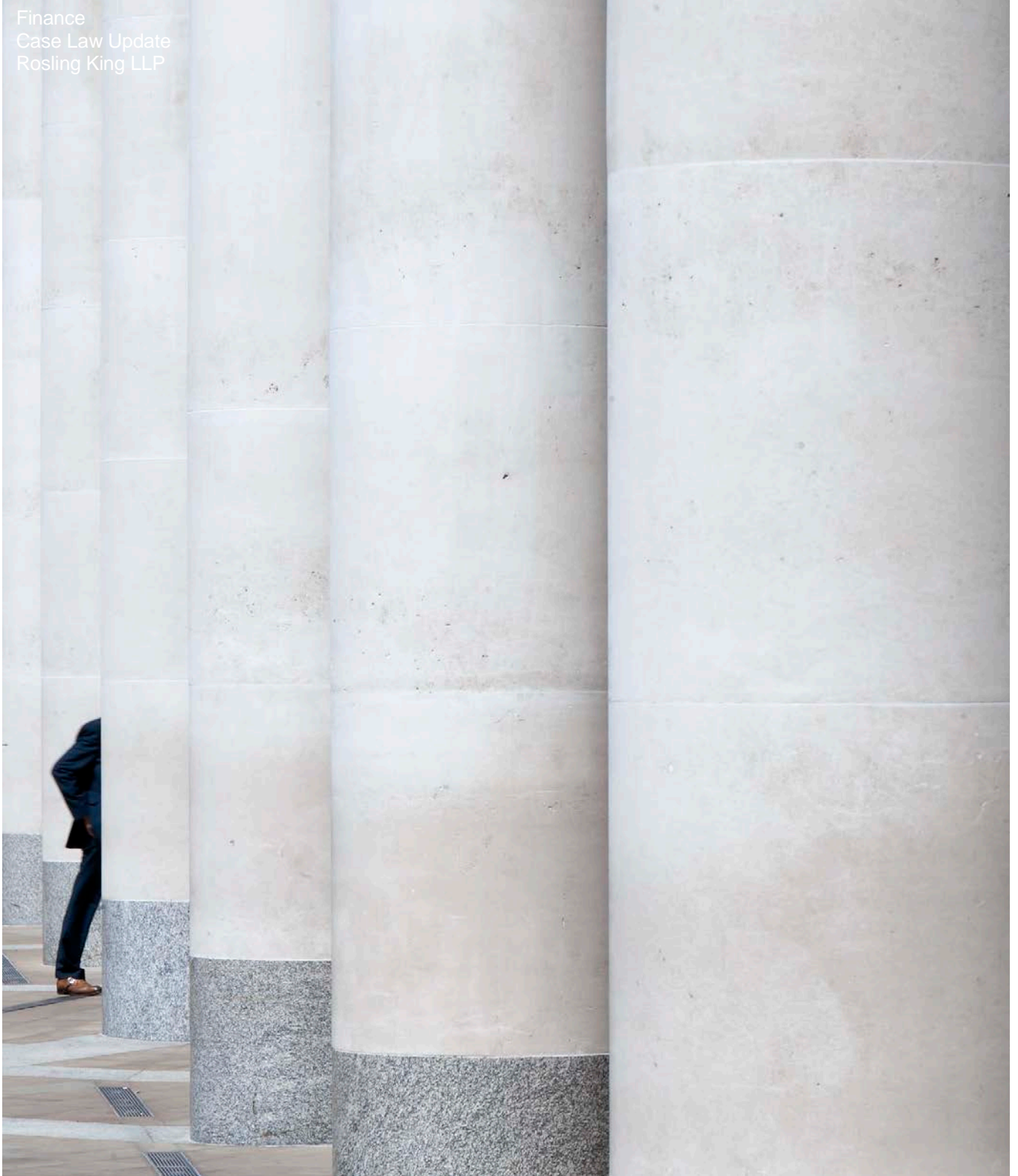


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### The Beginning of the End for PPI Complaints?

Earlier this year, the FCA announced its intention to collate evidence on the current trends in payment protection insurance (“PPI”) complaints by consumers to assess the need for further intervention in handling complaints and in light of the Supreme Court decision in Plevin –v- Paragon Personal Finance Limited (“Plevin”). The FCA has undertaken intensive research to clarify whether the current approach meets the objectives of securing protection for consumers and to enhance the integrity of the UK financial system.

The FCA has now released a statement confirming its decision to consult. The consultation paper is twofold and will propose introducing a deadline for making PPI complaints and provide rules and guidance in light of the Plevin decision.

### Cut-Off Date for PPI Complaints

The FCA intends to consult on the imposition of a deadline by which consumers must bring their PPI complaints, or lose their right to have them assessed by firms or by the Financial Ombudsman Service. The FCA is proposing a cut-off date, subject to consultation, of 2 years from the date the proposed rule comes into force. The rules are envisaged for spring 2016 and consumers will therefore have the right to bring a complaint until at least 2018.

The FCA believe that the introduction of the deadline will encourage those consumers who have not yet complained to do so, as well as helping to bring the PPI debacle to a conclusion and ultimately help rebuild public trust in the financial sector.

### Plevin –v- Paragon Personal Finance Limited

In November 2014, the Supreme Court decided that failure by a lender to disclose commission received from a PPI sale to a borrower constituted an ‘unfair relationship’ between a lender and a borrower under section 140A of the Consumer Credit Act 1974. This was a marked departure from previous decisions of the Court of Appeal. The highest court in the land had defined one example of circumstances that would give rise to an unfair relationship, which is a nebulous concept in the legislation with no definition, and this could open the floodgates for a new wave of PPI claims as the payment of commission was widespread.

In light of this significant judgment, the FCA has decided to consult on rules and guidance about how firms/lenders should handle PPI complaints fairly and consistently in relation to those PPI complaints where a claim could be made against a lender under section 140A. The proposed rules and guidance are likely to provide that, when assessing a complaint in respect of a PPI policy under section 140A, a firm should presume that a failure to disclose a commission of 50% or more gives rise to an ‘unfair relationship’ for the purpose of the Act. The FCA will publish its consultation paper on the deadline for PPI complaints and on rules and guidance in light of the Plevin decision before the end of 2015.

For further information, please contact [Georgina Squire](#) or the Partner with whom you usually deal.