2AG, and to amend 1.1.4G as proposed in Appendix 3. The proposed changes will simplify CREDS 1.1 and provides clear direction to CREDS 10 for other applicable provisions of the Handbook which will be relevant to credit union based on their activities.

Q3.2. Do you agree with our proposal to add 'hire purchase' and 'conditional sale agreements' to CREDS 2.2.31G(9), CREDS 2.2.35G and CREDS 2.2.45G(7)?

We support the insertion of 'hire purchase' and 'conditional sale agreements' to CREDS 2.2.31G(9), CREDS 2.2.35G and CREDS 2.2.45G(7) in light of the legislative changes.

Q3.3. Do you agree with our proposal to define our usage of 'lending' for the purpose of CREDS 7 at CREDS 7.1.2A and amend the wording in CREDS 7 from loans to 'lending'?

We agree with the FCAs proposed definition of 'lending' to cover the permitted additional activities available to credit unions.

Q3.4 Do you agree with our proposal to remove CREDS 7.1.3G(1), CREDS 7.1.3G(1A), CREDS 7.1.3G(2) and to reference Section 11E at CREDS 7.1.3G?

We support the proposal to remove CREDS 7.1.3G(1), CREDS 7.1.3G(1A), CREDS 7.1.3G(2) and to reference Section 11E at CREDS 7.1.3G. The proposed changes will provide clarity and refer individuals to the complete provisions in Section 11E of the CUA79.

Q3.5. Do you agree with our proposal to remove CREDS 8.2.6R and CREDS 8.2.6AR?

We strongly support the removal of CREDS 8.2.6R and CREDS 8.2.6AR to remove the rules for credit unions to submit annual accounts to the FCA within 6 months of the end of their financial year end. Removal of these rules will ensure that clarity is provided for all credit unions in relation to the timescales for submitting their returns to the FCA as per the Co-operative and Community Benefit and Societies Act 2014.

Q6. Do you agree with our proposed amendments to CREDS 10?

We support the proposed amendments to CREDS 10.

Q71. Do you agree with our proposed changes to GEN 2.2?

We support the proposed changes to GEN 2.2, this will provide Handbook users with clarity to establish what Handbook rules require and no requirement to determine which historic version of an enactment a reference relates to.

We welcome the FCAs proposed amendments to CREDS and GEN sourcebooks. The proposed changes to CREDS are required due to the new permitted activates credit unions can now partake in, if they choose to do so, and they also provide clarity to Handbook users.

Please get in touch should you wish to further discuss our response.

Yours sincerely,

A handwritten signature in dark ink, reading "Natalie McQuade". The signature is written in a cursive, flowing style. The first name "Natalie" is written in a larger, more prominent script, and "McQuade" follows in a similar but slightly smaller script. The signature is positioned on a light-colored, possibly white, background.

Natalie McQuade

Head of Advocacy and Regulatory Affairs, ABCUL