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Regulatory Update

Update: FCA Confirms Motor Finance Redress Scheme — Key Points for Motor Finance Lenders

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The UK Financial Conduct Authority (FCA) published an update on 24 June 2026 regarding the [motor finance consumer redress scheme](#) (the Scheme).

The FCA announced that aspects of the timelines for the Scheme can be paused due to legal challenges; however, firms should continue to prepare for the Scheme until the FCA communicates otherwise. Firms are encouraged to do this by identifying complaints and agreements, gathering commission agreements and disclosure practices (including from brokers), managing cases where consumers have multiple representatives and cooperating promptly with the Financial Ombudsman Service.

The grounds of the challenges are fundamental in that they question whether the FCA holds the authority to make the rules underpinning the Scheme at all. While the matter remains with the Upper Tribunal, it is unclear whether a ruling against the FCA would cause the Scheme to collapse entirely or simply suspend certain elements of it.

With the 30 June 2026 deadline for the implementation period now falling away, the FCA is advising firms to continue carrying out preparatory work that remains relevant and necessary in all circumstances, but it will not currently enforce the requirements to communicate with customers, make payments or submit monthly reports as provided by the original timetable.

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