



Response to the FCA's Consultation on

CP25/27: Motor finance consumer redress scheme

From the Transparency Task Force

<https://www.fca.org.uk/publications/consultation-papers/cp25-27-motor-finance-consumer-redress-scheme>

Date of submission: 12th December 2025

About the Transparency Task Force



The Transparency Task Force (TTF) is a volunteer-led coalition of over 12,000 individuals and organisations committed to driving positive change through transparency, accountability and integrity across financial services and beyond. We advocate for consumer protection, fair markets, and access to justice for those harmed by misconduct.

1. Introduction

The Transparency Task Force welcomes the opportunity to respond to the FCA's consultation on a proposed industry-wide motor finance compensation scheme.

We are responding from the standpoint of:

- **Protecting consumers and victims,**
- **Supporting whistleblowers,**
- **Promoting transparency in regulatory decision-making,** and
- **Challenging systemic misconduct** within financial services.

This consultation takes place against the backdrop of one of the UK's largest retail financial mis-selling scandals—one that has harmed **millions** of consumers and has, over nearly a decade, seriously undermined trust in financial regulation.

The FCA's actions and inactions over many years have directly influenced the scale of consumer detriment. Any proposed redress scheme must therefore address not only the misconduct of firms, but also the acknowledged failures in oversight, enforcement, and transparency.

2. The FCA's Historic Handling of the Car Finance Scandal: Serious Concerns

The Transparency Task Force aligns with the concerns raised by whistleblower **Paul Carlier**, who first reported illegal and unfair commission practices in 2016. His evidence, including recorded calls with major lenders, exposed practices that were:

- **Widespread,**
- **Unlawful,** and
- **Known to lenders and industry bodies.**

2.1 Evidence Presented, Yet No Action Taken (2016–2019)

Despite receiving what has been described as “smoking-gun” evidence, the FCA:

- Failed to initiate timely enforcement action,
- Issued an unduly narrow and incomplete 2019 report,
- Excluded major categories of wrongdoing from its findings, and

- Missed the opportunity to protect millions of consumers from ongoing harm.

This delay resulted in what is now projected to be **£15–30 billion in systemic consumer detriment**, far higher than would have occurred had early intervention taken place.

For a regulator whose statutory objective includes *consumer protection*, this represents an unacceptable failure.

3. Scope Limitation and Concealment of Key Issues

We share the view that the FCA has narrowed the definition of the scandal to focus almost exclusively on **discretionary commission arrangements (DCAs)**, despite credible evidence of:

- **Price-fixing behaviour,**
- **Non-disclosed agency relationships,**
- **Systemic manipulation of APRs, and**
- **Other commission structures that distorted pricing and consumer outcomes.**

These practices appear to have affected **up to 80% of agreements**, far beyond the FCA's estimated 44%.

The decision to exclude these additional practices from the initial review—and from key court submissions—has materially weakened consumers' ability to achieve full redress.

TTF believes the FCA must acknowledge, and correct, this gap.

4. The FCA's Proposed Redress Levels: Systematically Too Low

We are deeply concerned that the FCA appears to be repeating mistakes made during earlier redress schemes (e.g., IRHP and PPI), where:

- Compensation was **systematically understated**,
- Government and Treasury pressure influenced regulatory design,
- Public messaging downplayed the true scale of wrongdoing.

4.1 Understated Payout Estimates

The FCA's estimate of **~£700 per customer** appears artificially low.

Analysis based on the Financial Ombudsman Service's methodology consistently produces:

- ~£2,700 per case in overpayments,
- **Plus statutory interest**, which should be **8% simple**, following PPI precedent.

The FCA's proposal to use **2.09%** is unjustifiable, and effectively denies victims the full value of redress owed.

A redress scheme must not be designed around **protecting lender balance sheets**. It must be designed around **making consumers whole**.

5. Full and Final Settlements: A Serious Danger to Consumers

The FCA appears intent on designing a scheme that results in **full and final settlements** - while simultaneously limiting the scope of wrongdoing under review.

This is extremely concerning.

It risks:

- Closing off future claims related to misconduct that the FCA did not investigate,
- Blocking the truth from being exposed in court,
- Preventing consumers from pursuing fair compensation for the full range of unlawful practices.

TTF strongly opposes the inclusion of full and final settlement clauses unless **all categories of misconduct are fully investigated and disclosed**.

6. The Pause on Complaints: Unacceptable and Without Consumer Consent

The complaint-handling pause has already:

- Delayed redress for victims,
- Increased anxiety for consumers in hardship,
- Been used by firms to strengthen their defence strategies.

The continuation of the pause until 2026 is profoundly unfair and should be lifted earlier.

Consumers should never be forced to subsidise regulatory convenience.

7. Regulatory Independence and the Role of Whistleblowers

TTF is especially concerned about repeated patterns in which:

- Regulators receive early whistleblower evidence,
- Evidence is sidelined or not escalated,
- Whistleblowers are ignored, discredited, or met with hostility,
- Consumers suffer avoidable harm.

This pattern mirrors other scandals such as the **Post Office Horizon scandal**, Blackmore Bond, and others.

Failure to act on whistleblower evidence is a matter of public interest and demands independent scrutiny.

We support calls for a **public inquiry** into the FCA and FOS handling of the motor finance scandal.

8. Media Narratives and Public Understanding

Public understanding has been hampered by:

- **Incomplete or misleading regulatory communication,**
- Certain high-profile commentators repeating FCA talking points without scrutinising underlying assumptions,
- Insufficient coverage of whistleblower evidence,
- Failure to highlight the scale of potential under-compensation.

Victims deserve truth, not PR management.

9. Recommendations

TTF urges the FCA to adopt the following:

9.1 Expand the Scope

Include **all** forms of unlawful and unfair motor finance practices—not just DCAs.

9.2 Redress Must Reflect True Losses

Compensation should be based on:

- Actual overpayments (typically ~£2,700 on average),
- **Statutory 8% interest**,
- Access to **additional redress** if further misconduct is later uncovered.

9.3 No Full and Final Settlements Until Full Disclosure

Consumers must retain the right to additional claims until the full truth is set out publicly.

9.4 End the Complaint Pause

Restore the complaint handling process ASAP and certainly well before mid-2026.

9.5 Radical Transparency

Publish:

- The evidence the FCA received since 2016,
- Internal decision-making processes,
- Communications with Treasury and industry bodies,
- Full data upon which the FCA's estimates are based.

9.6 Whistleblower Protection and Accountability Reform

This scandal highlights once again the need for:

- Independent oversight of regulatory whistleblower handling,
- Stronger legal protections,
- Cultural change within regulators.

10. Conclusion

The Transparency Task Force supports a redress scheme that is fair, comprehensive, and consumer-centred.

However, as currently formulated, the scheme:

- Risks **under-compensating millions**,
- Does not address the full range of misconduct,
- Could unjustly restrict consumers' rights to future claims,
- Fails to acknowledge systemic regulatory shortcomings.

This is not acceptable.

The FCA must now demonstrate that it is willing to act decisively, transparently, and in the public interest - not to limit liability for firms, but to deliver justice for victims and rebuild trust in financial regulation.

TTF stands ready to engage further, assist in public scrutiny, and support whistleblowers and consumers seeking full accountability.

Transparency, truth, and fairness must now prevail.

Kind regards,

Andy

Andy Agathangelou FRSA

Founder, [Transparency Task Force](#); a Certified Social Enterprise

Chair, Secretariat Committee, [APPG on Investment Fraud and Fairer Financial Services](#)

Founder, [The International League of Ethical Financial Services Leaders](#)

Founder, [The March for Justice](#)

Chair, [Violation Tracker UK](#) Advisory Board

Co-Founder, [The Woodford Campaign Group](#)

Founder, [RSA's Responsible Finance for Good Network](#)

Governor, [The Pensions Policy Institute](#)

Associate Member, [Better Finance](#)

Member, [The Transforming Finance Network](#)

Editor, The Transparency Times

Telephone: +44 (0)7501 460308