

# **Second charge lending**

## **– OFT guidance for brokers and lenders**

**An OFT consultation**

February 2009

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## Scope of this consultation

**Topic of this consultation** This consultation is aimed at producing effective guidance on the practices and procedures that we would expect those operating in the second charge lending sector to employ in order to ensure that consumers are not subject to unfair or improper treatment. Second charge mortgages or 'secured loans' are a form of borrowing whereby homeowners with a first legal mortgage access further borrowing secured by a subsequent charge on their property.

**Scope of this consultation** This consultation is focused on second charge lending only. The OFT plans to run a separate consultation later in 2009 on guidance outlining what it considers to be irresponsible lending practices for unsecured and secured lending for the purposes of section 25(2B) of the Consumer Credit Act 1974.

**Geographical scope** UK-wide

**Impact assessment** There is no impact assessment linked to this consultation. The OFT does not conduct impact assessments when producing explanatory guidance.

## Basic information

**To** This consultation is aimed at those with an interest in the second charge lending sector. This includes large and small businesses, trade associations, professional bodies, regulators, enforcement agencies and consumer groups.

**Duration** The consultation will run from **13 February 2009** to **8 May 2009**

**Enquiries** By telephone: **Paul Hosier on 0207 211 8839**  
By email to: **paul.hosier@oft.gsi.gov.uk**  
By fax to: **020 7211 8604**  
By post to: **Paul Hosier, Secured Lending Team, Office of Fair Trading, Fleetbank House, 2-6 Salisbury Square, London EC4Y 8JX**

**How to respond** We would welcome your comments on the content of this draft guidance document. Please respond to as many questions as you are able and provide any suggested changes or comments on the draft in writing (by email, or alternatively by letter or fax, as indicated above).

When responding to this consultation please state whether you are responding as an individual or whether you are representing the views of an organisation. If responding on behalf of an organisation, please make it clear who the organisation represents and, where applicable, how the views of members were collated.

We are publishing this consultation on the OFT website and sending it to a range of stakeholders to invite comments.

**Additional ways to become involved** If you wish to meet with the OFT team involved please contact Paul Hosier (details given above).

**After the consultation** After the consultation we will publish our final guidance as well as a summary of responses received. Both documents will be available on our website at [www.offt.gov.uk/publications](http://www.offt.gov.uk/publications).

**Compliance with the *Code of Practice on Consultation*** This consultation complies with BRE's Code of Practice on Consultation. A list of the key criteria can be found at Annexe B, along with a link to the full document.

## **Background**

**Why produce this guidance at this time?** In his speech to the House of Commons on 14 May 2008 on the draft legislative programme, the Prime Minister announced a review of second charge lending. Impetus for a review arose out of discussions between Ministers, the mortgage industry and debt advice agencies about rises in repossession levels for both first and second charge mortgages.

The Review was led by the Department for Business Enterprise and Regulatory Reform (BERR) and involved the Office of Fair Trading (OFT), Her Majesty's Treasury (HMT), the Financial Services Authority (FSA), HM

Treasury (HMT), Ministry of Justice (MoJ) and the Department of Communities and Local Government (DCLG).

The review examined arrears and repossessions policies and practice in the sector. The available evidence did not reveal systemic problems in these areas and found that there were examples of good practice within the second charge lending sector. However the review did find that there were a number of areas in which improvements could be made.

Key to these areas for improvement is the need for clear guidance, and greater monitoring and oversight to ensure that second charge lenders exercise forbearance with borrowers in difficulty. The need for such guidance was announced by the Government in the Pre-Budget Report on 24 November 2008.

The OFT is currently undertaking a project looking into what it considers to be irresponsible lending practices generally for the purposes of section 25(2B) of the Consumer Credit Act 1974. The production of second charge lending guidance at this time is not intended to pre-empt the outcomes of that project, but rather to add to existing guidance (in particular the Non Status Lending Guidelines, updated by the OFT in 1997)<sup>1</sup>, and to provide greater clarity, **specifically** to second charge brokers and lenders, as to the practices and procedures that it expects them to employ to ensure that consumers are not treated unfairly or improperly by them.

**Previous  
engagement**

The OFT issued Non-Status Lending Guidelines in July 1997 (updated in November 1997) and has since 1 August 2008 been undertaking a separate project considering possible irresponsible lending practices across **all** credit sectors.

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<sup>1</sup> [www.offt.gov.uk/shared\\_offt/reports/consumer\\_credit/oft192v2.pdf](http://www.offt.gov.uk/shared_offt/reports/consumer_credit/oft192v2.pdf)

## **Feedback about this consultation**

If you wish to comment on the conduct of this consultation or make a complaint about the way this consultation has been conducted, please write to:

Jessica Nardin  
OFT Consultation Coordinator  
Room 5C9  
Office of Fair Trading  
Fleetbank House  
2-6 Salisbury Square  
London  
EC4Y 8JX

Email: [jessica.nardin@oft.gsi.gov.uk](mailto:jessica.nardin@oft.gsi.gov.uk)

A copy of the key criteria from the Better Regulation Executive's *Code of Practice on Consultation* can be found in Annexe B.

## **Data use statement for responses**

Personal data received in the course of this consultation will be processed in accordance with the Data Protection Act 1998. All information received (including personal data) is subject to Part 9 of the Enterprise Act 2002. We may choose to refer to comments received in response to this consultation in future publications. In deciding whether to do so, we will have regard to the need for excluding from publication, as far as that is practicable, any information relating to the private affairs of an individual or any commercial information relating to a business which, if published, would or might, in our opinion, significantly harm the individual's interests, or, as the case may be, the legitimate business interests of that business. If you consider that your response contains such information, that information should be marked 'confidential information' and an explanation given as to why you consider it is confidential.

Please note that information provided in response to this consultation, including personal information, may be the subject of requests from the public for information under the Freedom of Information Act 2000 (FOIA). In considering such requests for information we will take full account of any reasons provided by respondents in support of confidentiality, the Data Protection Act 1998 and our obligations under Part 9 of the Enterprise Act 2002.

If you are replying by email, these provisions override any standard confidentiality disclaimer that is generated by your organisation's IT system.

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# 1 INTRODUCTION

- 1.1 Second charge mortgages or 'secured loans' are a form of borrowing whereby homeowners with a first legal mortgage access further borrowing secured by a second or subsequent charge on their property.
- 1.2 Most second charge mortgages are regulated under the Consumer Credit Act 1974 (the Act). The Act requires lenders to hold a consumer credit licence,<sup>2</sup> issued by the OFT, and sets out a range of consumer protection requirements in relation to the advertising and marketing of loans; the form, content and execution of credit agreements; pre-contractual and post-contractual disclosure requirements; default and termination; the taking of securities; and judicial controls over the enforcement of debts.
- 1.3 In order to issue a consumer credit licence, the OFT must be satisfied that a trader is fit to hold that licence. Relevant considerations will include the trader's compliance with all legal duties and OFT guidance and can include consideration of unfair or improper business practices whether unlawful or not.
- 1.4 This guidance constitutes the OFT's view on the business practices and procedures that we would expect from lenders and brokers within the second-charge lending sector. It should be read in conjunction with other OFT guidance, including the Non-Status Lending Guidelines<sup>3</sup> (OFT192v2), the OFT's General Fitness Guidance<sup>4</sup> (OFT969), and the guidance on Irresponsible Lending<sup>5</sup> which is due to be published in the autumn of 2009.
- 1.5 The OFT expects all firms operating within the second charge lending sector to comply with this guidance, and expects firms to take all reasonable steps to ensure that they have suitable business practices and procedures in place to ensure compliance (for example through

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<sup>2</sup> The licence should cover Category A – 'Consumer credit business'

<sup>3</sup> [www.of.gov.uk/shared\\_of/reports/consumer\\_credit/oft192v2.pdf](http://www.of.gov.uk/shared_of/reports/consumer_credit/oft192v2.pdf)

<sup>4</sup> [www.of.gov.uk/shared\\_of/business\\_leaflets/credit\\_licences/oft969.pdf](http://www.of.gov.uk/shared_of/business_leaflets/credit_licences/oft969.pdf)

<sup>5</sup> [www.of.gov.uk/news/press/2008/91-08](http://www.of.gov.uk/news/press/2008/91-08)

training, compliance, auditing or disciplinary policies/procedures, or any other means necessary and appropriate to the business).

## 2 GENERAL PRINCIPLES OF CUSTOMER CARE

2.1 It is the OFT's view that there are a number of overarching principles of consumer protection and fair business practice which apply to all lending and broking. These have particular relevance for secured loans given the increased risks to the borrower (including repossession of their property). There is, therefore, a responsibility on all second charge brokers and lenders to ensure that their business practices and procedures are sufficient to ensure that the following principles are adhered to in practice:

- there should be **transparency** in all dealings with potential and actual borrowers, with full and early disclosure and adequate explanation of **all** contract terms and conditions and **all** fees and charges which may be payable
- there should be **no high-pressure selling**, and adequate time should be allowed for the borrower to reflect on the terms and conditions of the proposed agreement, the seriousness of the risk of taking out a loan secured on residential property, and to obtain independent advice before signing
- there should not be any **irresponsible lending** and all underwriting decisions should be subject to a proper assessment of the borrower's creditworthiness/ability to repay without resort to the security, taking full account of all relevant circumstances
- all contract terms and conditions should be **fair and clear**, and should be written in plain and intelligible language
- actions taken in respect of arrears or default should be **considered sympathetically** and should be **proportionate**. **Repossession should only be used as a last resort**
- lenders should take joint responsibility for acts or omissions of brokers who act on their behalf

- lenders and brokers should not act in any way which is deceitful, oppressive, unfair or improper, whether unlawful or not.

**Q1 Are the draft guidelines on general principles sufficiently clear?**

**Q2 Are there any substantive aspects of the draft with which you disagree?**

**Q3 Do the draft guidelines on general principles have any significant omissions?**

**Q4 Do you have any other suggestions for improvement?**

### **3 PRE-CONTRACT ISSUES**

- 3.1 All advertising and other promotional material for second-charge lending should comply in all respects with the requirements of the Consumer Credit (Advertisements) Regulations 2004 (as amended)<sup>6</sup> as outlined in the OFT's regulatory guidance,<sup>7</sup> and with the Consumer Protection from Unfair Trading Regulations 2008 (CPRs).<sup>8</sup>
- 3.2 Advertising and other promotional material should be clear, fair and balanced, and should not in any way mislead, in particular with regard to the costs of borrowing.
- 3.3 Advertising and other promotional material should not suggest, either expressly or by implication, that loans are available regardless of the income or other financial circumstances of the borrower, or that they are dependent only upon the value of equity in the property on which the loan is to be secured.
- 3.4 The full details and implications of risks to the borrower should be highlighted and explained, both orally and in writing. In particular, the borrower should be aware of the potential consequences of missing payments, or under-paying, including default charges and risk of repossession of the property. The possible risks to the borrower's credit record, and ability to obtain credit in future, should also be emphasised.
- 3.5 There should be full transparency about the circumstances in which any variable rates or charges may change, in particular where they are not linked to Bank of England base rate and where they may be varied at the discretion of the lender.
- 3.6 There should not be undue emphasis on the speed with which loans can be obtained, nor any incentives to sign the agreement quickly.

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<sup>6</sup> [www.opsi.gov.uk/si/si2007/uksi\\_20070827\\_en\\_1](http://www.opsi.gov.uk/si/si2007/uksi_20070827_en_1)

<sup>7</sup> [www.offt.gov.uk/advice\\_and\\_resources/resource\\_base/legal/cca/guidance](http://www.offt.gov.uk/advice_and_resources/resource_base/legal/cca/guidance)

<sup>8</sup> [www.opsi.gov.uk/si/si2008/uksi\\_20081277\\_en\\_1](http://www.opsi.gov.uk/si/si2008/uksi_20081277_en_1)

- 3.7 There should be no cold-calling by telephone or home visits. Any visit to the borrower's home should be made only at the borrower's **specific** invitation, in writing, and only then if the purpose of the visit is made clear in advance.
- 3.8 There should be no high-pressure selling and borrowers should not be put under undue pressure to enter into a new loan agreement or to extend an existing loan by, for example, lenders or their representatives remaining in a borrower's home for an unduly protracted period of time during the course of a visit.
- 3.9 Brokers should disclose at the outset the nature and extent of the service offered to the borrower, together with any ties they may have to lenders or other brokers. If a brokerage fee is payable this should be made clear at the outset. The amount of the fee should be confirmed in writing before entry into the credit agreement. All fees repayable under section 155 of the Act should be returned promptly in accordance with OFT guidance on section 155.<sup>9</sup>
- 3.10 The existence of any commission or other payment payable by the lender to the broker should be disclosed to the borrower at an early stage, so that they are aware of the potential conflict of interest. The amount of the commission should be disclosed on request. Lenders should ensure that remuneration arrangements do not provide an undue incentive for brokers to recommend particular products when these may not be in the borrower's best interests. For example, lenders should only be offering higher commissions in respect of one of their products relative to another where this is justified in terms of the relative work involved. They should not be offering volume overrides<sup>10</sup>.
- 3.11 Brokers and salespersons should not encourage the borrower to take out a loan for a higher amount than the borrower requests or can afford to

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<sup>9</sup> [www.of.gov.uk/shared\\_of/reports/consumer\\_credit/oft301.pdf](http://www.of.gov.uk/shared_of/reports/consumer_credit/oft301.pdf)

<sup>10</sup> Volume overrides are additional payments made by lenders on the basis of business volume and profitability.

repay, or to consolidate debt when other courses of action may be more appropriate.

3.12 Brokers and salespersons should always ensure that any advice given is in the best interests of the borrower, based on the information available, including advising that it would be not be in the borrower's best interest to take out a secured loan when this appears to be the case. All advice should be appropriate to the borrower's needs and circumstances.

**Q5 Are the draft guidelines on pre-contract issues sufficiently clear?**

**Q6 Are there any substantive aspects of the draft guidelines on pre-contract issues with which you disagree?**

**Q7 Are there any significant omissions?**

**Q8 Do you have any other suggestions for improvement to this section?**

## 4 CONTRACT ISSUES

- 4.1 The contract documentation should comply with all relevant legislative requirements, including the Consumer Credit (Agreements) Regulations 2004<sup>11</sup> and all relevant provisions of the Consumer Credit (Disclosure of Information) Regulations 2004<sup>12</sup> and the Financial Services (Distance Marketing) Regulations 2004<sup>13</sup> on pre-contract disclosure. It should set out clearly and fully the borrower's rights and responsibilities under the agreement. Contract terms should be written in plain and intelligible language, and should not be unfair within the meaning of the Unfair Terms in Consumer Contracts Regulations 1999 (UTCCRs).<sup>14</sup>
- 4.2 The borrower should be encouraged to read all contract documentation carefully, and to consider obtaining independent legal or other advice (for example, from a Citizens Advice Bureau or Money Advice Centre or Law Centre) before entering into the agreement. Adequate time should be allowed for this.
- 4.3 The contract documentation and any associated customer booklet or leaflet should set out clearly any other fees or charges payable by the borrower, including any amounts payable on default. They should explain the purpose and nature of the fee, the basis of calculation, the amount due,<sup>15</sup> when and how payable, and to whom.
- 4.4 APRs must be accurate. If rates or charges are variable, then it should be made clear to the borrower that this has not been factored into the APR or early settlement examples. The potential implications of such variations should be explained in full. Rates should only be varied to recover genuine increased costs in lender funding and should not be misused, for example, to take advantage of a borrower's lack of ability

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<sup>11</sup> [www.opsi.gov.uk/si/si2004/20041482.htm](http://www.opsi.gov.uk/si/si2004/20041482.htm)

<sup>12</sup> Applicable to non-distance sales

<sup>13</sup> Applicable to distance sales

<sup>14</sup> [www.opsi.gov.uk/si/si1999/19992083.htm](http://www.opsi.gov.uk/si/si1999/19992083.htm)

<sup>15</sup> If it is not possible to give an indication of the exact amount due, an approximation should be provided.

to end the agreement. Full and true explanations should be given to borrowers when rates are varied.

4.5 Early settlement charges should be fair and reasonable, and should reflect the lender's costs on early settlement. For regulated agreements, they should be calculated in accordance with the Consumer Credit (Early Settlement) Regulations 2004. There should be adequate transparency of early settlement processes and costs. The consumer should also be able to repay part of the capital at any time, in order to reduce the term of the loan or the amount of each repayment.

4.6 Brokers and salespersons should, as far as is reasonable and practicable, ensure that all information on a loan application is correct. They must not themselves - nor encourage or allow the borrower to falsify details (for example as to income or employment).

**Q9 Are these draft guidelines on contract issues sufficiently clear?**

**Q10 Are there any substantive aspects of the draft guidelines on contract issues with which you disagree?**

**Q11 Are there any significant omissions?**

**Q12 Do you have any other suggestions for improvement to this section?**

## 5 POST-CONTRACTUAL ISSUES

- 5.1 If the borrower goes into arrears, lenders should deal with this sympathetically. They should monitor the account regularly and carefully with a view to preventing arrears building up quickly or excessively. They should notify the borrower, in writing, each month while the borrower is in arrears, of the current amount of the arrears, together with the amounts paid and unpaid since the last notification and any interest or other charges accrued including default charges.
- 5.2 Any default or other charges should be limited to what is reasonable, doing no more than covering the lender's necessary administrative costs. They should be set out clearly and fully in the credit agreement and pre-contract information and any accompanying leaflet or other relevant documentation.
- 5.3 Lenders should proactively screen loan accounts and point borrowers who are experiencing difficulties to independent providers of free debt advice such as Citizens Advice, National Debtline or the Consumer Credit Counselling Service.
- 5.4 Lenders should not harass the borrower by, for example, making excessive or intimidatory telephone calls or contacting the borrower at unsociable hours.
- 5.5 Lenders also should not harass the borrower by, for example, sending misleading standard letters made to appear as if they are court/legal documents or making undue, excessive or inappropriate use of statutory demands.
- 5.6 Lenders should not disclose the fact that the borrower is in arrears to **any** third party without the borrower's consent. They should respond promptly to any telephone calls or correspondence from the borrower or from the borrower's agent or representative.
- 5.7 Lenders should seek, wherever possible, to negotiate reasonable repayment schedules and should consider freezing interest and other

charges when it become clear that the borrower may be in a state of problem over-indebtedness.

5.8 Lenders or their agents<sup>16</sup> should not refuse to deal with appointed or authorised third parties such as Citizens Advice advisors, who are acting on behalf of borrowers, in circumstances where, for example, the debt may be disputed or where a proposal for a reasonable repayment plan is being formulated.

**Q13 Are these draft guidelines on post-contract issues sufficiently clear?**

**Q14 Are there any substantive aspects of the draft guidelines on post-contract issues with which you disagree?**

**Q15 Are there any significant omissions?**

**Q16 Do you have any other suggestions for improvement to this section?**

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<sup>16</sup> For example third party debt collectors.

## **6 POSSESSION ACTIONS**

- 6.1 For actions in England and Wales, lenders must comply with the requirements of the Pre-action Protocol for Possession Claims Based on Mortgage or Home Purchase Plan Arrears in Respect of Residential Property (PAP) as set out by the Civil Justice Council in October 2008.<sup>17</sup>
- 6.2 The PAP applies to arrears on second charge loans as it does to first charge loans. The aims of the PAP are to ensure that a lender and a borrower act fairly and reasonably with each other in resolving any matter concerning arrears; and to encourage more pre-action contact in an effort to seek agreement between the parties on alternatives to repossession.
- 6.3 Lenders should not seek to repossess the borrower's property except as a last resort. They should explore all other possible options for dealing with the problem, and should give proper consideration to any reasonable offer by the borrower to pay by instalments. They should not insist unreasonably that the arrears are paid in one payment or in large amounts or within an arbitrarily short period. They should not institute court proceedings unless and until all other avenues have failed.
- 6.4 Whilst there are currently no equivalents of the PAP in Scotland and Northern Ireland, good practice would suggest that companies should look wherever possible to treat debtors in Scotland and Northern Ireland with the same levels of forbearance as they would a debtor in England and Wales.

**Q17 Are these draft guidelines on possession action issues sufficiently clear?**

**Q18 Are there any substantive aspects of the draft guidelines on possession action issues with which you disagree?**

**Q19 Are there any significant omissions?**

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<sup>17</sup> [www.civiljusticecouncil.gov.uk/files/Mortgage\\_Pre-Action\\_protocol\\_21\\_Oct.pdf](http://www.civiljusticecouncil.gov.uk/files/Mortgage_Pre-Action_protocol_21_Oct.pdf)

**Q20 Do you have any other suggestions for improvement to this section?**

## **7 REGULATORY COMPLIANCE AND ENFORCEMENT**

- 7.1 The OFT expects all businesses to whom this guidance applies to fully comply with it.
- 7.2 We are committed to fair, effective and proportionate enforcement. In practice this means that where we identify non-compliance with the law and/or relevant OFT guidance, we will decide on the appropriate regulatory response in the light of the facts and circumstances of the individual case, including the risk of detriment to consumers.
- 7.3 In cases of serious misconduct and/or where there are concerns about integrity, we may conclude that a trader is not fit to hold a licence and will act to revoke its licence. Failure by second charge lenders or brokers to employ adequate practices and procedures in order to ensure that consumers are not subject to unfair or improper treatment would constitute grounds for the OFT to consider fitness to hold a licence. Similar considerations would apply to both existing licensees and applicants for licences.
- 7.4 However, where we think it sufficient just to ensure that conduct is changed, and we do not have fundamental concerns about integrity or other aspects of fitness, we may take a different approach in the first instance and use one of the other compliance tools available to us.
- 7.5 It may be appropriate to impose specific 'requirements' on a trader where we are dissatisfied with certain aspects of conduct or that of any associates. Failure to comply with a Consumer Credit Act section 33A requirement can lead to the imposition of a financial penalty of up to £50,000 per instance. We may also compulsorily vary a licence, for instance to limit the activities for which a trader is licensed, or limit the life of the licence.
- 7.6 Alternatively, it may, for example, be appropriate for the OFT to take action under Part 8 of the Enterprise Act 2002 in respect of domestic or Community infringements falling within sections 211 or 212 of that Act. Our approach to the use of these powers is discussed in Enforcement of

consumer protection legislation – Guidance on Part 8 of the Enterprise Act (OFT512). We also co-ordinate such actions undertaken by other enforcers. The OFT also has both civil and criminal enforcement powers under the Consumer Protection from Unfair Trading Regulations 2008, which came into force on 26 May 2008.

- Q21 Are these draft guidelines on regulatory compliance and enforcement sufficiently clear?**
- Q22 Are there any substantive aspects of the draft guidelines on regulatory compliance and enforcement with which you disagree?**
- Q23 Are there any significant omissions?**
- Q24 Do you have any other suggestions for improvement to this section?**

## **ANNEXE A: LIST OF CONSULTEES**

**The following organisations and individuals have been consulted. We would welcome suggestions of others who may wish to be involved in this consultation process.**

Accountant in Bankruptcy

Advertising Standards Authority

Advice NI

Advice UK

Age Concern

Association of Finance Brokers

Association of Mortgage Intermediaries

Association of Payment and Clearing Services (APACS)

Banking Code Standards Board

British Bankers' Association

British Retail Consortium

Callcredit

CIFAS

Citizens Advice

Citizens Advice Scotland

Citizens Advice Wales

Civil Court Users Association

Consumer Credit Counselling Service

Consumer Credit Trade Association

Consumer Focus

Consumer Focus Scotland

Consumer Focus Wales

Consumer Focus Post (Northern Ireland)

Council of Mortgage Lenders

Department for Business, Enterprise and Regulatory Reform (BERR)

Department of Enterprise, Trade and Investment (DETINI)

Equifax

European Coalition for Responsible Credit

Experian

Finance and Leasing Association

Finance Industry Standards Association

Financial Ombudsman Service

Financial Services Authority

Financial Services Consumer Panel

General Consumer Council for Northern Ireland (GCC NI)

Her Majesty's Treasury

Institute of Credit Management

LACORS

LBRO

Mind

Money Advice Liaison Group

Money Advice Scotland

Money Advice Trust

Northern Ireland Association of Citizens Advice Bureaux

Shelter

The CBI

Trading Standards Institute

Which?

## **ANNEXE B: CONSULTATION CRITERIA**

**Public bodies are required to perform consultations in accordance with the following criteria wherever possible:**

- B.1 **When to consult** – formal consultation should take place at a stage when there is scope to influence the policy outcome.
- B.2 **Duration of consultation exercises** – consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible.
- B.3 **Clarity of scope and impact** – consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected costs and benefits of the proposals.
- B.4 **Accessibility of consultation exercises** – consultation exercises should be designed to be accessible to, and clearly targeted at, those people the exercise is intended to reach.
- B.5 **The burden of consultation** – keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees' buy-in to the process is to be obtained.
- B.6 **Responsiveness of consultation exercises** – consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation.
- B.7 **Capacity to consult** – officials running consultations should seek guidance on how to run effective consultation exercises and share what they have learned from the experience.
- B.8 The full *Code of Practice on Consultation* can be found on the website of the Department for Business, Enterprise and Regulatory Reform:  
**[www.berr.gov.uk/files/file47158.pdf](http://www.berr.gov.uk/files/file47158.pdf)**