
Annual Report and Resource Accounts 2007-08 – Annexe B of HC836

Consumer credit statistics for 2007 to 2008

NEW LICENCES, RENEWALS AND VARIATIONS

The OFT issues several thousand new consumer credit licences each year and keeps a public register of licensed traders and anyone who has ever applied for a licence. With a few exceptions, anyone whose business involves offering credit or lending money to individuals, whether directly or as a broker, must be licensed by the Office of Fair Trading under the Consumer Credit Act. The same goes for those who hire out goods, run credit agencies, collect credit debts or provide debt counselling or debt adjusting services.

TABLE B.1 – NEW STANDARD LICENCES

	<i>Apr 06 / Mar 07</i>	<i>Apr 07 / Mar 08</i>	<i>Cumulative totals 1976 to 2008</i>
Applications received	16,513	15,192	615,486
Licences issued	13,944	15,467	589,798
Still under consideration on 31 March	3,301	1,783	-

TABLE B.2 – EXISTING LICENCES: ACTION INSTIGATED BY LICENSEES

	<i>Apr 06 / Mar 07</i>	<i>Apr 07 / Mar 08</i>
<i>Renewal of Licences:</i>		
Applications received	9,087	10,781
Renewal licences issued	7,833	5,889
Still under consideration on 31 March	2,006	4,246
Licences allowed to lapse	19,324	19,691
<i>Variations of the terms of licences:</i>		
Applications received	4,007	4,082
Variations granted	3,491	3,586

Still under consideration on 31 March	420	369
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Changes in particulars about licensees:

Notifications received	10,484	11,282
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Voluntary surrender of licences:

Notices of surrender received	978	408
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REFUSAL, REVOCATION, AND VARIATION OF LICENCES

Licences can be refused or revoked by the OFT if, after following established procedures, we remain unsatisfied that the trader is fit to have one. Local Authority Trading Standards Services play an essential role in this field, both by providing information about applicants and licensees, and by assisting in subsequent investigations.

Complaints

The OFT received a total of 2,407 enquiries and complaints about licensed traders between April 2007 and March 2008.

Notices issued

During the same time period the OFT served 79 notices on applicants and licensees about their fitness to be granted, or to retain, a licence. The 79 notices issued during the period were made up as follows:

'Minded to revoke' an existing licence	36
'Minded to refuse' an application for a licence	37
'Minded to refuse renewal' of an existing licence	3
'Minded to refuse the application to vary' an existing licence	0
'Minded to compulsorily vary' an existing licence	1
'Minded to grant the application, but in terms different from those applied for'	2

Representations

Anyone who receives such a notice has the opportunity to make written or oral representations, or both, against the proposed course of action. A higher proportion of applicants and licensees exercised this right between April 2007 and March 2008 than in the previous financial year. Traders made representations in 55 of the 77 cases concluded (71 per cent) - compared

with 67 per cent in the earlier period. 75 per cent of those making representations asked for an oral hearing (also 75 per cent in 2006-7).

TABLE B.3 – LICENSING DECISIONS: CASE DETAILS FOR 2007/08

Refusals of applications for a standard licence (including refusals to renew an existing licence)

Determinations against which there was no appeal

<i>Determination Date</i>	<i>Case Title</i>
11/04/2007	Colin Andrew Boundy
13/04/2007	George Spencer
02/05/2007	C M Personal Loans Ltd
02/05/2007	Jeremy Burdett
02/05/2007	Ann Maria McGlacken
16/05/2007	V I Prestige Car Hire (Bradford) Ltd
23/05/2007	Matthew Lee Reardon
01/06/2007	Cornishway Motors Ltd
08/06/2007	Salford Technical Services
11/07/2007	Oakwood Motor Company (London) Ltd
11/07/2007	Andreas Georgiou
11/07/2007	Saints Estates & Mortgages
11/07/2007	Thoros Georgiou
25/07/2007	David Thomas
15/08/2007	Gurcharan Singh
26/09/2007	Jamie Folkard
17/12/2007	Mohammad Umar Farooq
11/01/2008	Sun Bank Ltd
28/01/2008	Christopher Martin Falconer
08/02/2008	Crescent Commercial Sales Ltd
22/02/2008	Jason Craig Edwards
20/06/2007	Ian Neil John White*

*Outcome of this case was 'Refused to Vary'

Determinations for which the appeal period had not expired by 31 March 2008

<i>Determination Date</i>	<i>Case Title</i>
07/03/2008	Derek Hepple
14/03/2008	Warren Michael Taylor
26/03/2008	Marmalade Leasing Ltd

Determinations where an appeal was pending on 31 March 2008 (1/2)

<i>Determination Date</i>	<i>Case Title</i>
01/06/2007	David Newton & Paul Hughes

Determinations where an appeal was withdrawn

<i>Determination Date</i>	<i>Case Title</i>
23/08/2006	Gordon Potsworth
09/11/2007	John Anthony Walker

Revocations

Determinations against which there was no appeal

<i>Determination Date</i>	<i>Case Title</i>
04/05/2007	Alan McNally
06/06/2007	Unicorn Credit Ltd
06/06/2007	Unicorn Classics Ltd
08/06/2007	ICM Group Ltd
08/06/2007	Charterhouse Gresham & Company Ltd
23/07/2007	Michael Anthony Sweeney
01/08/2007	James Pugh
22/08/2007	Gerard John Joseph Mulligan
22/02/2008	Wayne Henry Haywood

Determinations for which the appeal period had not expired by 31 March 2008

<i>Determination Date</i>	<i>Case Title</i>
27/02/2008	Norden Car Sales
05/03/2008	Earlybird Finance Ltd
28/03/2008	Matthew St John-Crossley

Determinations where an appeal was pending on 31 March 2008

<i>Determination Date</i>	<i>Case Title</i>
27/02/2008	Walkers Finance

Determinations where an appeal was withdrawn

<i>Determination Date</i>	<i>Case Title</i>
22/08/2007	Peter Rupert Townsend

TABLE B.4 - LICENSING DECISIONS AND APPEALS

	2006/7	2007/8
Notices served on applicants and licensees regarding fitness:		
• number served	94	79
• not determined in earlier years	31	28
Totals	125	107
Cases concluded as follows:		
• favourable determination	23	26
• adverse determination	54	41
• application withdrawn	6	2
• licence surrendered	10	4
• application made of no effect	0	0
• licence expired 1	2	0
• licence of no effect 2	0	1
• 'Minded to' notice withdrawn	2	1
• other outcomes	0	0
• still under consideration at end of period	28	31
Totals	125	107
Appeals to the Secretary of State:		
• lodged	6	5
• brought forward from earlier years	13	4
Totals	19	9
Disposed of as follows:		
• upheld	2	1
• not opposed	0	0
• dismissed	9	3
• abandoned/lapsed	0	0
• withdrawn	4	3
• still under consideration	4	2
Totals	19	9

TABLE B.5

APPLICATION WHERE MINDED TO REFUSE, OR MINDED TO GRANT IN DIFFERENT TERMS OR REFUSE TO VARY WAS ISSUED - BY BUSINESS AND TRADES AFFECTED

Period	Motor trader	Home maintenance and fitted appliances	Mortgage and secured credit	Non - status lending	Debt collectors and investigators	Other financial services	Sale and lease of commercial equipment	Other (Misc)	Total
01/04/06 – 31/03/07	24	12	4	1	0	19	0	6	66
01/04/07 – 31/03/08	10	2	4	0	0	19	0	7	42

TABLE B.6

LICENCES WHERE MINDED TO REVOKE , SUSPEND OR VARY COMPULSORILY - BY BUSINESS AND TRADES AFFECTED

Period	Motor trader	Home maintenance and fitted appliances	Mortgage and secured credit	Non - status lending	Debt collectors and investigators	Other financial services	Sale and lease of commercial equipment	Other (Misc)	Total
01/04/06 – 31/03/07	4	2	5	1	3	10	2	1	28
01/04/07 – 31/03/08	10	1	5	0	0	13	0	8	37

UNLICENSED TRADING

In the Financial Year 2007/8, the OFT granted three validation orders. Validation orders allow agreements made while traders were not licensed to be treated as though they had been licensed. These applications for validation are assessed by one of the OFT's Adjudicators who, in addition to any other relevant factors, must consider whether the applicant is to blame for the unlicensed trading, whether the applicant's conduct causes prejudice to the customers concerned, and whether it is likely that a licence would have been issued had proper application been made during the period of unlicensed trading. Nevertheless, the granting of an order does not mean that an agreement is automatically enforceable and, in certain circumstances, the trader may still have to pursue enforcement through the courts.

TABLE B.7 Unlicensed trading – validation orders sought: 2003-2007						
Year	Orders made	Applications withdrawn or made of no effect	Orders refused	Orders granted in different terms	Cases decided	Outstanding cases
Section 40(2): regulated credit or hire agreements made by an unlicensed trader						
2005/6	0	0	0	0	0	0
2006/7	4	1	0	0	5	1
2007/8	3	0	0	0	3	1
Section 148(2): agreements for the services of an unlicensed trader carrying on an ancillary credit business						
2005/6	0	0	0	0	0	0
2006/7	0	0	0	0	0	0
2007/8	0	0	0	0	0	0
Section 149(2): regulated credit or hire made by a trader with consumers introduced by an unlicensed credit broker						
2005/6	1	0	0	0	1	1
2006/7	1	0	0	0	1	0
2007/8	0	0	0	0	0	0
Source: Office of Fair Trading						

GROUP LICENCES

General Notices

1 issued and 1 renewed for 2007/8 Financial Year

TABLE B.8 – GROUP LICENCES IN EFFECT ON 31 MARCH 2008	
Organisations	Categories of Business
Law Society of England and Wales	A, C, D, E
Law Society of Scotland	A, C, D, E
Law Society of Northern Ireland	A, C, D, E
National Association of Citizens Advice Bureaux	D
Liquidators and Receivers	A, B, C, D, E, F
Association of Chartered Certified Accountants	A, C, D
Institute of Chartered Accountants in England and Wales	A, C, D
Institute of Chartered Accountants in Ireland	A, C, D
Institute of Chartered Accountants in Scotland	A, C, D
Scottish Association of Citizens Advice Bureaux	D
Approved Local Enterprise Agencies	C, D
Advice UK	D
Higher Education Institutes	C
Home Computing Initiative	B
Cycle to Work Scheme	B
National Federation of Enterprise Agencies	C,D

Licence categories:

- A Consumer credit business
- B Consumer hire business
- C Credit brokerage
- D Debt adjusting and debt counselling
- E Debt Collecting
- F Credit reference agency

ENTERPRISE ACT 2002

- **5 undertakings**
- **35 warning letters**
- **14 referrals**

DIRECTIONS AND DETERMINATIONS

S60(3)

Under section 60(3) of the Consumer Credit Act 1974 a consumer credit business, can apply to the OFT to vary or waive the Act's requirements relating to the form and content of agreements if it is impracticable for the applicant to comply with them.

14 Directions issued

S101(8)

Section 101 of the Consumer Credit Act concerns the right to terminate hire agreements. Sub-section (8) gives the Office of Fair Trading the power to direct that this right shall not apply to certain agreements.

4 applications refused

0 Directions issued

OVERDRAFTS ON CURRENT ACCOUNTS

By determinations made under section 74(3), on certain conditions – including notification to the OFT – banks and building societies are exempt from some of the Consumer Credit Act's requirements when they advance overdrafts on current accounts or finance certain defined probate agreements. (The exemptions cover requirements relating to the form and content of agreements and the provision of advance notice of cancellation rights).

5 Determinations issued

POWERS OF ENTRY AND INSPECTION

17 applications were made seeking the OFT's authorisation under section 162(5) of the Consumer Credit Act to use powers of inspection for bank account records.