

**WONGA GROUP ("WONGA")**

**COMPETITION & MARKETS AUTHORITY ("CMA") PAYDAY LENDING MARKET INVESTIGATION**

**RESPONSE TO CONSULTATION ON DRAFT PAYDAY LENDING MARKET INVESTIGATION ORDER AND EXPLANATORY NOTE**

**29 MAY 2015**

**1. INTRODUCTION**

This document sets out Wonga's response to the CMA's consultation on the draft Payday Lending Market Investigation Order 2015 ("**Draft Order**"), which was published by the Competition and Markets Authority on 1st May 2015.

**2. PART 3: PRICE COMPARISON WEBSITES ("PCW")**

2.1 [CONFIDENTIAL]

2.2 [CONFIDENTIAL]

2.3 [CONFIDENTIAL]

3. **Article 7.1 and paragraph 28 of the Explanatory Note:** The requirement to display a hyperlink prominently on a payday lender's website and "above the fold" should be considered in light of all other mandatory disclosure requirements that a consumer credit provider's website already needs to display (which derive from other legislation and FCA rules). In particular, we highlight the existing mandatory legal/regulatory requirements in respect of providing:

- i. A Representative example;
- ii. A Risk warning for high-cost short-term credit.

Furthermore, the requirement to position the hyperlink "above the fold" means that Wonga may have to move the following non-mandatory disclosures on its website "below the fold":

- i. Information setting out consequences for customers who default; and
- ii. Information relating to the suitability of the product for prospective customers.

We think this information is of greater value to prospective customers than the hyperlink to the PCW.

The combination of pre-existing disclosure requirements and Article 7.1 risks too much detail up front on a busy webpage. Consequently, customers may miss important messages. Against this background, Wonga believes that the "above the fold" requirement is too prescriptive a requirement, in particular in relation to viewing on mobile devices which have considerably smaller screen sizes.

**4. PART 4: SUMMARY OF BORROWING**

4.1 **Article 12 of the Draft Order and paragraph 50 of the Explanatory Note:** Wonga believes the CMA's intention is that Article 12 will only ever trigger the requirement to make a summary of borrowing available once in the lifetime of the loan. It would be helpful if that was made clearer in the explanatory note. At present, a reader might

construe Article 12.1 (c ) as requiring a summary of borrowing to be made available each time a payment is missed and 3 months have passed. A customer could of course miss more than one payment in the case of an instalment loan agreement.