



Client Brief

FCA Consumer Finance Regulatory Priorities

March 2026

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Purpose and audience

This brief summarises the FCA's March 2026 **Regulatory Priorities: Consumer Finance** report for regulated firms in consumer credit, including lenders, brokers, debt purchasers, debt collectors, debt advice providers, claims management companies, credit unions, credit reference agencies and credit information service providers. It is written as a client-facing regulatory advisory note, focused on board, executive and compliance action.

Executive takeaways

The FCA is repositioning these annual Regulatory Priorities reports as a practical supervisory roadmap. The message to firms is direct: boards and senior management should read the report carefully, review the priorities relevant to their business, and act where needed. The regulator is pairing a more targeted, data-led and proportionate supervisory model with faster intervention where harm is identified.

For consumer finance firms, the FCA's 2026 priorities centre on three themes:

1. **Access to credit that meets consumer needs.** Firms must lend responsibly, deliver fair value, support inclusion and consider how innovation, improved credit information and alternative data can widen access for consumers with thin or limited credit files.
2. **Support for consumers in financial difficulty.** The FCA expects proactive, accessible and suitable support, with particular scrutiny on forbearance, creditor behaviour and the quality of debt advice.
3. **Complaints and redress.** Firms must handle complaints competently, maintain adequate records and hold sufficient financial resources to meet potential and actual liabilities, especially in motor finance.

Across all three themes, the Consumer Duty remains the regulatory backbone. The FCA is also signalling continued use of regulatory data to identify outliers, detect phoenixing risk, and focus supervisory attention where harm is most acute.

Market context and regulatory direction

The FCA describes consumer credit as one of the UK's most varied markets, with more than 45 million people using credit. It reports sustained consumer credit lending growth of around 8% across 2025 and notes that, while interest rates have eased slightly, household budgets remain stretched. The practical implication is that firms should assume a continued tension between growth, affordability, vulnerability and collections performance. The regulator's stated approach is to support sustainable credit market growth while

maintaining standards and encouraging innovation. The supervisory message is not one of reduced expectations. Innovation will be welcomed only where firms can evidence fair value, sound design, appropriate distribution and good consumer outcomes.

Priority 1: Consumers can access credit that meets their needs

The FCA wants a credit market that is competitive, inclusive and outcomes-focused. Firms are expected to continue offering well-designed products that are affordable, fair value and suitable for consumer needs. The regulator also wants firms to consider how to serve consumers who remain excluded from affordable credit.

This includes using tools such as budgeting support, eligibility checks for grants and benefits, referrals to alternative providers, and potentially alternative data sources such as open banking to improve underwriting for consumers with limited credit histories. The FCA is clearly supportive of innovation where it improves inclusion and decision quality.

The report also notes specific workstreams that matter to firms in this area, including reform of the Consumer Credit Act regime, remedies arising from the Credit Information Market Study, and the FCA's review of the high-cost short-term credit price cap. In addition, the FCA has said it will consult on changes to CONC Chapter 3 to remove unnecessary prescription, update requirements and improve alignment with the Consumer Duty.

The FCA also highlights concerns around some credit builder products, noting limited evidence that many deliver meaningful benefits for most consumers. Firms offering or distributing these products should therefore expect close attention to product design, value, customer understanding and outcomes.

Expected client actions

- Reassess product governance and fair value frameworks for core credit products.
- Review underwriting, eligibility and customer journey design for thin-file or excluded consumers.
- Evidence how alternative data, open banking or product innovation improve outcomes without diluting affordability standards.
- Prepare for further changes linked to Consumer Credit Act reform, the Credit Information Market Study remedies, the high-cost short-term credit price cap review and CONC Chapter 3 consultation.

Regulatory significance

This priority affects product design, distribution, affordability assessment, governance, MI and inclusion strategy. Firms that cannot explain how their products meet consumer needs, or how their decisioning and customer journeys support fair outcomes, may face supervisory challenge.

Priority 2: Firms support consumers who struggle with debt

The FCA remains concerned that not all consumers in financial difficulty are getting the support they need. Its focus is on whether support is easy to access, whether firms remove unnecessary barriers, and whether debt advice is appropriate to a consumer's circumstances and communicated clearly enough to enable good decisions.

The regulator highlights ongoing concerns around forbearance and debt advice quality. It will continue working both with firms and with other bodies, including the Insolvency Service and Recognised Professional Bodies, to raise standards and reduce harm.

Expected client actions

- Review collections, recoveries and vulnerable customer journeys for friction, delay and unnecessary evidential barriers.
- Test whether support options are understandable, timely and tailored to consumer circumstances.
- Revisit scripts, digital journeys, call handling and correspondence used in financial difficulty cases.
- For debt advice providers, validate suitability, quality assurance and record keeping.
- For creditors and owners of outsourced models, strengthen oversight of third-party debt support and collections arrangements.

Regulatory significance

This is an area of clear supervisory sensitivity. The FCA is signalling that firms should not wait for enforcement or thematic findings before improving practice. Weaknesses in forbearance, creditor conduct or advice quality are likely to be assessed through the Consumer Duty lens.

Priority 3: Consumers can complain when things go wrong and get appropriate redress

The FCA expects firms to identify complaints properly, investigate root causes, maintain adequate complaint records and hold sufficient financial resources for potential and actual liabilities. This is particularly relevant in the current motor finance environment.

Motor finance remains a major conduct and redress risk. The FCA says firms should prepare to work constructively on a potential redress scheme as an efficient route to addressing consumer harm and creating certainty for firms, consumers and investors. Claims management companies are also under scrutiny for service quality, fair value, misleading promotions, multiple representation and unfair fee structures.

Expected client actions

- Reassess complaint identification rules, triage processes, root cause analysis and governance reporting.

- Review whether financial resources, records and governance are sufficient to support potential remediation liabilities where they may arise.
- For motor finance participants, prepare operationally for possible scheme participation, including data readiness, consumer communications and remediation planning.
- For CMCs, test onboarding, sourcing, promotion approval, fee structures and claim-merits screening.
- Review anti-phoenixing controls and group structures where redress liabilities could become a supervisory issue.

Regulatory significance

The FCA is linking complaint handling, redress readiness and financial resilience. Firms should not only handle complaints correctly, but also be able to demonstrate that governance, records and financial resources are sufficient to support remediation if required.

Additional areas that matter for 2026

Several cross-cutting items will affect firms beyond the three headline priorities:

- **Buy Now Pay Later / Deferred Payment Credit:** Final rules have been published for third-party interest-free BNPL, taking effect on 15 July 2026. Firms should already be preparing systems, controls and, where relevant, Temporary Permissions Regime or permissions-readiness work.
- **Consumer Duty:** The FCA continues to use Duty-based supervision, including on digital acquisition journeys, fair value and distribution oversight.
- **Data-led supervision:** Enhanced product sales data returns and new CCR009 reporting will be used for faster and more targeted interventions.
- **Operational and cyber resilience:** The FCA continues to engage significant firms on resilience, alongside forthcoming incident-reporting rules.
- **AI and innovation:** The FCA is encouraging experimentation through sandbox and innovation pathways, but this is framed within accountable governance and consumer outcomes.
- **Senior Managers and Certification Regime:** The FCA, Treasury and PRA are reviewing effectiveness and efficiency, with an aim to reduce burden

Recommended board and executive agenda

Boards, CEOs and SMF holders should treat the report as a prompt for documented action in 2026. At minimum, firms should:

1. Map each FCA priority to accountable executives, committees, MI and delivery deadlines.
2. Refresh Consumer Duty evidence packs for product design, financial difficulty, complaints and fair value.
3. Perform a gap assessment on complaints, redress readiness and financial resource sufficiency.

4. Review whether regulatory reporting, customer outcome data and quality assurance are strong enough to withstand data-led supervision.
5. Prioritise motor finance, BNPL, debt support and vulnerable customer workstreams where relevant.
6. Record board challenge and management actions clearly, consistent with the FCA's expectation that firms read these reports carefully and act where needed.

Consultant view

The report indicates a supervisory environment that is more focused, more data-driven and more willing to differentiate between firms. Well-governed firms that can evidence good consumer outcomes may experience a more proportionate supervisory relationship. Firms with weak product governance, poor collections support, inadequate complaints infrastructure or unplanned redress exposure should expect closer scrutiny.

The practical test for clients is whether the business can demonstrate, with evidence, that its products meet consumer needs, that distressed customers receive effective support, and that complaints and remediation risks are under control. Where the answer is incomplete, 2026 should be used to remediate before the FCA forces the timetable.



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