



## MOTOR TRADE NEWSLETTER

May 2014



### ■ Consumer Credit changes

As of the 1 April 2014 the Office of Fair Trading (OFT) no longer exists and the Financial Conduct Authority (FCA) has taken on overall responsibility for consumer credit. Trading Standards will continue to have an involvement in consumer credit issues but that role will be different from what happened before 1 April 2014.

Many of the provisions of the Consumer Credit Act 1974 have been transferred over to the new financial services regime, including consumer credit advertising. Consequently traders looking for advice on credit advertisements (now called 'Financial Promotions') should first of all look to the FCA and their 'CONC' rules for guidance.

The *Financial Services Act 2012 (Consumer Credit) Order 2013* provides that Trading Standard's existing powers in the Consumer Credit Act 1974 will continue to apply to a "relevant offence" within a "relevant regulated activity", as defined in the Financial Services Act 2012 and the Financial Services and Markets Act 2000. What this means in practice is that the FCA will take the lead on consumer credit and we will have a shadow role. The FCA has recently established a Memorandum of Understanding (MOU) with Trading Standards and the MOU sets out who does what and the expectations of each party to the agreement.

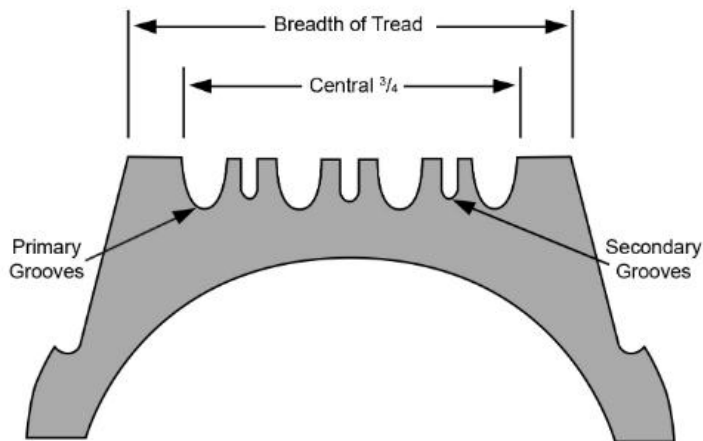
One of the expectations agreed in the MOU is that Trading Standards will continue to monitor consumer credit advertisements (financial promotions) on the ground and in the local media. We are also under an obligation to inform the FCA of any non-compliant issue (including financial promotions) and where appropriate we will remind Highland dealers holding FCA 'interim permission' status that any reported non-compliance will likely be taken into account by the FCA when the dealer has to apply for full FCA authorisation. These arrangements will we understand continue once traders achieve full authorisation.

See also - [www.fca.org.uk/consumer-credit](http://www.fca.org.uk/consumer-credit)

## ■ Tyre Safety

Generally speaking, used cars whose condition conforms to MOT test standards are safe for the purposes of the General Product Safety Regulations 2005 and further details are set out in our online guidance form at [www.highland.gov.uk/motortrade](http://www.highland.gov.uk/motortrade).

In our guidance we refer briefly to the safety of tyres. For the most part we would recommend a tread depth greater than the minimum 1.6mm and it would be reasonable to say that most car sellers will sensibly sell cars with satisfactory tyres to make sure consumers have reasonable use of their car before having to replace any tyre. Nevertheless a car could legally be sold if it meets the minimum tread depth and earlier this year the Driver and Vehicle Standards Agency (DVSA) issued some useful MOT tester guidance on how to properly assess tyres. The guidance may also be useful for car dealers as it clarifies which grooves are relevant when referring to minimum tread depth. See [www.tinyurl.com/tyre-grooves](http://www.tinyurl.com/tyre-grooves) for further details.



## ■ Trading Standards – administrative changes

The Highland Council has recently been reorganised and Trading Standards is now part of the newly created Development & Infrastructure Department which includes planning and economic development.

## ■ Further information

See our webpage for further information on Trading Standards and specific motor trade guidance

- [www.highland.gov.uk/motortrade](http://www.highland.gov.uk/motortrade)

**Note:** The Council's website is undergoing redevelopment to make it more smartphone and tablet friendly and some of the Trading Standards pages are partially complete.