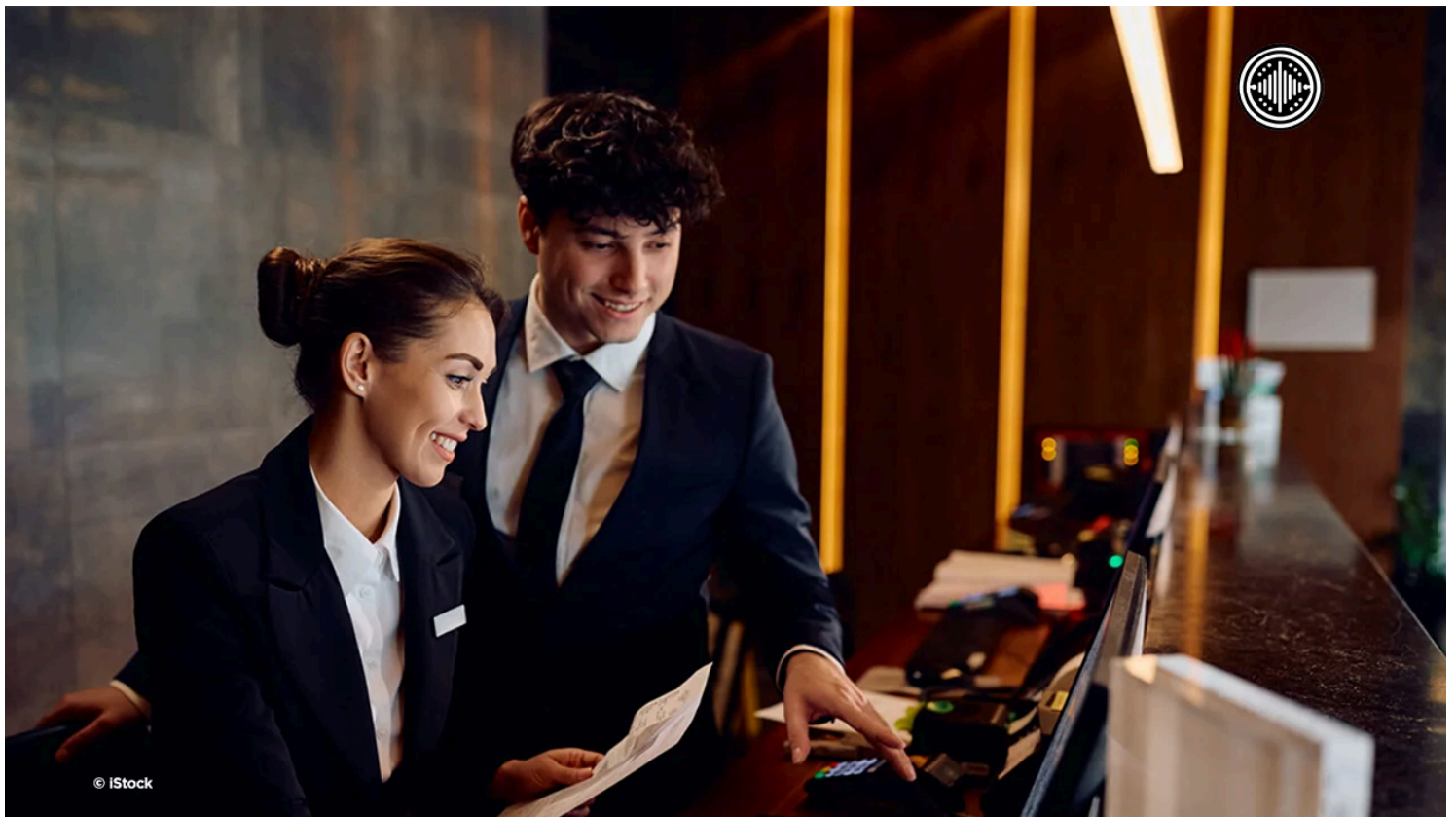


Wiltshire Drivers Could Receive Car Finance Payouts

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— Categories: Finance



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Thousands of motorists across Wiltshire and the wider UK may receive compensation of up to £950 after the Financial Conduct Authority (FCA) proposed a redress scheme for car finance customers affected by undisclosed commission arrangements.

The scheme follows a Supreme Court ruling on 1 August, which found that certain historical commission practices in the motor finance sector were potentially unlawful. In particular, it

highlighted cases where car dealers and lenders failed to disclose commission payments that may have influenced the terms offered to customers.

The FCA found that many firms did not inform customers about commission structures which, in some cases, incentivised brokers to increase interest rates. This lack of transparency meant borrowers were unaware they could be paying more than necessary.

While not all commission arrangements were unlawful, the Supreme Court ruled that failure to disclose them in certain situations breached consumer protection laws.

Nikhil Rathi, Chief Executive of the FCA, said: “It is clear that some firms have broken the law and our rules. It’s fair for their customers to be compensated.”

He continued: “We also want to ensure that the market, relied on by millions each year, can continue to work well and consumers can get a fair deal. Our aim is a compensation scheme that’s fair and easy to participate in, so there’s no need to use a claims management company or law firm. If you do, it will cost you a significant chunk of any money you get.”

The FCA estimates most affected motorists will receive less than £950, and the total cost to the industry could range from £9 billion to £18 billion.

The scheme will apply to agreements entered into before January 2021, when commission disclosure rules were strengthened. A formal consultation is expected to launch by early October 2025, with payments likely to begin in 2026 if the proposal goes ahead.

This could become one of the largest compensation efforts in UK financial history, affecting tens of thousands of drivers.

While the scheme is intended to deliver fairness for customers, concerns have been raised about the potential knock-on effect on the car finance market. A payout of this scale could lead to tighter lending criteria and increased costs for future borrowers.