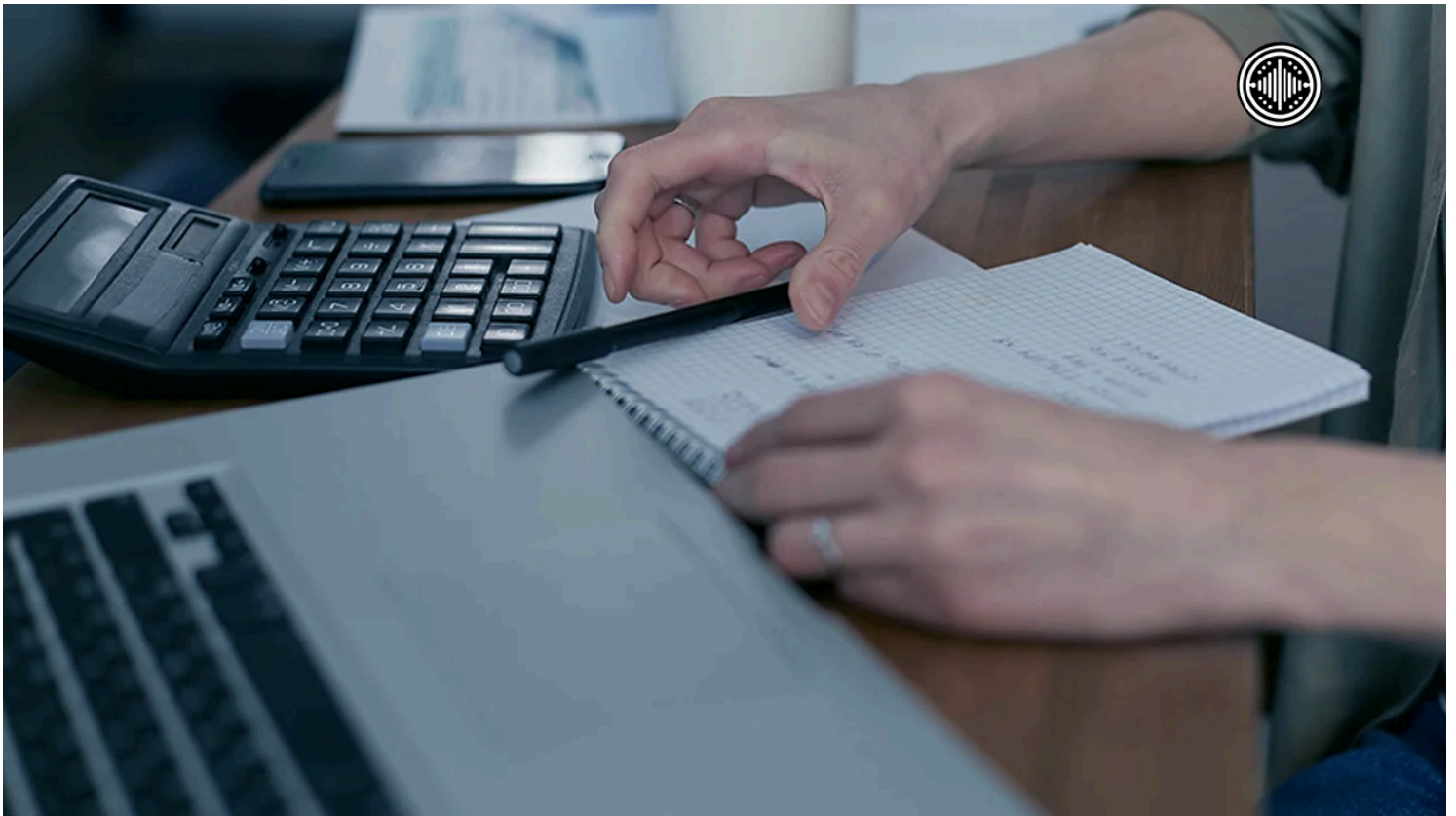


## Stricter Affordability Rules Coming for Buy Now, Pay Later Users

July 19, 2025

— Categories: Finance



[Download IPFS](#)

Certain shoppers in the United Kingdom using Buy Now, Pay Later (BNPL) services will soon face tougher affordability checks, as new regulations set by the Financial Conduct Authority (FCA) are scheduled to take effect in July 2026. The changes aim to reduce the risk of unaffordable debt by requiring providers to properly assess borrowers' financial capacity before approving credit.

Buy Now, Pay Later services, offered by major providers such as Klarna and Clearpay, allow consumers to spread out payments over several months without interest. While this flexibility has proven popular, particularly among younger adults aged 25 to 34, the lack of oversight has led to mounting concerns over unchecked borrowing. The Financial Conduct Authority estimates that 11 million people in the UK used BNPL last year, often for lifestyle or non-essential purchases, though a growing number are turning to the service for basic living expenses.

Currently, BNPL products fall outside of the Financial Conduct Authority's full regulatory framework, meaning firms have not been required to carry out credit checks or obtain official approval. That is about to change. Under pressure from debt charities and consumer advocacy groups, the government is moving to place these services under closer scrutiny. As part of the upcoming legislation, providers will be mandated to conduct upfront affordability checks and offer clearer disclosures on fees, cancellation rights, and the impact on credit scores in the event of missed payments.

Joe Smithies, a spokesperson for PennyPlan, a UK-based debt management company, welcomed the move. "It's incredibly easy to fall into a trap with Buy Now, Pay Later," he noted. "Because it's so convenient, shoppers often underestimate how quickly the debt can pile up." Smithies emphasised that more consumers are now using BNPL to manage essential bills, not just luxuries. "Our research shows BNPL is now as common as overdrafts among UK adults."

While the Financial Conduct Authority acknowledges the rules may reduce profits for providers, potentially by as much as £1.4 billion, it estimates that the reforms could save consumers around £1.8 billion over the next decade. Firms will be given some flexibility in how they assess affordability, but all must prove that their methods reasonably ensure customers can repay their debts.

Both Klarna and Clearpay have expressed support for the changes. A Klarna spokesperson described the new regulation as a "major win for UK consumers," while Clearpay said it would help build "a more sustainable foundation for the future of Buy Now, Pay Later."

A public consultation on the proposed rules will remain open until late September 2025. In the meantime, a temporary regulatory regime will be put in place to bridge the gap until the full regulations become law in July 2026.