

Combating Consumer Websites Ideas and Discussions

Sara de Tute

CSA Board Director for
Compliance

Brief overview of:

- **Claims Management Companies**
- **Consumer Forums**
- **Types of claims**

What is a Claims Management Company ?

- A non solicitor business that assists consumers in pursuing compensation claims
- The Compensation Act 2006 set up the regulatory framework – includes regulation of advertising, making representations on behalf of claimants, referring potential claims to others eg to solicitors
- Includes claims for financial products
- Growth of CMCs has far exceeded estimates:
Approx 951 in June 2007 to approx 3000 in May 2009

Jan Farenden

**Deputy Head of Claims Management
Regulation**

Ministry of Justice

- CMCs have to be authorised by the Ministry of Justice (some exceptions eg lawyers)
- Basis to the Compensation Act is to provide better safeguards for consumers
- Ministry of Justice will investigate complaints but only if there is a public detriment
- Have suspended and revoked a number of authorisations
- May also require a Consumer Credit Licence if they provide financial advice

- Websites set up to assist consumers and for individuals to share experiences

What do they actually do?

- Encourage consumers to avoid paying debts
- Celebrate “victories” against creditors
- Set up tallies of how much has been refunded in bank charges
- Provide standard template letters
- Breeding grounds for misinformation - consumer detriment
- Insult creditors, debt purchasers and DCAs

Examples of the most commonly used
Consumer Forums

Consumer Action Group

Blogger.com

Penaltychargesforum.co.uk

Getoutofdebtfree.org

Legalbeagles.info

Common types of claims:

- Unenforceable credit agreements eg those entered into before 6 April 2007
“Write off credit card debts” “Up to 70% of debts are unenforceable”
- Debt assignments ie the CMC claims to have purchased the debt
- Credit reference agency issues eg illegally processing data
- Section 77-79 CCA requests
- Bills of exchange

What have we done so far?

- Provided MOJ with evidence of bad practices eg Credit Card Killer – authorisation suspended
- Raised section 77-79 issue with the OFT – Guidance due
- Raised possible amendments to the primary legislation eg sections 77-79 with the Consumer Affairs Minister – led to review in Consumer White Paper
- Discussed Consumer Forums and CMCs with the OFT