



SCOTTISH CONSUMER COUNCIL

**RESPONSE TO THE CONSULTATION
PAPER**

**“THE ANNUAL PERCENTAGE RATE AND
TOTAL CHARGE FOR CREDIT IN
CONSUMER CREDIT REGULATIONS”**

OCTOBER 1998

**The Scottish Consumer Council’s response
To The Consultation
“The Annual Percentage Rate And Total Charge For Credit In
Consumer Credit Regulations”**

Published by the Scottish Consumer Council
Royal Exchange House
100 Queen Street
Glasgow
G1 3DN
Telephone 0141 226 5261
Fax 0141 221 0731
Email scc@scotconsumer.org.uk
Web Site www.scotconsumer.org.uk
Minicom 0141 226 8459

A BRIEF GUIDE

- publicise ideas and information of consumer interest and concern;

Response to the Consultation “The Annual Percentage Rate And Total Charge For Credit In Consumer Credit Regulations”

The Scottish Consumer Council (SCC) was set up by the government in 1975 to promote the interests of consumers, particularly those who experience disadvantage in society.

While producers and suppliers of goods and services are usually well organised and articulate when protecting their own interests, individual consumers very often are not. The people we represent are consumers of all kinds: they may be council tenants, patients, parents, solicitors’ clients, public transport users, or simply shoppers in a supermarket. We speak up for them by communicating with the professions, industry, business, local authorities and central government, using careful research and persuasive lobbying.

Our broad aims are to:

- represent, promote and safeguard the interests of consumers in Scotland;
- promote the provision of advice and information, choice, representation and redress for the consumers of goods and services;
- identify issues and problems of specific consumer concern;
- monitor and report on services for consumers in the public and private sectors and recommend changes in practice where necessary;
- influence key decision-making processes, policy and practice;
- encourage consumer representation in the public services and the privatised utilities;

PUBLICATIONS

The Scottish Consumer Council publishes reports, policy papers and consumer information on a range of areas.

A full list of our publications is available on request from The Scottish Consumer Council, Royal Exchange House, 100 Queen Street, Glasgow, G1 3DN

The Scottish Consumer Council welcomes the opportunity to respond to this consultation paper.

- play a distinctive and leading role in Scottish affairs.

OUR APPROACH

When we investigate the way goods and services are being provided - whether it is buying a used car or going into hospital - we use six basic principles to guide our research:

- **access** - can people get the goods, services or information they need?
- **choice** - can consumers affect the way goods and services are provided through the choices they make in the marketplace?
- **information** - is information available, is it easy to understand, and does it help customers to make informed choices?
- **safety** - are goods produced to the highest of standards of safety?
- **redress** - is there a simple, cheap, quick and fair system for dealing with complaints and disputes if things go wrong?
- **fairness** – are consumers subject to arbitrary discrimination for reasons unconnected with their characteristics as consumers?
- **representation** - are consumers’ views properly represented in services where there is little or no consumer choice?

We note the changes which are proposed to the regulations, implementing the recent amendment to the European Consumer Credit Directive. We would generally welcome the changes proposed as these should assist in making these complex regulations more comprehensible for consumers. In our view, these new provisions should help to increase consumers’ awareness of their rights in this area. This is very much in line with the Council’s basic principle that information for consumers should be accessible and easy to understand.

We would not intend to comment in detail on all of the questions posed by the paper, but would respond to those contained in Chapter 2 as follows:-

7. Do you consider it would be useful to provide examples of the APR calculations (attached as an appendix to this chapter) in a schedule to the regulations?

We believe that the provision of such examples would be very helpful to consumers, as they clearly illustrates how the amount is calculated in various different situations. While the new formula shows how the amount is calculated, the use of actual figures in the examples bring much more meaning to this for consumers. The use of such examples should, therefore, help to improve consumers’ understanding of how the APR is actually worked out.

8. Do you agree with the proposal to restrict the APR to one decimal point?

We would endorse this proposal, as this will clarify matters for consumers. The use of a second decimal point is of little value as regards the extra information it provides for consumers, and is more likely to cause confusion than to be of any real benefit to consumers.