CREDIT STRATEGY

June 2016 creditstrategy.co.uk

UNDER REVIEW

Why creditor audits need a closer look

Feature: Innovation in collections technology

Analysis: The aftermath of a debt management firm's collapse

June 2016

Marcel Le Gouais
EDITOR

WHAT OUR REBRAND MEANS

As you may have seen, heard or read, we've started a major rebrand to Credit Strategy.

The first few steps have been taken - including a new masthead for the website and a new front cover for this edition of the magazine.

But Rome wasn't built in a day, Wembley took the best part of a decade to rebuild, and even trade magazines need a lot of care, attention and background analysis before presenting something genuinely new to the market.

Grandiose, entirely unrelated clichès aside, the brand changes so far are merely the first few cosmetic steps on the way to a reinvention of content we will start producing for the website and magazine. Print content will come first, the website will follow much later.

It's easy to knock rebrands - cynical journalists do it all the time - but 'strategy' is the operative word in this reinvention. In this rebrand it really does mean something.

That word will in time be the keystone for the articles published in Credit Strategy magazine. After all, part of the point of any industry title worth its salt is to provide thought-provoking articles about policies or processes that readers may consider subsuming into their own strategies.

What this looks like in practice will all become clear in the fully revamped, redesigned September issue of the magazine.

In the meantime this month's issue will look familiar, perhaps at first prompting some puzzled reactions about what this rebrand means in the short term. In practical terms it's still just a preliminary change to the front cover, but there are signs inside of our new direction.

On page 34 you'll find experts in the field of collections technology explain how they've created and maintained innovative strategies for customer interaction, while facing historically tense levels of compliance monitoring and oversight. These experts know what they're talking about – they include the finalists and indeed the winner of the Best Collections Technology Award at this year's Credit Awards.

Oversight of suppliers is in fact a key theme of this month's issue. On page 22 a range of debt collection agencies and law firms explain challenges arising from the growth in influence of audit and quality assurance teams. There's an undercurrent of agitation among many suppliers that the approach of some of these teams doesn't actually account for the need to be flexible in order to deliver the right outcomes for customers. The frequency with which Credit Strategy hears about this issue suggest it's not going to dissipate any time soon.

June 2016

CREDIT STRATEGY

REGULARS

FEATURES

When you're dealing with people in financial difficulties, they don't like raking over the past in terms of how they got here

Dougie McManus, chief executive, Zinc Group

CONTRIBUTORS

Athene Publishing

First Floor, Axe & Bottle Court
70 Newcomen Street, London SE1 1YT
Tel: 020 7940 4835 Fax: 020 7357 6969
www.creditstrategy.co.uk

Managing Editor: *Fred Crawley*
020 7940 4813 / fred.crawley@athenepublishing.co.uk

Editor: *Marcel Le Gouais*
020 7940 4830 / marcel.legouais@athenepublishing.co.uk

Designer: *Barnaby Attwell*
020 7940 4824 / barnaby.attwell@athenepublishing.co.uk

Subscriptions: *credittoday@circdata.com* 01635 879398

Sales Director: *Vicki Clubley*
020 7940 4827 / vicki.clubley@athenepublishing.co.uk

Business Development Manager: *Louis Bryant*
020 7940 4805 / louis.bryant@athenepublishing.co.uk

Business Development Manager: *Michael Stanton*

020 7940 4812 / michael.stanton@athenepublishing.co.uk

Business Development Manager: *Ben Miller*

020 7940 4803 / ben.miller@athenepublishing.co.uk

Marketing Manager: *Lauren McWilliams*
020 7940 4836 / lauren.mcwilliams@athenepublishing.co.uk

Conference Production Manager: *Heidi Stavrou*
020 7940 4838 / heidi.stavrou@athenepublishing.co.uk

Head of Events: *Jenna Parker*
020 7940 4833 / jenna.parker@athenepublishing.co.uk

Director: *Kamala Panday*

Managing Director: *Luke Broadhurst*

Printed by: *Warners (Midlands)*

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Some of the articles and guidance included in this edition may well make a contribution to the reader's personal CPD requirements

WHAT YOU NEED TO KNOW

TOP STORIES FROM THE LAST MONTH

1 Arrow acquires almost £50m of portfolios

Arrow Global acquired portfolios totalling £49.1m in the first quarter of 2016, according to its results for the first three months of the year. The European debt purchaser said its adjusted EBITDA increased by 57.6 percent to £51.7m for the quarter, up from £32.8m a year ago.

The group's total revenue also increased 25 percent during the period to £44.5m, from £35.5m a year ago.

Tom Drury, chief executive officer at Arrow Global said: "With over £40m of future organic portfolio investments already awarded for the remainder of 2016, we remain confident in delivering on our target of investing at roughly twice our annual replacement rate."

2 *Debt collection complaints fall*

The number of complaints received by the Financial Ombudsman Service against debt collectors fell by 16 percent in the 12 months to March 2016. According to the latest figures the ombudsman received 707 complaints, down from 843 the previous year.

Leigh Berkley, president of the Credit Services Association (CSA), said the fall was a result of firms using "better systems for recording and analysing the root causes of complaints."

He added: "This is having a direct impact not only in improving levels of customer satisfaction but also on the number of complaints that are elevated to the ombudsman."

3 CT Capital hit by £2.3m fine

The parent company of a group of lenders and brokers which sold more than 30,000 PPI policies, netting £63m in commission, has been fined £2.36m by the Financial Conduct Authority (FCA). CT Capital handled 6,669 PPI complaints between May 2011 and November 2013 but was fined for failing to deal with them appropriately, resulting in customers missing out on redress payments. The FCA said that despite knowing that provisions governing handling PPI complaints had come into force in December 2010, CT Capital failed to launch processes to follow these provisions until November 2011.

After this date, the regulator said, CT Capital continued to operate flawed policies. It failed to provide complaint handlers with sufficient guidance on how to consider whether sales advisers had ensured the PPI policies they sold were suitable for customers.

4 *PRA director joins DCA*

David Sheridan, the former servicing director at debt purchaser PRA Group, has been appointed operations director at debt collection agency ARC (Europe).

During his time at PRA Group Sheridan completed the integration of the Aktiv Kapital and PRA operations within the UK. Before joining PRA he led the Aktiv Kapital debt purchase business in the UK while previous positions included senior credit operations roles within Equifax, Lloyds Banking Group and Citibank. He is currently a board member of the Credit Services Association.

5 FCA's fees hike could hit small DCAs

The Credit Services Association (CSA) has called on the Financial Conduct Authority (FCA) to rethink plans to increase fees paid by collections firms, because smaller firms will struggle to absorb new costs.

Plans outlined in the FCA's consultation paper on fees could see authorised firms paying double what they currently pay for their annual fee.

Peter Wallwork, chief executive of the CSA, said: "SME businesses... will now face further costs at a time when budgets are stretched to meet the new regulatory demands. This could lead to SME businesses exiting the market, abandoning innovation, reducing staff or shutting down entirely."

6 *Idem Capital's acquisitions soar*

Idem Capital completed £208m of new acquisitions in the six months to March 2016, according to results from its parent company The Paragon Group.

The debt purchaser's investment activity, up from £20.9m in the previous half, was funded through equity, debt and retail deposits and saw the firm contribute £25.5m to overall group profits. The Paragon Group reported a 12.5 percent increase in underlying profits to £71.9m for the half year.

Dave Newcombe, managing director of Idem Capital, said: "The new acquisition of consumer finance loans has further strengthened our position in the market.

"We have increasingly worked with Paragon Bank (the group's banking subsidiary) on co-investment opportunities and this joint approach has worked well. We believe there will be increasing opportunities to work together in the future."

7 Provident Financial releases results

UK lender Provident Financial Group said all of its businesses are performing in line with or above internal plans for the first quarter, despite falls in new business numbers across its Vanquis Bank brand and consumer credit division.

An interim management statement, covering the period January 1 to May 4, stated that the group's Vanquis Bank delivered year-on-year average receivables growth of 13 percent in the first quarter. But the credit card provider's changes to the customer acquisition process resulted in a fall of 23,000 total account bookings compared with the first quarter of 2015. Provident Financial said delinquency levels at Vanquis remained favourable through the first quarter of 2016, reflecting a sound quality of the receivables book and the stable UK employment market.

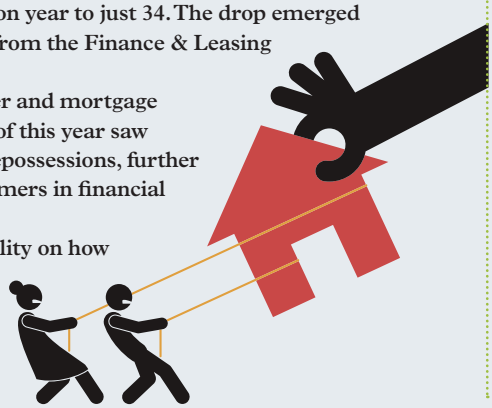
Provident's consumer credit division saw receivables fall five percent compared to March 2015, while customer numbers ended the first quarter at 850,000, five percent lower than at the start of the year.

8 *Second-charge repossessions fall 50 percent*

The number of second charge mortgage repossessions in the first quarter of 2016 fell by 52.8 percent year on year to just 34. The drop emerged in the latest quarterly statistics from the Finance & Leasing Association.

Fiona Hoyle, head of consumer and mortgage finance at the FLA, said: "The first quarter of this year saw another significant drop in second charge repossessions, further demonstrating lenders' efforts to help customers in financial difficulty.

"Second charge lenders have more flexibility on how they can assist customers with repayment problems, now that they are regulated by the FCA's mortgage rules. The previous Consumer Credit Act regime was much more restrictive."



9 Money Advice Trust launches vulnerability guide

Debt charity The Money Advice Trust has launched a guide to help advice agencies treat vulnerable clients fairly.

The guide, backed by several organisations including StepChange Debt Charity and the Financial Ombudsman Service, was written by vulnerability experts Chris Fitch and Colin Trend and builds on the charity's existing 12-step guidance on vulnerability for creditors.

Its publication comes after a recent survey conducted by the Money and Mental Health Policy Institute highlighted failings in the way advice agencies advised clients with mental health problems. The survey, which assessed almost 1,000 client experiences, found 41 percent were not asked about how their mental health problems were affecting their financial situation. A total 35 percent did not feel their mental health problems were taken into account, despite telling advisers about it. (See p12).

10 *Lowell GFKL Group reports EBITDA growth*

Debt purchaser Lowell GFKL group saw cash EBITDA growth of 13 per cent during the first quarter of 2016. The group's results also show its non-performing loan (NPL) portfolio acquisitions increased 79 percent, year-on-year, to £71m. Its 120-month estimated remaining collections (ERC) figure was up 32 percent to £1.45bn.

Colin Storrar, chief financial officer, said: "The structural drivers for market growth exist across all of our markets. The integration of GFKL and Lowell continues to make good progress and with the acquisition of IS Inkasso Service in its final stages, the outlook for the future remains positive."

The group said it has more than £140m of portfolio acquisitions already closed and contractually committed for 2016.

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DEBT MANAGEMENT FIRM'S COLLAPSE COULD BE "START OF AN AVALANCHE"

In the aftermath of a commercial debt management firm's liquidation, creditors and debt purchasers have faced demands over breathing space for impacted consumers. It has brought into focus again an information vacuum concerning how many more are at immediate risk. ***Marcel Le Gouais*** *reports*

The collapse into liquidation of debt management firm Compass Debt Counsellors could be the first of more in the coming months that leave hundreds of thousands of consumers with debt management plans (DMPs) in limbo.

That's the view of a debt advice commentator about the immediate fate of more commercial debt management companies (CDMCs), as the slightly less than philanthropic elements of the sector continue to unravel.

While Compass Debt Counsellors officially entered liquidation in March, the aftermath has prompted debates about what level of breathing space could be extended to impacted consumers.

The history

Compass was the trading name of Nottingham-based RMR Financial Services. Many clients paid instalments into a client fund – effectively growing a pot of funds. They were told this could help Compass "negotiate full and final settlements" of their debts with creditors.

But in October last year, when the directors were unsure whether they'd secure authorisation from the Financial Conduct Authority (FCA), they decided to concentrate on IVA referrals and PPI claims. Thereafter the company referred clients to IVA providers, if they qualified, and to government-funded debt advice agencies. A fee was received for IVA referrals.

But one of the directors received a call from the FCA in February this year, and was told the company would not be granted authorisation. Subsequently, all clients were told the company was ceasing to trade and all staff were made redundant. Insolvency practice AARBS was appointed as liquidator on March 30.

Around 500 clients of Compass then contacted AARBS. They were claiming back funds they had paid to Compass which were then due to be paid to their creditors.

> *"Consumer forums have mounted campaigns to try to secure extra breathing space for impacted clients"*

A directors' report shows that, as hundreds of people were trying to get their money back in March, little more than £21,900 of clients' money was being held in a 'client' Compass account. It's estimated that around £2m may be owed to clients.

The debt management firm's bank accounts were frozen in March and direct debits set up with clients were subsequently cancelled.

Calls for forbearance

When the liquidation of Compass was announced, the FCA stated in no uncertain terms that this was "an evolving situation" and that during the transitional period, it "would expect creditors that are authorised by us to show forbearance."

The FCA also tried to inform clients of Compass that their details may have been passed or sold on to other debt management companies.

Following the FCA's announcement, and in the ensuing months since the liquidation, consumer forums have mounted campaigns to try to secure extra breathing space for impacted clients. In the spring Kate Briscoe, chief executive of consumer advice forum Legal Beagles, wrote to all debt purchasers in the UK asking for offers to be made to lessen the burden on Compass's clients. Asking if debt purchasers were prepared to consider 10 percent full and final settlements or repayment plans, she wrote that this "single act would make an enormous difference to the perception of what these people have lost."

Briscoe then posted on Legal Beagles a response she received from debt purchaser 1st Credit. The response explained that 1st Credit was prepared to discuss "substantial discounts with each of these customers."

The letter also stated that an initial review of 1st Credit's affected customers showed that it may be able to offer an aggregated write off of 63 percent.

With one commentator stating that Compass could be the start "of an avalanche of failures" in the CDMC sector, perhaps more of these requests to creditors and debt buyers can be reasonably expected.

Accuracy vacuum

When a CDMC goes bust, client funds (if they are recovered) are placed into a statutory trust under FCA requirements. However, as unsecured creditors of an insolvent business, clients essentially join the back of the queue (typically behind the bank as a secured creditor, to receive whatever paltry sum is left in the business to pay them back.

This has led to a re-emergence of concerns over the lack of accurate figures for how many people with debt management plans are in the UK, how many CDMCs are at serious risk of failing, and therefore the level of debtors with funds held in faltering CDMCs' 'client accounts' – and the risk of these repayment funds vanquishing in the ensuing insolvencies.

CMA'S "DAMP SQUIB" ON OVERDRAFT CHARGES

Plans are afoot to cap unauthorised overdraft fees, but ***Fred Crawley*** *asks if there is much weight behind them*

The £1.2bn banks make from unarranged overdraft charges each year may be cut in half, if recent proposals from the Competition and Markets Authority (CMA) are enacted.

In theory, that is. Because while the CMA has suggested caps on overdraft charges, it also suggests these caps be set by banks themselves, rather than by an independent third party.

While the watchdog has posited a role for the FCA in monitoring the efficacy of overdraft caps, a clear mechanism for how this might work is not yet in place.

For this and other reasons, consumer groups are criticising the watchdog's recommendations for not going far enough – while some are going so far as to call the measures entirely ineffective.

What's the deal?

The CMA's chief remedy to the "cumulative effect of unarranged overdraft charges" is for banks to set a monthly maximum charge (MMC) for customers who breach agreed limits.

This MMC would be devised by providers as the "maximum total charge that a customer could incur in any given month", and would be displayed in a format "no less prominent than other overdraft charges" in product collateral.

The CMA also proposes banks be required to contact their customers should they be about to go into an unarranged overdraft, to give them the opportunity to take action to avoid charges.

The authority recommended the FCA would be brought in to assess the efficacy of the MMC on an ongoing basis, and consider whether further measures or rules were necessary to make it work.

The CMA justified its proposals with the finding that almost half of retail banking customers were overdraft users, and that more than one percent incurred more than £100 in unarranged overdraft fees monthly.

If the measures work, the CMA says, the £1.2bn paid in unauthorised overdraft fees each year could be cut in half.

So far, so good.

> *"Many larger banks already cap overdraft charges and offer SMS alert services"*

Damp squib

But will they work? The proposal is one of many reforms in the CMA's long-awaited Provisional Decision on Remedies document, the latest stage of an investigation into the retail banking market which has so far cost £5m.

Nevertheless, the 405-page report, aimed at saving customers £1bn over five years – in large part by encouraging switching between providers – has not impressed many commentators.

Daily Mail-owned website thisismoney.co.uk said the document "amounts to something of a damp squib", while Which? said the competition watchdog hasn't gone far enough, calling for the FCA to take further action on overdraft charges.

Law firm Walker Morris has pointed out that many larger banks already cap overdraft charges and offer SMS alert services for customers in danger of entering an unarranged overdraft, thus making the measures partially redundant.

Stepchange Debt Charity has been particularly critical, with chief executive Mike O'Connor saying: "If there is to be a cap on unauthorised overdraft charges, it needs to be set with reference to an independent benchmark to effect any real change and not by the banks themselves.

"If it is not, there will be no pressure on the level chosen, no impact on charges and nothing to encourage or enable overdraft users to switch banks."

Breaking banks

Beyond its comments on overdrafts, which made up just a part of the recent release, the CMA said that it's now hard for bank customers to work out if they are getting good value from their provider. It described bank charges as complicated and opaque and said many customers think it is risky to change banks.

As a result, nearly 60 percent of personal customers have stayed with the same bank for more than 10 years and more than 90 percent of SMEs get their business loans from the bank where they have their current account.

This means competitive pressures are weak, the CMA said, so banks do not need to work hard enough on price or quality of service.

The authority said that having more, smaller banks, which customers still couldn't easily choose between because of lack of transparency on fees and charges, would "not significantly improve the market or give customers a better deal."

Freedom isn't free

The CMA also considered whether to get rid of free current accounts. Even though these accounts are not really 'free', the CMA said they work well for many customers, and banning particular products would "simply take away choice and risk the overall cost of accounts rising, not falling."

To transform the market, the CMA believes banks instead need to be made to provide customers with the right information so that they can easily find out which provider and type of account offers best value for them.

The CMA proposes to push the development of new online comparison tools and improve the current account switch service (CASS) to make switching banks more straightforward and give customers more awareness of, and confidence in, the process.

What's next?

The CMA finished taking submissions on its provisional package of remedies on Tuesday June 7 2016. It will publish its final report in early August 2016, with the statutory deadline set at the 12th of that month.

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t: (UK) 0800 072 0092 (Intl.) +353 1 685 4128 f: +353 1 685 4042

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THE VULNERABILITY AGENDA: NEW GUIDANCE FOR ADVISERS

New guidance on helping vulnerable customers has been launched for advice agencies. It emerged around the same time as a report investigating the links between debt and mental health. ***Fred Crawley*** *reports*

Although a final consensus is yet to be reached on what constitutes customer vulnerability – and how it should be handled by businesses of all kinds – each new stakeholder group to contribute to the discussion seems to bring a common position closer for the credit industry.

The money advice sector has been the latest to add its voice to the debate, with the publication in mid-June of a publication entitled *Vulnerability: A Guide for Advice Agencies* – 12 steps for treating clients in vulnerable situations fairly.

The paper was written by Chris Fitch of the University of Bristol's Personal Finance Research Centre, co-authored by Colin Trend of the Plymouth Focus Advice Centre, and funded by the Money Advice Trust (MAT), whose existing 12-step guidance for creditors on vulnerability formed the basis for the project.

Eight other organisations – StepChange Debt Charity, Christians Against Poverty, the Money Advice Service, Toynbee Hall, Money Advice Scotland, Advice UK, DEMSA and the Financial Ombudsman Service – co-signed the paper and contributed case studies towards it.

Mass movement

The paper has been released in the wake of a wider spate of publications on the issue. Following the publication of the FCA's Occasional Paper on vulnerability in the first quarter of 2015, the British Bankers' Association's Vulnerability Taskforce – itself chaired by MAT chief executive Joanna Elson OBE – advanced industry discussion on the subject.

Meanwhile in the collections sector, an initiative founded by Hoist Finance UK and Santander, founded in mid-2015 and making its initial report in the second quarter of this year, has made great progress in developing consensus on the treatment of vulnerability in collections.

More is on the way. Fitch and Trend are currently finalising a paper on the issue Fitch calls the "holy grail" for creditors: the identification, without disclosure, of customers in vulnerable situations, and their support thereafter. This publication, also produced in partnership with MAT but with financial support from the creditor community, is due out in July.

> *"It isn't a given that vulnerable clients can immediately trust advisers and open up with the full details of their situation. The skills that advisers need in these interactions must be honed and developed"*

Later in the year, Fitch and Trend intend to produce work on both the issue of suicide, and the determination of customer vulnerability via the digital channel.

The need

Vulnerability: a guide for advice agencies was commissioned to fill a specific requirement for understanding in the advice sector. A recent survey conducted by the newly-launched Money and Mental Health Policy Institute, entitled Money on your Mind, only served to highlight this when it was released in early June.

The survey, which examined nearly 1,000 clients across the fee-charging and free advice sectors, found advice agencies to be in need of improvement in the way they advised clients with mental health problems.

The survey found that 40 percent of respondents were never asked to give consent for the details of their mental health problems to be recorded, while 41 percent were never asked questions about how mental health problems were affecting their financial situation. Overall, 35 percent did not feel their mental health problem was taken into account by advisers, despite telling the advice organisation they had dealt with about it.

In addition, 72 percent of those surveyed said their mental health problems had made their financial situation worse – and not only as a result of having less money to spend. Some 93 percent of respondents said they spent more when they were unwell, while 92 percent found it harder to make financial decisions, and 59 percent said they had taken out a loan that they wouldn't otherwise have taken.

Bridging the gap

Elson said: "All advice agencies work with clients who are in vulnerable situations – and there is no doubt that advisers always aim to secure the best experience and outcomes for these clients, as they do with anyone who contacts them for help."

However, we know that debt and money advisers need more support in this area. The launch of this new guide for advice agencies, which builds on the trust's existing 12-step guidance for creditors, aims to help bridge that gap. We hope that agencies find the guidance, tools and case studies it contains useful as we work together to embed and spread best practice across the sector."

Fitch added: "It is far from a given that clients in a vulnerable situation can immediately trust advisers and open up to them with the full details of their situation. The skills that advisers need in these interactions need to be honed and developed, and there are lots of examples of good practice across the sector."

This guide brings together this good practice in working with clients in vulnerable circumstances, and recognises the support that advisers deserve to receive on this issue. Its publication is one further step towards the ultimate goal of ensuring that all clients – no matter what their circumstances – receive the same first class service they deserve. We look forward to hearing from agencies on how it can be improved further."

A COMPLIANCE FORECAST FOR 2016

At a roundtable in London last month hosted by debt purchaser Arrow Global in association with Credit Strategy, experts deliberated EU data protection changes, the pre-action protocol for debt claims and regulatory reviews. It was clear the collections industry is being swept up in attempts to solve problems created elsewhere

ATTENDEES

Leigh Berkley, director of external affairs and development, Arrow Global. President, Credit Services Association (CSA)
Neil Munroe, president, Association of Consumer Credit Information Suppliers (ACCIS)
Rhys Berry, director of risk, collections technology and operations, Santander
Francis McGee, director of external affairs, StepChange Debt Charity
Henry Aitchison, senior policy adviser, Finance & Leasing Association (FLA)
Rob Thompson, partner, Brachers and vice president, Civil Court Users Association
Marcel Le Gouais (chair), editor, Credit Strategy
Alex Barnett, senior corporate communications manager, Arrow Global

Starting with an avalanche of changes approaching via the EU General Data Protection Regulation (GDPR), Arrow Global's roundtable with Credit Strategy initially tackled preparations that consumer credit firms handling personal data need to consider now.

While the industry has two years to implement compliance with the new rules, discussions around the GDPR revealed the depth of operational changes which will be forced upon consumer credit firms.

Designed to harmonise data protection law across EU member states with one, theoretically more consistent set of regulations, the GDPR sets out reams of new rules giving consumers rights over portability of their data, erasure of personal information and the right of consent over the exchange of their personal details.

The GDPR final text has been published and while the potential impact of some areas has softened, such as requiring 'specific consent' when companies pass personal data on individuals to third parties, other rules have cost implications.

Leigh Berkley, director of external affairs at Arrow Global, who has lobbied on the GDPR for the collections industry via his CSA role, explained that every firm managing customers' personal data will need to appoint a data protection officer and carry out a privacy impact assessment. However this officer could be an existing employee with other responsibilities within the firm.

Berkley said: "The most difficult element could be the encryption of personal data – that would be a huge undertaking for some creditors, debt purchasers and DCAs. There's also the issue of how (consumer credit) firms can ensure they have the right levels of consent when exchanging data with third parties and how they manage subject access requests from consumers."

The vital work during the next year will be how the wider financial services industry works with the Information Commissioner's Office (ICO) on interpretation of the GDPR.

Neil Munroe, president of the Association of Consumer Credit Information Suppliers, said the European Council had ensured some 'carve outs' in the regulation to allow countries to implement the GDPR in different ways, which could result in different levels of implementation - an important development to monitor.

Another point to be worked through with the ICO is whether a debt recovery claim can be defined as a legal claim under the GDPR's classifications. How it is defined under a new classification could potentially change the way debts are collected.

Profiling

Munroe also stressed the potential impact of the GDPR's new 'profiling' rules on credit scoring. The regulations encapsulate various automated data management processes, including (possibly) credit scoring, in its restrictions of how profiling is undertaken. Consumers are also given more rights about how they are 'profiled'. The new rules enable consumers not to have a decision made about them based solely on automated processing. Recital 58 of the GDPR gives as an example the automatic refusal of an online credit application.

Munroe pointed out that no one has specifically carved out automated credit scoring from the GDPR's definition of 'profiling', although many European officials have confirmed that it was not the intention to include credit scoring in the 'profiling' definition. To avoid a potential huge impact for creditors, it will be important for creditors to ensure the subsequent interpretation of profiling excludes credit scoring.

Cross-industry measures

More generally, it was mooted that it may fall to trade associations to help inform consumers what rights of theirs will be extended and which rights they will not be afforded under the new rules.

Berkley pointed out that there are also huge implications for central government as the Cabinet Office pushes ahead with its Debt Market Integrator programme, an initiative providing debt management services for government departments as the collection of billions of pounds of public money is outsourced.

On the broader picture for the industry, Munroe said an interpretation of the GDPR which could be embedded into a code of practice, across UK financial trade associations and credit reference agencies, might help to address issues for creditors and their suppliers. But with two years to go and code of practices often being protracted to create, the pressure will mount swiftly to find such solutions.

The ICO will now start to publish GDPR guidance at different stages during the next two years. Friday May 25 2018 is the deadline for GDPR implementation.

Pre-action protocol

The collections industry is now waiting for a response from the Civil Procedure Rule Committee (CPRC) to its feedback to a consultation on the revised pre-action protocol (PAP) for debt claims. With this as the context, attendees at Arrow Global's roundtable received an update on the crucial elements from Rob Thompson, partner at the law firm Brachers. He is also vice president at the Civil Court Users Association and sits on a sub-committee of the CPRC with Leigh Berkley. The sub-committee will discuss and fine-tune proposals before final decisions return to the main committee.

Thompson said the revised draft last consulted upon would reduce the information that has to be delivered to customers at the commencement of the PAP stage, compared to the previous version. Nevertheless a two-step process will apply, whereby customers will have the chance to request more information after receiving the initial letter of claim.

It's highly likely creditors will still have to provide an original copy of the written credit agreement when sending letters of claim. This will have to be done unless providing it is "disproportionately burdensome" to creditors. Those round the table acknowledged the "burdensome" clause was a small compromise in a process seemingly designed to make litigation harder for creditors. Thompson said: "This all comes down to – what is the protocol supposed to achieve? It is a massive opportunity to promote customer engagement. That should be the primary objective, not to overload customers with a huge, confusing trail of paperwork."

Giving a counter argument, Francis McGee, director of external affairs at StepChange Debt Charity, said the charity sees an inconsistent picture on creditors' policies for debt recovery litigation. He told attendees: "There are incentives in the system which some creditors use in attempts to recover debt through litigation, without fulfilling their other obligations, or trying to seek affordable repayment plans."

At the time of writing, the sub-committee is due to meet again to consider responses from the latest consultation before reverting to the main CPRC.

Debt management companies

Chaos and carnage are the most common descriptions of the commercial debt management sector right now. As the sector came up for discussion, it was clear there remains a knowledge gap about the total number of consumers with debt management plans (DMPs). This applies particularly to borrowers with DMPs arranged by debt management firms that either had applications refused by the Financial Conduct Authority (FCA), or were among the 100 that exited and/or closed.

Another uncertainty is around the level of debt management company (DMC) back-books and contact lists being bought and sold, and how easy it is for affected customers to access free advice. Henry Aitchison, senior policy adviser at the FLA, said FLA members were doing all they could to minimise the impact on consumers, by giving extra breathing space and signposting customers to free debt advice. The debate touched on the FCA's difficult task in predicting and dealing with the cumulative impact of its individual authorisation decisions on impacted customers, and all were willing to help the regulator through a difficult transition for people with DMPs. StepChange has been taking on clients from firms such as PDHL – the debt management firm recently refused permission. McGee said the charity has been re-advising these and other clients from closed or closing DMCs.

FCA arrears review

The regulator is well into its thematic review into early arrears management in unsecured lending. As the review is focussing primarily on creditors, the attendees learned that the FCA has visited banks and looked at areas such as engagement with vulnerable customers, governance and oversight in collections, how the bank oversees suppliers that work on early arrears management and banks' use of brands. The FCA has also asked collections and recoveries teams questions about how affordability is assessed. A full report is expected in the fourth quarter.

WILL ELLIS
Commercial director, Hello Soda

BANKING ON SOCIAL DATA

The credit industry must adapt to using social media data to ensure future generations have a better, more personalised and streamlined customer experience, argues ***Will Ellis***

More Millennials use Facebook daily than own a credit card. Social data is fast overtaking traditional data, becoming a key source for assessing credit risk and on-boarding customers.

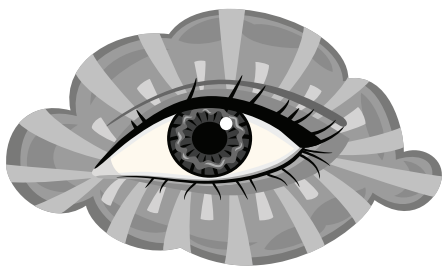
Born between 1980 and 2000, Millennials are now the biggest generation in the population and include the first people to have grown up with instant internet access and smart phones. While the younger members of this generation were the first digital natives, expecting to be able to do anything and everything via the internet, the looming Generation Z is expected to be even more demanding of businesses.

By 2018, banks in the UK and western Europe are expected to make over half of new incoming revenue from digital sales. Banks are already adapting to the digital age through the introduction of mobile and internet banking on top of in-branch services; while this provides some flexibility, there remains much more work left to do.

Consumers are still having to go to huge lengths to verify their identification, including knowledge based authentication (KBA) techniques such as detailing direct debit bills or mortgages over the phone that they might not know the specifics of on the spot. This then leads to many consumers failing the verification process and, despite the current consumer world being mostly digital-friendly, being put through the inconvenience of bringing proof of ID into the branch before reaching the service they require.

Better ID verification

A logical advancement for banking in the digital age would be to integrate systems into the ID verification and fraud detection processes that would streamline the user journey and create consistency across channels. For example, the huge increase in social media usage could be used by banks in the KBA stages of ID verification to eliminate, or at least reduce, the need for coming into the branch. Instead of being asked about their TV licence bill or mortgage agreement that they might not be aware of, they could be asked where they tagged themselves eating a few days ago or to name a number of friends/connections, which could all be done over the internet. Additionally, ID confidence can be given by connecting social media profiles to the bank's app via social media analytics software which looks for and highlights inconsistencies and potential fraud indicators.



"Instead of being asked about their TV licence bill they might not be aware of, consumers could be asked where they tagged themselves eating a few days ago"

Enabling the automation and digitalisation of processes such as ID verification would both boost banks' productivity and create more efficient work flows and improved customer experience. As well as facilitating better, more efficient ID verification and fraud detection processes, the vast amount of social data also enables banks to design more user-centred customer journeys through personalising approaches and marketing efforts by tailoring offerings and incentives.

The digital age means that there is more consumer data than ever before, but for the most part, we aren't using it. Some 15 percent of consumers would switch branch because their customer experience was not tailored to their individual needs. Jenny and Mike might both receive the same marketing email at the same time offering the same student bank account with the same incentive because they share one thing in common: starting university. However, Jenny doesn't go online at this time of day, and Mike doesn't want a railcard because he never uses the train.

Leverage data

So how can banks make their marketing more effective? Well, as I mentioned before, the data is there, so you need to start using it. With consumers' consent, banks can implement social data analytics into the signup process which would allow banks to discover when users are most active online, what their interests and hobbies are, any key life events like graduation or moving house, and to tailor both their approach and what they actually offer accordingly to maximise customer acquisition and retention.

Big data enables rapid advancement and adaptation of products and services as it gives the most up-to-date, real-time information about consumers. With analytics tools, banks can leverage data to create targeted and tailored offerings for cross-selling and up-selling.

Advanced big data analytics technologies, such as ours, help banks regain the connectivity with customers that they used to have pre-digitalisation by ulitising social data to refine the decision-making process, streamline the user journey, and personalise offerings.

STUART SYKES
Group head of customer operations and debt recovery, MyJar

WHAT'S BUSINESS AS USUAL WITH THE FCA?

Commercial debt management companies aside, the dust has now largely settled for most consumer credit firms with full regulatory permissions. ***Stuart Sykes*** *examines the ongoing relationship with the regulator*

Many firms previously licensed by the Office of Fair Trading (short-term lenders and debt collection agencies, debt buyers et al) have now had their full permissions granted, and the huge sigh of relief through the offices of these firms can be heard from Glasgow to Salford Quays to the Kent coast.

It has been a tough time for everyone involved in this regime change, ensuring that the day-to-day business keeps on working effectively, but with a huge and distracting focus of achieving the number one goal - getting full authorisation. It's a time-consuming and expensive task.

And now that the marathon (or maybe a series of sprints) to full authorisation process is finished, it is tempting to sit back, relax and think 'job done', but life isn't really ever that simple.

All the manuals that were written, re-written, policies spruced up and customer communications updated are now part of the business as usual (BAU) world.

They need to be kept up-to-date to reflect the way you work, any changes to regulatory requirements around the needs of the customer have to be captured and trained to staff in a way that the regulator would see as effective and accurate. The BAU world is really a series of journeys and not a destination in itself.

Data digest

None of us can rest on our laurels; there is much work to do in preparing for your GABRIEL (GAthering Better Regulatory Information ELectronically) returns which might well be challenging the first time around.

There is a plethora of data that is needed which will have to be checked and double-checked to ensure you have a timely and accurate return. Updates are available on the FCA site so authorised firms will do well to have a regular reminder to visit the FCA/GABRIEL pages to make sure that they keep up-to-date and avoid the unwelcome cost and attention from the FCA for late or inaccurate submissions.

Allowing your compliance team time to use the three R's – Research, Read and Review every week will ensure that you are always up to speed. Even with the small changes to data field set up, or headings which may change, it is important to get your return right, first time, every time.

Language barriers

We also need to be sure that we are all talking the same language. In the collections world we talk about late payments, arrears and defaults as convenient shorthand that reflects how we view our individual businesses.

However the FCA applies their own definitions to these terms and you need to be sure that you are able to report in a way that is consistent with their expectations and which accurately reflects the true state of your portfolio. Reporting your default rate is 'X', because default in your business means one payment down, would be at odds with the FCA definitions, therefore making you report inaccurate information, and again possibly having unwanted attention from the regulator. It would be scoring an own goal, so to speak.

Since firms have become fully authorised, lots of hard work across the credit industry has gone in to changing management reports. But it's the ongoing communication and adherence to policy and rules which firms need now to focus on. These are just as important as getting authorised, and getting authorisation really needs to be seen as more of a starting grid than the chequered flag.

No rest

So, on balance, I am not sure that we can really ever expect the dust to settle, but we must regard the new BAU world as one of change and renewal.

One thing the journey to authorisation has delivered is the opportunity to look at our own businesses with fresh eyes, to make sure compliance with the Consumer Credit Sourcebook and Principles for Business are more than just skin deep but something that has permeated right into our organisational DNA.

If you can really embed regulation in to your business, from the top down, then you will be in good shape to evolve and grow with regulation, it doesn't have to be a blocker to innovation, if it is part of your BAU framework.

JASON WASSELL
Chief executive, BCCA

SHOULD GOOGLE BE BANNING PAYDAY ADVERTS?

By banning payday loan adverts, Google is bypassing the will of the financial regulator, claims ***Jason Wassell***

In a recent blog post, Google confirmed it was making a major change to its AdWords policy. It looks like companies with loans of less than 60 days in duration will no longer be able to advertise with the search engine giant.

With the dominant position that Google holds this is not just a commercial decision, it is also a public policy decision. Obviously this has commercial consequences but there is also a principle at stake as Google says it is taking this unilateral action against a regulated sector that has undergone a transformation.

Before we tackle commercial issues it is interesting to note Google's involvement in the market. A relatively simple check reveals that its parent company has invested in a short-term lender called Lend Up. Positioned as an alternative to payday lending, it is interesting to note that the APR is still 10 times more than the Google threshold in the US. Lend Up has also launched a credit card aimed at the sub-prime market.

But closer to home, Google's decision leaves commercial consequences for short-term lenders in the UK. This restriction is to sponsored search results and not organic results. So major payday lenders will appear in generic searches and will also have individuals specifically searching for their brand. In a recent marketing article this was described as "a lifeline for struggling Wonga". This is going to impact negatively on new entrants.

Short-term lenders are innovative; they will find ways to manage this particular action. However there is clearly a larger issue of how a US issue has been taken global and the power of a commercial company to make decisions about regulated financial products.

Whilst I have no doubt there is a

legitimate debate to be had in the US, the UK has moved on and significant progress has been made. Readers of Credit Strategy will know this particular story well. The early review of payday under the Office of Fair Trading was the prelude to the transfer over to the Financial Conduct Authority (FCA).

There were also two major UK government organisations – both the Competition & Markets Authority (CMA) market study and the FCA research into a price cap.

These projects were able to investigate the nature of companies involved in the lending market and the experience of thousands of customers. These were probably two of the largest impartial reviews ever carried out.

Many of the issues identified in the US have already been debated by the sector, regulators and consumer groups. It has led to the implementation of a new set of rules, under a powerful regulator and with the implementation of a UK price cap.

What is so astounding is that Google is taking a blanket approach to short-term lending, with the global restriction being on loans of 60 days or less. This is despite the research making clear that there is a need for the product, one that has not been served by the traditional banks or by social lenders such as credit unions.

The CMA report concluded that it had found a clear demand for short-term, small sum credit, which many customers are currently meeting by taking out a payday loan. While in work carried out by the FCA on the price cap they said it was not desirable to leave consumers entirely without the option of using high cost short term credit.

This is particularly important as we start to discuss the idea of access to credit. The work on the price cap, and all related regulation, has been developed with the aim of getting a balance just right between access to credit and protecting individuals.

What about other financial products such as overdrafts? They can certainly be more expensive than payday loans or credit cards that are exempt from this but have many more customers showing signs of financial stress than payday customers in the UK. What is the process that leads to a ban on Google?

This highlights an important issue, in that Google has decided to create new rules that bypass the will of the financial regulator. Google hasn't carried out a review of millions of transactions to develop its policy. It has taken an easy option but one that is at risk of being too simplistic. Where do they draw the line?

If Google wants to act as a regulator then we are interested in knowing how the FCA will react to this. Does a commercial giant like Google have the right to effectively move the bar for regulating this sector further than even the UK regulator deems fit?

WHY GOOGLE'S SHOCKWAVES TRAVEL BEYOND PAYDAY LENDING

TIM ANSON
Commercial director, Provident Financial Group

Google recently sent shockwaves through the digital marketing and financial services sectors with its announcement that, as of July, it will no longer display pay-per-click (PPC) advertisements for loans where repayment is due within 60 days of the date of issue.

Since the announcement there's been much debate around whether or not Google is right to say what can and can't be advertised to consumers.

The short-term credit industry in the UK is today effectively and rigorously regulated by the Financial Conduct Authority, having introduced rate caps and authorisation. We have seen a huge clean-up of the so-termed payday loan industry with less reputable companies forced to exit the market and the more unscrupulous practices reigned in. This is important because one in seven people in the UK are still unable to access mainstream credit, i.e. not from a high street bank, so there's little doubt that the need for non-standard lending exists.

At Provident we have been serving the non-standard credit market since 1880. The understanding and insight we've gained in the last 140 years underpins the development of our products, none of which have repayment periods of less than 13 weeks, meaning that we are not directly affected by Google's recent announcement.

It is unclear, as yet, how Google's policy will ultimately be implemented, and the situation is different again in the United States where additional restrictions have been put in place to ban PPC adverts for loans with an APR of 36 per cent or higher. The impact of the ruling in the longer term remains to be seen.

For businesses who rely heavily on traffic from PPC, however, it is likely that ongoing SEO investment will be needed to achieve cut through and visibility in search rankings.

For consumers, we hope it will encourage more research into the range of credit options available to them, ultimately meaning more people can access credit in the most appropriate and fair way for their individual needs.

FIONA MACASKILL

Head of learning and development, Credit Services Association

THE LEVEL BEST

A CSA diploma in compliance risk management offers real solutions to put into working practice, says the trade body's ***Fiona MacAskill***

Learning and development is today a key focus of business, and not just for school leavers, university graduates or junior employees.

Following the overwhelming success of the Foundation Level 3 Diploma, the Credit Services Association (CSA) has been focussing its attention on those of a more senior rank or position, to support their needs in attaining further knowledge and skills to progress their careers.

This focus recently led to the launch of its Level 5 Diploma in Compliance Risk Management for the debt collection industry.

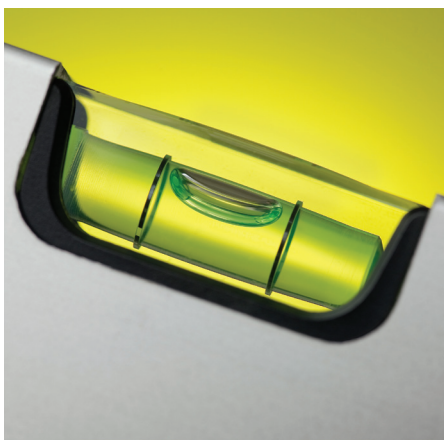
The diploma examines the role of the compliance officer, the implications of compliance risk for businesses and how the organisation can demonstrate its compliance controls to the regulators. It also explores the importance of compliance assessment and business risk strategies.

Participants learn about current measures and techniques for analysing and addressing compliance, as well as examining how effective compliance risk management supports best practice in debt collection.

One professional who has already benefited from the course is Selma Norton, regulatory compliance director at field solutions business Engage Services (formerly Chase Solutions UK): "The decision to choose the CSA Level 5 Diploma was based upon its strong focus upon Financial Conduct Authority (FCA) requirements, together with detailed content relating to the Financial Services and Markets Act," she explains.

"A further determining influence was the reference to the Eurozone and its impact on the overall economies worldwide, especially the making of regulations and directives, and the effect they also have in the UK when considering compliance requirements."

Another, who first became aware of the



diploma when the CSA was developing the syllabus and assessment criteria, is Steve Perring, compliance manager at debt purchaser Cabot Credit Management: "Every part of the diploma is relevant to the job that I do," he says.

"The European Legislation module was perhaps the most difficult; it is quite technical, learning how European legislation relates to the UK and the new regulator. Compliance monitoring and the need for a compliance plan were also very important to understanding the expectations of the FCA."

Interaction

Another professional, Danny Spenceley, is rather more unusual. He is the compliance manager at the CSA, and saw the advantage in being able to speak to members as an equal: "Gaining the diploma has given me a much greater insight into compliance and the demands of the regulator, and this allows me to apply what I have learned to our own association.

"The teaching methodologies were delivered via a mixture of both workshop-style interaction and classroom-style approaches," he continues. "We were also provided with comprehensive reference notes at the end of each session which proved beneficial for study purposes between sessions.

"Different tutors were assigned at various stages of the course, which provided for an interesting mix of teaching methodologies."

Practicality

Both Perring and Norton agree that the 'real world' learning that is central to the course has been of particular benefit: "One positive aspect of the coursework was easily identifiable – when we received questions from the FCA which mirrored some of the research that was being undertaken for the course. I was able to apply this into our working practices," Norton says.

Perring agrees: "Other courses that I looked into are strong on theory, but this is all about how you apply learnings in a practical environment. I found the reflective journal process especially helpful, providing the evidence to how you are demonstrating your new skills in practice."

The content of the diploma is aimed at more senior compliance staff – compliance managers and heads of compliance – and giving them the skills to be even better at what they do.

Steve argues, however, that it would be wrong to see the course as being 'niche': "Although the course is focussed on the debt collection industry, the skills, knowledge and experience that you gain are easily transferrable to other parts of the financial services community, and that is good for your future career," he concludes.

The Level 5 Diploma 2016 course commences in October this year in London and Glasgow. To sign up or for further information please contact sales@csa-uk.com or visit our learning and development page on the CSA website www.csa-uk.com/corporate/learning-and-development

CAN CREDITOR CONTRACTS AND AUDITS CAUSE CONSUMER DETRIMENT?

A number of debt collection agencies and law firms believe that creditor audit processes and contractual requirements can sometimes either hinder or stop their ability to deliver good customer outcomes. ***Marcel Le Gouais*** *asks if a review is needed*

The influence, some might say interference, of audit teams within the banks has grown exponentially in the past year.

Weekly site visits to debt collection agencies (DCAs) and law firms by such teams have become a more common occurrence in the past six months, and many debt recovery firms believe they are being audited to within an inch of their working lives.

So far, so familiar. But there's now a notable, simmering undercurrent of agitation across the debt collection industry that these audit and quality assurance (QA) teams are becoming over zealous, that a lack of pragmatism and "common sense" in how they assess calls and processes of suppliers working for creditors misses the point of TCF.

Some have described their approach to assessments as "seeing the world only in black and white terms" and adopting a "box-ticking approach". They believe such an approach doesn't actually account for DCAs and law firms' needs to be flexible, in order to deliver the right outcomes for customers.

In other cases, individuals have described how the definition of "potential customer detriment" has been stretched by an audit team so far as to almost deliberately provide a justification for a failed call.

All the cases described to Credit Strategy have been received on an unattributed basis, as you would reasonably expect, but all of the examples included throughout this feature occurred in the past 12 months. The examples do not represent every single DCA in the UK, but illustrate the type of problems that many are encountering.

Every debt recovery business might have their own war story, or indeed war stories, but one director at such a firm described a general feeling about how people feel their processes are being assessed: "The QA teams seem more focussed on trying to find fault than ascertaining whether or not a fair outcome was achieved for the customer. The customer seems less important than ensuring every box on the QA form gets a tick."

The consequence of the rigorous nature of these audits is evident across the offices of DCAs and law firms across the country. In many you'll likely find greater numbers of staff employed to check that frontline agents are complying unambiguously with creditor requirements, and of course FCA rules, than frontline agents themselves. Far more people are scrutinising than collecting.

As a debt collector put it, this situation has an impact on the overall service provided to the customer because "resource has to be focussed on evidencing, dealing with audits, undertaking account reviews and end-to-end testing rather than dealing with what is happening on live calls and looking for improvements in the customer journey."

Driving dismay

So what's driving this burgeoning influence of audit teams?

Fear, in albeit simplified terms, according to a consensus from the debt collection community. It can be traced to the bank's risk appetite which in some cases remains conservative. One wonders to what extent that anxiety over a potentially negative press story about a bank's conduct in a debt collection case study, or worse the conduct of a DCA or law firm working for the bank, is contributing to lenders' risk appetites.

Of course the banks' communications teams scour the media daily for any emotive stories involving their brand, and it appears that one negative article, however justified a complaint may or may not be, would be enough to see a supplier expelled from the panel.

However much this paranoia contributes to the formulation of a risk appetite, it appears to be combining with a fear of how the regulator may react to certain outcomes. This seems to be manifest in a nervousness that either a few seemingly innocuous failed calls, or indeed an unhappy customer approaching the press, could lead to an impromptu site visit from the FCA and meetings of a nuclear nature with the executive board. It's important to stress here that this is about anxiety about potential regulatory action. Some demands imposed on suppliers are so stringent they are not implemented by the banks themselves, rendering the risk of serious compliance issues among supplier panels lower than it has ever been.

> "FROM A CONDUCT PERSPECTIVE, THE BANKS ARE BASICALLY RUNNING THE DCAS"

The ultimate result is that senior managers and directors within DCAs, as well as partners at several law firms, are close to exasperation. One even remarked that, from a conduct perspective, "the banks are basically running the DCAs."

War stories

Credit Strategy has been inundated with cases from debt collection companies, demonstrating where they feel the creditor audit process has either strayed from the intentions of TCF principles, or applied assessments too stringently to raise issues, in order to "justify the audit process itself."

In a surprise to no one, the frequency of income and expenditure (I&E) checks is a common thread, in as far as suppliers being expected to slavishly follow specific requirements to carry them out – often to a customer's frustration. It's quite common for creditors to set instructions that, before accepting any payment from a customer or changing an arrangement, a supplier must complete a full affordability assessment. But sometimes it's required on every call.

In one example, a customer called a debt collection firm to explain that they had just left hospital, apologised for not being in contact and disclosed that they'd been diagnosed that day with cancer. The agent told the customer it wouldn't be appropriate to continue the call and that their situation could be discussed in a week or two. This call was initially 'failed' because an I&E check was not undertaken there and then, but after talks this decision was revoked. Aside from this case, a senior employee

at the debt recovery firm in question explained that broadly, in I&E conversations with customers, if an agent misses one out of around 75 questions, however irrelevant, the wrath of a bank QA auditor would be incurred. As the individual put it: "What banks sometimes underestimate is that often a customer just wants to get off the phone to the agent. They just want it (the debt problem) to be resolved quickly."

An executive at another company described the problems that emerge when agents are forced to complete an I&E review before even engaging fully with customers, a requirement that can irritate and upset the customer, or their representative, who simply wishes to pay the amount due. The executive said there have been a number of occasions when this obligation has resulted in two outcomes:

1. No payment being taken because the customer was unable or willing to complete the I&E process – the effect of which was detrimental to the customer whose position remained unresolved;
2. Where the debt recovery company tried to facilitate what it believed to be a sensible approach, it had sanctions applied during the audit process. The executive said this was "because of a perceived failure to follow strictly requirements to take unnecessary information which the paying customer didn't wish to supply."

The executive also explained that a client gives a negative score if its agents do not do the expenditure aspect of the I&E check first. The debt recovery company's client believes that when a customer provides expenditure information before income, it improves the chances of a sustainable arrangement being set. The supplier has challenged this on the basis of an I&E check being an industry standard, and stated that it would always offer the customer time to prepare figures, therefore the figures should be the same regardless of the order they are taken in.

Generally, there appear to be several issues stemming from I&E checks. A lawyer explained to Credit Strategy that the inability or unwillingness of a customer to provide a set of I&E information before agreeing to a payment arrangement has led to some cases going to court for the judge to decide. The lawyer believes this stems from a misunderstanding of the application of MCOB 11.6.2 in an arrears situation. The legal expert also pointed out that it's difficult for self-employed people to provide I&E information, because their income is irregular, and they may be able to make payments despite ostensibly failing some of the I&E criteria.

Sources of funds

As well as I&E checks, one company has encountered issues with a client's ban on credit cards being used to repay debts. A director at the company pointed out that the customer may wish to pay £10 using an interest-free card with a zero balance, but is not permitted under the creditor's terms. The director also argued that the customer would be permitted to visit a cashpoint, withdraw £10 (paying the withdrawal fee), find a local bank, wait in a queue, then pay the cash into the debt recovery company's bank account via bank transfer. "This is not exactly a great outcome for the customer, particularly if he or she has mobility issues," the director added.

> "THERE IS A BASIC FAILURE TO RECOGNISE AN UNFAIR AND UNSUSTAINABLE BUSINESS MODEL"

It's not just payment methods; sources of funds have also emerged as points of disagreement with creditors. It's here where one company found that a call was failed based on "potential detriment."

This company gave an example of how on an inbound call a customer made a full settlement payment. The company didn't ask for the source of funds but emphasised that it understands the need to ask the source of funds for additional payments on cases.

An individual at the debt recovery firm said the client "made the assumption that we had made the customer's situation worse by not checking if he would need to repay the money to a family member" and subsequently failed the call. The individual pointed out that other assumptions could be made, about whether the customer's situation could be made worse by not accepting the payment.

The client perspective

For balance, suppliers also told Credit Strategy that some banks do allow a degree of flexibility in certain cases. Every audit team is different, of course, but suppliers stated that some are more flexible than others and are open to discuss how good outcomes can be arrived at which need some movement around requirements. One supplier said: "It's not the intention to rant, or tar every bank with the same brush. Moreover, we want to raise something about how requirements don't always enable the right things to be done for customers."

It's also worth stating that the growth in influence of audit and QA teams at the banks has probably been a surprise to some leaders of internal collections and recoveries. Recently some have seen second line and audit teams becoming involved in debt sale discussions and generally asking for more and more information. Anecdotally, Credit Strategy has heard questions being asked by audit/QA teams in a couple of banks that reveal knowledge gaps. Such questions have ranged from: "What does DCA refer to?" to "what does an IVA do?"

But as for the nature of oversight, some have explained privately and at times publically, that those on its panel know exactly the level of scrutiny they will be under and that a CONC-led environment is here to stay. Others have also raised the fact that senior managers within banks are "absolutely on the hook" for any compliance issues created by a supplier working for the bank, therefore audits need to be rigorous. Just a glance at the FCA's list on its website of fines issued to individuals gives a sobering insight into the extent to which senior leaders are held directly responsible.

Cost/benefit analysis

A consequence in this age of the audit, as everyone knows, has been the surge in operational costs. Third lines have been introduced, vast sums have been invested in speech analytics and hundreds of staff employed to check every last word in interactions. It even seems old hat now to point out that for DCAs, average call times are higher than ever.

One executive at a debt recovery firm pointed out that suppliers are still operating on commission rates based on money collected. The executive believes the role of suppliers has shifted to customer management, but the remuneration structure has remained the same. The level of oversight has forced suppliers to invest in resources to meet requirements, but in most cases for no extra income.

The executive added: "There is a basic failure to recognise an unfair and unsustainable business model where increasing compliance costs are constantly passed on to suppliers with no additional fees being paid."

This issue has been unravelling for some time and perhaps only the FCA can be the catalyst if it acts on findings from current reviews. The regulator has been asking questions of some banks about its contracts with DCAs, but how far this goes remains to be seen.

What's clearer is that audit and QA teams are here to stay. Again, maybe only the regulator can pierce through to ensure some pragmatism, dare we say common sense, is enabled in the process of engineering the best outcomes for customers.

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THE PINBOARD

Multi-national Tech Mahindra to acquire Target Group for £112m

Target Group, the financial services outsourcing and software provider, has been acquired by Tech Mahindra - a global multi-national specialist in digital transformation. The transaction is subject to FCA approval and completion will take place once this is confirmed.

Tech Mahindra will acquire 100 percent of the share capital of Target Group at an Enterprise Value of £112m. Following four years of expansion under the ownership of Pollen Street Capital the transaction represents the start of a new and exciting phase for Target and its growing client base.

Target Group is headquartered in the UK and has about 800 employees. The management team, led by co-group chief executives, Ian Larkin and Bill Alley, will all remain with the business and ensure continuity and acceleration of the current strategy.

Paddy Byrne, chairman of Target Group, described how the transaction was a logical and positive next step in Target's ongoing growth. "Target Group has been focused on building expertise in the lending, investments and insurance sectors.

"We have delivered significant growth over the last four years, with the support of our current owner, Pollen Street Capital.

"By joining with the $4bn Tech Mahindra, it will allow us to serve our clients better through greatly expanding the solutions and services we provide".

CP Gurnani, managing director and chief executive of Tech Mahindra, supported this view: "Target Group's strong IP and disruptive proprietary platform significantly enhances our Fintech offerings. This acquisition will make us a formidable player in the UK banking, financial services and insurance (BFSI) market with over 50 major financial institutions as clients. There is also a significant opportunity to cross-sell offerings between the companies and extend the platform to other markets.

"The acquisition lies at the confluence of several of our strategic priorities – add IP, double BFSI revenue and expand European footprint."

Experian launches new fraud and identity services platform

Global information services company Experian has unveiled the fraud and identity industry's first open platform designed to catch fraud faster, improve compliance and enhance the customer experience. Experian's CrossCore gives companies an easier way to connect any new or existing tools and systems in one place, whether they are Experian, internal or third-party partner solutions. This "plug-and-play" capability allows companies to rapidly adapt to changing conditions and risks.

"Our clients have expressed frustration over the lack of a truly holistic industry solution that delivers the level of confidence and control they need without requiring a massive multiyear project to replace everything they have," said Steve Platt, global executive vice president, fraud and identity, at Experian. "New fraud threats, updates to regulatory requirements and customer expectations for a hassle-free experience are making it challenging for fraud and compliance teams to keep up. CrossCore will give them the flexibility they need to balance customer protection with customer experience."

The CrossCore open platform enables organisations to manage services through a common access point that supports a layered approach to managing risks across providers.

PHILLIPS & COHEN ASSOCIATES MOVES INTO IRELAND

Phillips & Cohen Associates International has announced the extension of its service offering into the Republic of Ireland.

The Irish service will be provided from its international headquarters in Manchester.

Commenting on the decision to expand its existing service platform, co-chairman/chief executive Matthew Phillips said: "Phillips & Cohen has established an excellent record for providing specialised deceased account management services to financial institutions and we are excited that our empathetic approach is being welcomed with such enthusiasm by the Irish market."

FOCUS INSOLVENCY GROUP EXPANDS TO LEEDS

Insolvency and corporate recovery firm Focus Insolvency Group has announced the expansion of its existing operations with the opening of its latest regional office in Leeds.

The newest office officially opened at the beginning of June 2016, and will work alongside the head office in Wigan and existing regional offices in central Manchester, Scarborough and London.

The new office will be overseen by new director Derek Cooper, who has over 30 years of experience.

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Credit AWARDS 2016

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TO THE VICTORS

At a glittering ceremony in May at the Grosvenor House in Mayfair, the Credit Award winners of 2016 were announced in front of a packed audience in the hotel's Great Room. With a full digital supplement for the awards coming soon, here are the highlights from the night

Perhaps they were basking in the accolade of industry recognition, or maybe it was just the champagne playing its part, but the Credit Award winners of 2016 radiated a healthy glow in hundreds of photos from the night.

Fortunately for some, we've spared from the following pages the indecent exposures and included instead light-hearted pictures from our regular photo booth, once again sponsored by Mr Lender (see p30 to 31).

This year's event, which featured TDX Group as headline sponsor, saw entertainment from host Omid Djalili, musical impressionist Jess Robinson (who could just about be heard) and live music from 10-piece band the Old Dirty Brasstards.

While the night was once again celebratory, an emotional punch was delivered through a video presented by The Children's Trust – Credit Strategy's chosen charity for this year.

In a poignant mark of its resonance, the entire room fell silent as the short film told a father's story, in his own words, about how the trust had supported his son Josh during his recovery after he suffered a brain injury and spent 73 days in a coma.

In fact, thanks to the generosity of guests, the Credit Awards raised more than £21,000 for The Children's Trust. A cheque was presented to the charity following a silent auction for prizes including a VIP weekend at the Singapore Grand Prix, tickets for ladies day at Royal Ascot and a Top Gear Iceland driving experience.

But of course, in the clichéd parlance of every football manager in the Premier League, the night was about winning and this year – the 17th year of the scheme – a record-breaking number of entries were sent in to compete for honours.

This year several new categories were introduced to match the continuing evolution of the industry, such as Best Fintech Company, Best Car Finance Broker, Best Vulnerable Customer Strategy, Customer Service Champion, Best Commercial Finance Provider and Best Anti-Fraud & Verification Technology.

The new categories also included a special judges award for Best Financial Services Provider, which went to Nationwide Building Society for a continued exemplary customer service record that remains the envy of many competitors.

The ceremony also saw the announcement of a major rebrand for our magazine, website and awards schemes. The first step has been taken, with the website already relaunching as Credit Strategy. The magazine will also be fully redesigned and revamped in the September edition.

But for now, it's all about the winners – you can see them on the page opposite, and a full digital supplement including their photos will be coming soon to the Credit Strategy website.

Credit Awards 2016: The winners

Best Car Finance Provider – Broker
Sponsored by Burlington Group
Winner: Zuto

Best Car Finance Provider – Lender
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Winner: Black Horse

Best Alternative Lender – Short and Mid-term
Sponsored by Hello Soda
Winner: Oakam

Best Alternative Lender – Specialist Consumer
Sponsored by Hello Soda
Winner: QuidCycle

Best P2P Lender
Sponsored by Target Group
Winner: Assetz Capital

Best Alternative Lender – Commercial
Sponsored by Hello Soda
Winner: iwoca

Best Commercial Finance Provider
Sponsored by TRI Awards
Winner: Lloyds Bank Asset Finance

Best Trade Credit Team
Sponsored by TRI Awards
Winner: Adecco UK & Ireland

Best Consumer Credit Team
Sponsored by Paytel Solutions
Winner: HM Revenue & Customs, Debt Management Telephone Centre

Best Commercial Credit Team
Sponsored by Credit Assist
Winner: EDF Energy

Best Fintech Company – Lending
Sponsored by Credit Summit
Winner: iwoca

Best Fintech Company – Solutions
Sponsored by Credit Summit
Winner: Codeweavers

Best Credit Services Provider
Sponsored by Car Finance Awards
Winner: Target Group

Best Legal Team
Sponsored by Court Enforcement Services
Winner: Flint Bishop Solicitors

Best Anti-Fraud & Verification Technology
Sponsored by Founded
Winner: Vanquis Bank in conjunction with GBG

Best Data & Analytics Technology
Sponsored by Lowell Group
Winner: iwoca

Best Collections Technology
Sponsored by Callcredit Information Group
Winner: Zinc Group – powered by Enghouse Interactive technology

Credit Risk Excellence Award
Sponsored by PRA Group
Winner: Tesco Bank

Customer Service Champion
Sponsored by Marston Holdings
Winner: Jack Hurst, AXA

Treating Customers Fairly Award – Collections & Debt Management
Sponsored by Lowell Group
Winner: Cabot Credit Management

Treating Customers Fairly Award – Consumer & Motor Lending
Sponsored by Lowell Group
Winner: GM Financial

Treating Customers Fairly Award – Short to Mid-term Lending
Sponsored by Lowell Group
Winner: SafetyNet Credit

Treating Customers Fairly Award – Alternative Lending
Sponsored by Lowell Group
Winner: Zopa

Best Fundraising or Volunteering Campaign
Sponsored by IGF Invoice Finance
Winner: Valour Finance Group

Best Company to Work for
Sponsored by Chartered Institute of Credit Management
Winner: OVO Energy

Best Vulnerable Customer Strategy – Creditors
Sponsored by Phillips & Cohen Associates UK
Winner: E.ON

Best Vulnerable Customer Strategy – Credit Management
Sponsored by Phillips & Cohen Associates UK
Winner: Marston Holdings

Best Financial Services Provider
Sponsored by TDX Group
Winner: Nationwide Building Society

Credit AWARDS2016

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YOU'VE BEEN FRAMED

At the Credit Awards, teams from companies across the entire profession, at various stages of sobriety, posed for photos in a booth sponsored by Mr Lender. Here's a selection including some of the well-deserved winners


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See you next year

INNOVATION AND REGULATION: NOT MUTUALLY EXCLUSIVE

***Christine Toner** examines how creditors and debt collection agencies are managing to innovate in their use and development of collections technology, despite restrictions of the new regime*

Think innovation and creativity and what springs to mind? Non-standard solutions? Thinking outside the box? What you probably don't think of is towing the line, regulation and strict criteria.

Yet that's the challenge facing firms within the debt collection sector at present. How can we move the market forwards in terms of technology innovation whilst ensuring the Financial Conduct Authority's (FCA's) regulatory requirements – and, indeed, the requirements of creditors and other third parties – are met. Is it possible to be both innovative and compliant? Progressive and conforming?

One company that seems to have found the balance is Zinc Group, winner of the Best Collections Technology Award at the Credit Awards 2016 for its use of Enghouse Technology.

A key reason for Zinc's success was its investment in Enghouse Interactive Outbound dialler & verification system software.

The voice analytic software delivers speech analytics/data in real time. By analysing "soft evaluators of call" such as conversational tone, volume of speech and 'crosstalk' (when a customer talks over the agent) Zinc agents are able to recognise when a customer is feeling agitated or stressed and can tailor their approach and engagement appropriately in a live call environment.

This technology allows Zinc to sample 100 percent of calls as opposed to the two percent to five percent industry average, which are usually done retrospectively and sometimes on a monthly basis.

Dougie McManus, chief executive of Zinc, says using this technology has helped the firm to highlight some interesting trends which raise questions about the approach the industry takes. One surrounds the FCA guideline around asking why the person got into debt in the first place. The soft analytics have shown this to be the highest stress indicator on a live call.

"When you're dealing with people in financial difficulties, they don't like raking over the past in terms of how they got here," says McManus "It can be a number of things, redundancy, divorce, but it's in the past and they want to leave it in the past. I'm not quite sure what we gain from finding out unless it highlights some form of vulnerability."

As well as being able to alter their approach during the live call, by analysing the reactions of customers to various parts of the process Zinc's agents are able to identify trends for future calls.

From a compliance perspective, McManus says the vocal coach element of the technology ensures all regulatory needs are being met. Indeed, when looking at the systems Zinc has in place, it would seem, the need to remain compliant doesn't hamper technological development but rather it inspires it.

"The voice coach part of our voice analytics has helped dramatically," he says. "We have a phonetic response, there's actually a list of what the regulatory requirements are on the screen and as long as our agents speak those actual words or phrases they will come off a live time checklist. If they're getting towards the end of a call and there's anything still on that list, for example if they've missed a regulatory requirement or a client requirement, they can see it on the screen. If they haven't mentioned priority debt, for example, they'll see that phrase still there. We didn't want to script it. We wanted to let them use their own way of dealing with things but to make sure they meet the regulatory requirements."

And there is the potential further development of the systems in order to simultaneously improve customer outcomes and adhere to FCA regulation.

"The next level for us in our analytics is that there will be points in the conversation that can be overridden by something that should override them. For example, a vulnerable customer. If a customer says I've just got divorced or I've just been diagnosed with cancer that would change the call completely and a sub-set of regulatory requirements for vulnerable customers would come up. This would be triggered by a phrase which we will decide on," McManus says.

While the vocal analytics were a stand out feature in Zinc's awards success it is just one part of the firm's technological offering. Customer portals are another key component.

"If you look at our customer journey portal which is www.wewanttosayyes.co.uk, customers can go on and completely manage their account from A to Z," says McManus. "They can go on and do their income and expenditure, see what disposable income they have. They can do the whole account process but without a live time voice. They can do web chat, skype, SMS. We're developing a whole customer service that is non verbal. It's a growing area.

We have apps you can utilise. For around 23 percent of our business now, we never speak to our customer."

Instant access

Provident Home Credit is another company which has enhanced its collections technology of late in order to improve the customer's experience. The introduction of its CLIPapp has automated collection processes, with agents now able to instantly access customer details and record payments, as well as divide their loan books and workload into teams.

Andy Parkinson, director of Provident Home Credit says this has not only cut both time and costs, but also minimised the risk of inaccurate paper-based handovers.

"Enhancements to CLIPapp have streamlined this further, with two new search options allowing callbacks for missed payers who weren't at home, and automatically updating a customer's balance when entering a payment, meaning agents can keep the customer informed in real time," he explains. By eliminating paper-led collections processing, the time spent by agents completing admin tasks in offices has been reduced. As a result, they are able to spend, on average, two hours longer a week in the field with customers.

"During agent visits, automation allows for the swift and accurate resolution of queries and disputes – benefitting both the agent and the customer – and by bringing together the dual functions of selling and collecting, agents can instantly switch between the two, giving customers a much quicker service by providing a lending decision straight away," says Parkinson.

"Additional developments to the software has allowed loan books to be easily transferred and split between agents, accommodating fluctuating customer demand in certain areas and making sure customers still have access to face-to-face service should their usual agent be absent from work due to ill health."

Parkinson says the automation of the collections process puts financial control into the hands of customers, who can request real time and historical payment information on their loans.

"This allows customers to keep on top of their repayments, and benefiting their long-term personal financial health," he says. "As Provident never charges fees for late or missed payments, customers feel reassured that their agent can work with them on adjusting their payment structure in real time using the CLIPapp with immediate effect without any additional charges."

A key driver in many of the technological advancements in the market in recent years stems from the need for systems which recognise that every customer is different. There's a demand for intelligent technologies that can offer bespoke solutions while still providing time efficiency.

"Investment in new technology is always hard for businesses to justify, bringing analytics to bear alongside this is even harder"

The economic turbulence of the last decade has meant the profile of the average 'debtor' has changed. According to debt charity StepChange the number of people struggling with debts has risen by 56 percent since 2012. A one size fits all approach is no longer suitable.

"Historically the industry tended to treat all customers in the collections process with a one size fits all approach," says Laurence Hamilton, managing director at TDX Group. "In the 12 years since TDX Group was established, we have worked to help clients achieve better outcomes for consumers through the use of data, segmentation and tailored collection strategies, enabled through our proprietary recoveries management platform. We continue with this philosophy, to enable our customers to know their customers, earn their trust and maximise collections in the right way."

Hamilton says companies must avoid falling into a one size fits all approach in order to remain compliant and shouldn't interpret regulation to mean that this is what is required. The regulator requires customers to be treated fairly, but it doesn't dictate the approach that should be taken. It is incorrect to assume remaining compliant excuses firms from having to be forward thinking.

"It is our belief that changing regulation within the industry should encourage, rather than hamper, the development of innovative collections technology," he says. "Regulation is helping the entire industry remain focused on delivering creative and innovative solutions which have customer needs at the centre."

The challenge, according to Hamilton, is threefold. Firstly, is the technology available to ensure the best consumer decisions and interactions in collections and recoveries can be made, secondly can it be deployed alongside legacy infrastructure and thirdly how can that data be used?

"Ultimately, how do we guard against regulation interpretation, which actually means that while we are absolutely taking every action to ensure the consumer is appropriately treated, we do not enforce a one size fits all approach," he adds.

But while regulation may not stifle innovation, a lack of investment could. If firms are not willing to plough money into developing more bespoke and progressive system, the level of innovation ultimately starts to dissipate, and in the end customers lose out.

"Investment in new technology is always hard for businesses to justify, bringing analytics to bear alongside this is even harder and collections and recoveries is certainly not seen as the sexy and high priority," says Hamilton.

"The best technologies in the future will enable creditors to predefine differentiated treatment paths tailored to an individual's circumstances. Digital for those who want digital, or a phone call to a home number when the customer is actually available, and of course support when it is needed for those facing genuine hardship. We're driven to make the debt industry better for everyone and ultimately want to provide solutions which will deliver the fairest outcomes for all."

A CONDUCTOR FOR INNOVATION

Q&A WITH JAN-MICHAEL LACEY

Head of Sales, Qualco UK

***Jan-Michael Lacey** explains Qualco's pivotal role amid market trends of reduced panels, European expansion and a convergence in contingency collections and debt purchase*

QUALCO

CS: As a technology provider, you're in a pivotal space between creditors and suppliers, what trends are you seeing?
JML: "A willingness from the creditors to invest in new technology and platforms to ensure they have the best possible solutions. This often results in a comprehensive review of the entire strategy. Often, what starts as a conversation about a specific area, quickly evolves into a broader conceptual piece.

"The Financial Conduct Authority's requirements around systems and controls have caused everyone to take a long hard look at what's in place and whether it's fit for purpose. Many creditors are looking to rationalise their supplier base to retain sufficient oversight and reduce risk in this area. This is an area where we can add value in many ways."

CS: How do you see contingency collections and debt purchase evolving?
JML: "We are seeing a clear convergence occurring. The traditional view used to be one of a perceived conflict if a supplier offered both contingent and purchase, but again, perhaps in an effort to minimise the number of suppliers, many creditors appear to prefer the fully-integrated approach. This is evident looking at the major players such as Lowell with Fredrickson, Cabot and Apex, Arrow Global and CapQuest. The key to this working is transparency.

"The next big development will be an increase in sellers requesting 'post-sale reporting' and activity information from purchasers. At present the level of detail they request is in the main, relatively high level. Moving forward it will be more granular, as the regulators will expect this, but also with analytics applied, this can have a profound effect elsewhere in the clients' operations, such as the point of customer acquisition."

CS: Amid consolidation and increased oversight of DCAs, what does this mean for Qualco?
JML: "Through our ExtraCollect platform, we can provide the tools to creditors through which data, activity reporting and advanced analytics can be delivered. We can take the time-consuming back office functions away and let clients focus on the bigger strategic picture, knowing the underlying processing is taken care of."

CS: How do you see Qualco's role in engineering innovation in the collections space in the UK?
JML: "Most clients have a long wish list of development work they want to undertake but lack either the technical ability or resources to do it. We can bring their ideas to life, enable analysts to see if the reality matches their models and forecasts in a controlled manner, and expedite processes faster than clients could on their own."

CS: How about across collections in Europe?
JML: "With perhaps more relaxed regulations, and less mature markets, there could be the ability to innovate. However, we are seeing an appetite in these markets to adopt best practice from more mature regions, especially the UK. Our penetration in southern Europe is significant and we are regularly approached to conduct workshops showcasing how the UK market has developed. We see partners in the UK with accreditations such as Investors in Customers, achieving net promoter scores (NPS) of +39. This is exceptional and this industry can say it is no longer seeking brand protection of clients, we are now collectively delivering brand-enhancement. We're helping to take this approach to other markets on the continent and in some cases providing an entry point for clients into new territories."

QUALCO UK CHAMPIONS BEST PRACTICE IN DATA TRANSFER

Qualco champions the safe passage of data and in 2015 it took the unprecedented step of making its file transfer process available to any organisation seeking a compliant data exchange solution. Qualco Manual Version 3.0 is the latest incarnation and is available as a digital resource on its website www.qualco.co.uk or via scanning the QR code below. This manual contains its technical specification for the exchange of data between originators and their collections agencies.

The file transfer process has been rigorously developed and tested by its experienced technical team, and is adopted by all 27 of Qualco's outsource partners.

It offers assurance to any prospects using its methodology that it guarantees conformance in the transfer of customer data and that it is representative of the activities undertaken on their behalf. Pass the Qualco Manual onto your supplier technology team. From page 17 it provides you with its specification for your future data uploads.

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ON THE MOVE

All the latest moves and new appointments within the credit industry

Andy Gray
Optima Legal

Law firm Optima Legal has announced that Andy Gray, the previous managing director of mortgages at Barclays, will join its board as a non-executive director.

Pending approval from the Solicitors Regulation Authority, Gray's role within Optima Legal will be to challenge and assist in developing Optima's strategy and proposition to the wider market. He will provide further insight and understanding from a client perspective.

Gray has more than 30 years' experience in the UK banking sector and is a well-respected figure in the industry. He received the Lifetime Achievement Award at the British Mortgage Awards 2015 and was previously managing director of mortgages at Barclays and deputy chairman of the Council of Mortgages Lenders.

Andrew Wilson
High Court Enforcement Officers Association

Andrew Wilson, group director of self-named bailiff company Andrew Wilson & Co, has been appointed the new chairman of the High Court Enforcement Officers Association (HCEOA). Wilson takes the helm following a unanimous vote held by fellow board members at the association's AGM in May.

Wilson has been given the job in recognition of his service on the HCEOA board of directors since 2004 and for his contribution to the association as vice chairman for the last six years.

As chairman of the HCEOA, Wilson's primary role will be to develop more work for high court enforcement officers, by encouraging the government to remove the artificial barriers preventing officers from enforcing Consumer Credit Act judgments.

Wilson said: "I am looking forward to a busy few years, helping to drive the profession of high court enforcement officers forward and expanding our market in line with the demands of our customers."

Wilson helped develop the business of Andrew Wilson & Co in 2000, as part of the Cerberus group of companies, in anticipation of the industry's shift from sheriffs to high court enforcement officers in 2004. Prior to this, he was a solicitor in private practice and under sheriff of Lancashire.

Graham Bird
Hilton-Baird Audit & Survey

Risk management firm Hilton-Baird Audit & Survey has promoted Graham Bird to the role of managing director with immediate effect.

Bird joined the company as audit manager in 2010. His new position will involve a more strategic role with a focus on strengthening existing relationships and building new ones.

Bird said: "Now with seven full-time experienced analysts, we have never been better equipped to meet the evolving requirements of our growing client base."

Brett Jacob
Jaywing

Data analytics specialist Jaywing has appointed Brett Jacob to the newly created role of sales and marketing director, covering the firm's risk analytics offering.

Jacob's role will cover both the Jaywing and Epiphany brands for all service lines, with the entire sales and marketing teams reporting to him. He joins from credit reference agency Experian and his previous roles include head of customer analytics at First Direct from 1998. He also had a previous stint at Jaywing's data science arm as sales and commercial director from 2005 through to 2010.

Colin Rutter
Callcredit Information Group

Credit reference agency Callcredit Information Group has appointed Colin Rutter as chief risk officer and general counsel. Rutter joins Callcredit from competitor Experian where he was general counsel and a member of the UK&I, EMEA and APAC executive teams.

Rutter said: "After almost 21 years at Experian I am looking forward to taking on a new leadership challenge. Callcredit's longstanding leadership in innovation and talent are tenets of an organisation that is poised for growth and long term success."

Carine Lecadre-Perrier
Tikehau Capital

Private equity and venture capital firm Tikehau Capital has appointed Carine Lecadre-Perrier as head of group compliance and a member of the group's management committee.

Reporting to the executive committee, she is responsible for the design and oversight of all aspects of the group's internal control and compliance.

Lecadre-Perrier joins Tikehau Capital from Rothschild & Cie Group where she was head of compliance and operational risk for France and southern Europe since 2006. She started her career in the field of compliance in 1999 at Archon Group France – a subsidiary of Goldman Sachs Real Estate Asset Management.

Christopher Mead
PRA Group

US-based debt purchaser PRA Group has appointed Christopher Mead to a newly created management position – vice president of the office of the consumer.

Mead, a 16-year veteran of Capital One, will report to Chris Graves, executive vice president, Americas Core. In this role, Mead will develop customer insight strategies and design new products and programs to improve customer experiences. Steve Fredrickson, chairman and chief executive officer of PRA Group, said: "The office of the consumer will be a true advocate for our customers. In this new role, Chris will further strengthen PRA's consumer focus by listening to feedback from our customers and working to ensure they have the best possible experience with PRA."

Mead most recently served as vice president of fraud and merchant dispute operations for Capital One.

Tekananda Narrainsawmy
Bluestone Mortgages

Lender Bluestone Mortgages has announced the recruitment of four new staff members across various business divisions. Tekananda Narrainsawmy joins as senior servicing specialist and will support the servicing and arrears management functions. Chris Bowyer takes on the role of general manager of asset management. He has experience in a broad range of banking and finance senior and executive level positions, including recent mortgage servicing operational leadership roles with the Co-op Bank, Permanent TSB and AIB Bank.

ON THE MOVE

All the latest moves and new appointments within the credit industry

Neil Tribick joins as key account manager and will be responsible for managing key relationships in the north of England. Before working at Bluestone, Tribick worked at Castle Trust as a business development manager. Joe Akosah has also come on board as digital marketing executive.

Kate Sharp
Encompass Corporation

Technology provider Encompass Corporation has appointed former chief executive of the Asset Based Finance Association (ABFA), Kate Sharp, as an industry advisor.

Sharp served as chief executive of ABFA from 2003 to 2014 where she significantly raised the profile of invoice finance within government, which ultimately resulted in significant changes to UK legislation in respect of bans on assignment. She was also instrumental in setting up the EU Federation for Factoring and Commercial Finance (EUF) and was made an honorary fellow of the Institute of Credit Management.

Sharp said: "Financial services firms face the challenge of making sense of all relevant information available to them, and doing this in a timely manner and at reasonable economic cost.

"I believe that by using products from Encompass, firms can genuinely create value for their clients and their owners."

John Nicholas
Coface

Credit insurance provider Coface has appointed John Nicholas as risk underwriting director.

Nicholas replaces Grant Williams who becomes political risk director. Most recently Nicholas spent 12 years as credit risk director at a global steel trading group and prior to that eight years at a credit insurer where his last role was as regional risk manager.

Frédéric Bourgeois, managing director of Coface in the UK and Ireland said: "I am delighted with both these appointments. John brings with him not only specialised credit insurance underwriting capability but an appreciation of the role of the credit function in businesses operating in a challenging economic and competitive environment. Grant's appointment brings valuable credit risk underwriting skills to our political risk offer."

Maureen Leslie
Insolvency Practitioners Association

The Insolvency Practitioners Association has appointed Maureen Leslie, founder director of MLM Solutions, as its new president for the coming year.

Leslie takes office with immediate effect, and serves as the association's figurehead and chairman of its board of directors for the next 12 months.

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Events calendar

2016

Utilities & Telecoms Conference | 29.09.16
The St Johns Hotel, Solihull | utilitiesandtelecomsconference.co.uk
The only conference dedicated to the credit and collections professionals within utilities and telecoms returns for its seventh year providing you with your vital update.

SAVE £100 BOOK BEFORE 8 JULY

Utilities & Telecoms Awards | 29.09.16
The St Johns Hotel, Solihull | utilitiesandtelecomsawards.co.uk
The seventh Utilities & Telecoms Awards will place these niche sectors at the forefront of excellence in the credit industry. QUICK! Entries close 8 July.

ENTRIES CLOSE 8 JULY

TRI Awards | 19.10.16
The London Hilton on Park Lane | triawards.co.uk
The annual TRI Awards (previously known as the I&R Awards) recognises and rewards the achievements of firms and individuals working within a challenging sector.

BOOK YOUR TABLE

Collections, Debt Sale & Purchase Conference | 24.11.16
The Midland Hotel, Manchester | cdspconference.co.uk
Uniting key debt sellers and debt purchasers, this conference returns for its sixteenth year provides valuable advice and critical updates to enable you to execute a market leading collections strategy.

SAVE £100 BOOK BEFORE 9 SEPT

Collections & Customer Service Awards | 24.11.16
The Midland Hotel, Manchester | ccsawards.co.uk
The Collections & Customer Service Awards returns for its tenth outing to recognise compliance and fairness in customer treatment. Entries open this month.

ENTRIES OPEN THIS MONTH

2017

Credit Summit | 30.03.17
QEII Centre, London | creditsummit.co.uk
The Credit Summit is the UK's largest and most comprehensive credit event covering all areas of the industry. It is the one stop shop for every creditor!

Credit 100 | 30.03.17
QEII Centre, London | creditsummit.co.uk/credit100
The Credit 100, an accolade for high achievers nominated by the industry, is revealed after the Credit Summit. Make sure you nominate this year.

Credit Awards | 11.05.17
The Grosvenor House, London | creditawards.co.uk
The biggest credit award ceremony returns for its eighteenth year to celebrate excellence. Showcase your success and network with the industry elite at a fantastic night of celebration.

Car Finance Conference | TBC
carfinanceconference.co.uk
The Car Finance Conference will look at the challenges, opportunities, and transformative factors connecting lenders, manufacturers, dealers and consumers in car finance.

Car Finance Awards | TBC
carfinanceawards.co.uk
The Car Finance Awards scheme will bring key firms from the UK car finance market together to recognise innovators, leaders and top performers in this dynamic sector.

If you would like to be involved in any of the above events please get in touch using the following details:

TO ATTEND:
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Email: events@creditstrategy.co.uk

TO SPONSOR:
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Lowell. GROUP

LOWELL GROUP

The Lowell Group takes its monthly look at some of the key economic indicators

FTSE 100: This closed in April at 6,241.89 points, up by 1.1 percent compared to the end of March, however, the index has been broadly flat since the start of 2016.

Consumer Price Index: The ONS said the CPI rose by 0.3 percent in the year to April 2016, down from 0.5 percent in the year to March. Falls in air fares and prices for clothing, vehicles and social housing rent were the main contributors to the drop.

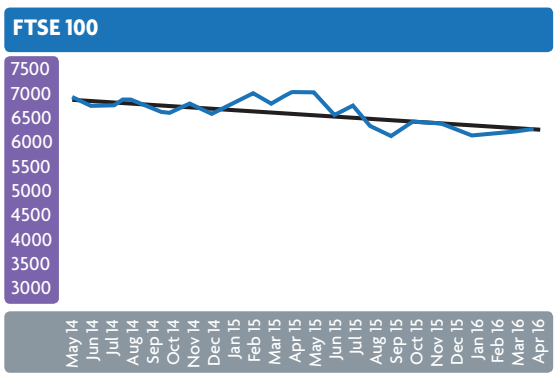
Crude oil prices: The average weekly spot price rose to $41/barrel in April, up from $38/barrel in March.

Unemployment: According to the ONS, there were 1.69 million unemployed people in the three months to March 2016. This was a drop from 2,000 from the previous quarter and 139,000 less than a year earlier. The unemployment rate remained at 5.1 percent.

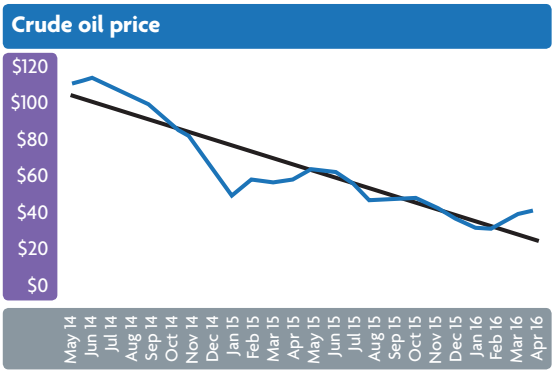
House prices: Data from Halifax shows house prices in the three months to March 2016 were 1.5 percent higher than the preceding three months.

The annual rate eased from 10.1 percent to 9.2 percent.

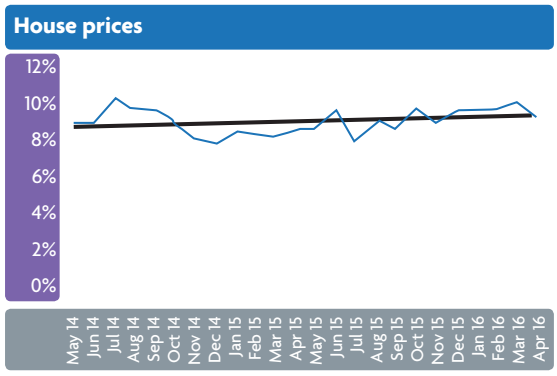
Retail sales: The ONS said the volume of retail sales in April 2016 is estimated to have increased by 4.3 percent compared with a year ago.



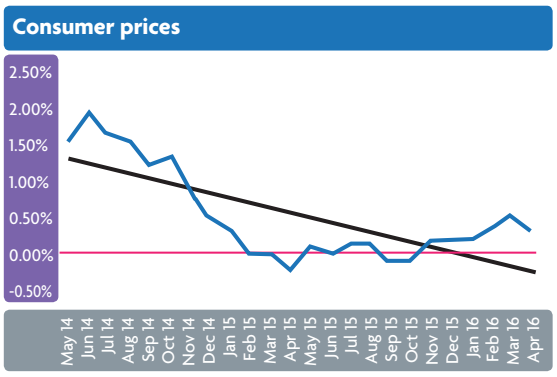
Source: Digital Look



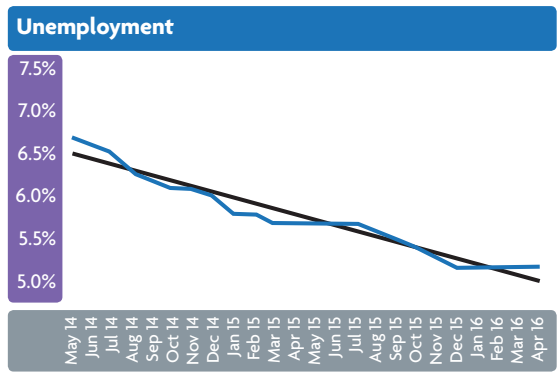
Source: Energy Information Administration



Source: Halifax



Source: Government Statistics



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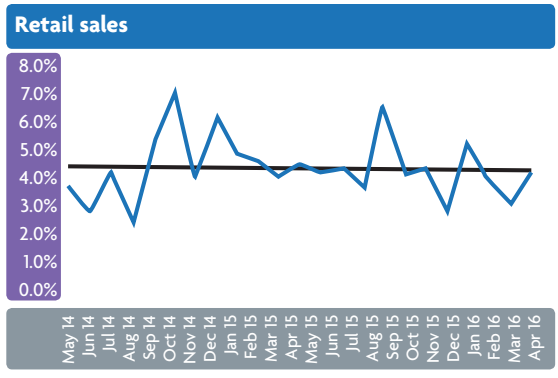

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