

Changes to Buy Now Pay Later (BNPL)

Following a market study into the use of Buy Now Pay Later Products, the FCA opened a consultation on the high cost of credit in May 2018. The final rules have now been issued (12th June 2019), with changes designed to increase consumer protection in the Buy Now Pay Later space.



- The rules covering Adequate Explanations, Prompts and Advertising have an implementation date of 12th September 2019 and will apply to all new business written from this date.
- The rules covering partial payments have an implementation date of 12th November 2019.

Barclays Partner Finance welcomes the FCA ruling on Buy Now Pay Later changes to support good customer outcomes. As a responsible lender, BPF has an obligation to ensure that our credit brokers have complied with the ruling by the implementation deadline.

The final rules are available via the FCA website, [here](#).

What you need to do now

Whilst the partial payment ruling is for BPF to solve, as an FCA authorised firm you will need to ensure that your advertising, adequate explanation and disclosures comply with the new rules. It is your responsibility to ensure all communications with your customers are in line with the FCA rules, and the Advertising Standards Codes of Practice.

To meet our oversight of credit broker obligations, and as agreed in our contract, we will be monitoring the promotion of our products and services. If your financial promotions are not compliant by the deadline (12th September) we may consider withdrawing your access to the BNPL product.

Adequate Explanations

Requirement:

- To disclose any negative impacts of not settling within the deferral period.
- To disclose how BPF will impose interest or other charges if the consumer does not repay within the BNPL deferral period.
- Ensure you fully explain all the key features of the loan to customers, give them adequate time to consider their options.

Advertising & Other Communications

Requirement:

- Firms should present BNPL offers in a clear and balanced way, highlighting relevant risks in a prominent manner. This could include the limitations that might apply to promotional or introductory offers, and the circumstances and method by which they apply interest.
- Consider the entire customer journey, especially online, will a customer understand the finance product, have they been given all the facts.

Barclays Partner Finance Approach to BNPL Changes

To help clients interpret what needs to change, BPF have begun redrafting the terms and conditions for Buy Now Pay Later, in readiness for the change to the product. Our terms and conditions for early repayment will be broken into three sections:

1. If you repay the loan in full on or before the date of your first repayment, we will not charge you interest, but we may charge you a settlement fee, if this applies.
2. If you repay part of the loan on or before the date of the first repayment, we will not charge you interest on the part of the loan you repay. When we receive your payment, we will reduce your loan balance by the sum of your repayment plus the interest rebate.
3. If you make a full or partial settlement payment to us after the date of the first repayment you will not be entitled to a refund of any interest incurred prior to the date we receive the payment. You may be entitled to an interest rebate, which we will calculate in accordance with the Consumer Credit (Early Settlement) Regulations 2004.