

PRIOR PERMISSION

Service Category: Consumer Credit

Any registered provider that wishes to be involved in the provision of a premium rate service ('PRS') that falls within the definition below, and fulfils any of the key conditions outlined below, must have prior permission from PhonepayPlus before the service can commence operation. Prior permission will only be granted subject to the application of certain conditions as set out below.

Permission granted under this category of service is specific to named services only.

Definition:

For PhonepayPlus' purposes, 'consumer credit services' are defined as services (both recorded and live) which appear to PhonepayPlus to offer one or more of the following facilities:

1. credit brokerage
2. consumer credit business
3. consumer hire business
4. debt adjusting and debt counselling
5. credit repair services, giving advice on amending credit records including, for example, the removing of County Court Judgements.

Services 1 to 5 (above) correspond with business categories 'A' to 'D' on a Standard Consumer Credit Licence and are to be construed accordingly.

Services which offer debt collecting or credit reference agency facilities (business categories 'E' and 'F' on a Standard Consumer Credit Licence) **are not included** in this definition. However, they will still require prior permission if they feature live conversation or operate at a higher tariff. Providers should also note that the definition of a consumer credit service extends to services for sole traders and partnerships, but not to services exclusively for limited companies.

General conditions:

- (i) All provisions of the [PhonepayPlus Code of Practice](#) ('the Code') (as far as they are applicable) apply to the service.
- (ii) PhonepayPlus may impose such further conditions as it may deem necessary upon reasonable notice.
- (iii) This permission certificate may be immediately revoked by PhonepayPlus at any time if any condition is breached.

- (iv) PhonepayPlus may revoke this permission certificate after giving reasonable notice.
- (v) That all platforms and connections to a Network operator that provide access to the service(s), and any other relevant services provided, are of adequate technical quality-
- (vi) The Level 2 provider must register the applicable premium rate numbers ('PRNs') with PhonepayPlus before the service commences. Once registered, any change to the PRNs must be registered within two working days.
- (vii) If, for any reason, the service fails to commence within six months from the date of this permission certificate; or, having commenced, does not operate for any continuous period of six months – then this permission certificate (in either case) will immediately cease to be in force.

Category-Specific conditions:

Credit brokerage services

- (i) All brokers must hold a consumer credit licence and be able to provide evidence of this upon request by PhonepayPlus.
- (ii) Calls must not exceed 15 minutes in duration.
- (iii) Callers who do not proceed to take out loans within six months of the call, or who exercise their statutory right to cancel a loan agreement, must not be charged more than £5. The provider can achieve this by:
 - a. Limiting the costs of calls to £5,
 - b. Implementing a system of refunding callers who do not proceed to take out loans within six months of the call, or who exercise their statutory right to cancel a loan agreement. The refund should not be less than the amount by which the cost of the call to the caller has exceeded £5. Furthermore, PhonepayPlus would expect the availability of such refunds to be promoted both at the beginning of the service and in all promotional material, and it should not be necessary for callers to have to provide a copy of their telephone bill in order to obtain a refund, or
 - c. Structuring the service so that sufficient information is obtained to determine whether or not a caller will proceed to take out a loan before the cost of the call reaches £5. However, a similar system to that described above would need to be implemented for refunding callers who exercise their statutory right to cancel a loan agreement.
- (iv) If a number of calls to the service are required, the paragraphs above shall refer to the cumulative cost to callers of the telephone calls.

- (v) The identity of the lenders with whom the loans have been placed should be identified and the APR given in each case.
- (vi) Callers must be informed of the typical APR on connection to the service.
- (vii) Callers must be informed upon connection that their details may be passed to PhonepayPlus for regulatory purposes and, having been given this information, they should be asked to confirm whether or not they wish to continue.
- (viii) If any other lender is to be signed up, the details of that lender must be provided to the Executive before loan applications are passed to that lender. The Executive will then confirm in writing whether the provider can use the lender.
- (ix) The following statistics must be provided on a monthly basis:
 - a. A breakdown of the length of each call made to the service,
 - b. The number of callers who have been accepted for a loan and how many have been declined – evidence substantiating these figures must be provided (i.e. from your lender),
 - c. Call revenue and call volume statistics (this must be obtained from your Network operator),
 - d. Evidence that refunds have been given to callers whose loan application has been unsuccessful (details of the caller's name, address and telephone number must also be provided).
- (x) Only one trading name can be used in relation to premium rate services.
- (xi) The trading name must not be misleading.
- (xii) Promotions should not be targeted at non-status borrowers – as defined in the Office of Fair Trading's ('OFTs') Non-Status Lending Guidelines – or otherwise at people who have low or impaired credit ratings or who have already been refused loans.
- (xiii) Promotions should not suggest, either expressly or by implication, that loans are available regardless of a person's income or other financial circumstances, or their credit rating, or regardless of whether they have been refused a loan.
- (xiv) Callers should not be directed to the service from other brokers or lenders, where the person has been refused a loan or has a low or impaired credit rating.
- (xv) Promotional material must comply with anything required by law, and where appropriate, the OFTs Guidelines on Non-Status Lending, and must:
 - a. If an APR is shown, be accurate and representative of the business being advertised,
 - b. State the trading name of the broker (as it appears on the Consumer Credit Licence),

- c. State the total maximum cost of the call in addition to the numeric cost per minute,
- d. Not contain a statement that loans are guaranteed,
- e. Not contain a statement emphasising the speed with which loans can be guaranteed,
- f. If the service is live, state the full address of the provider and hours of operation.

Please note that, in addition to the conditions set out above, additional conditions may be imposed at the time that the permission is granted.

Consumer credit business and consumer hire services

Applications in respect of these services will be treated in a similar way to applications in respect of credit brokerage services. It is recommended that, prior to making an application, further advice, together with an indication of the conditions that may be imposed in respect of these services, is sought from PhonepayPlus.

Debt adjusting and debt counselling services

Given the potential vulnerability of callers, debt adjusting and counselling services are unlikely to be granted prior permission. However, prior to making an application, further advice, together with an indication of the conditions that may be imposed in respect of these services, may be sought from PhonepayPlus.

Credit repair services

Given the potential vulnerability of callers, 'credit repair' services are unlikely to be granted prior permission. However, prior to making an application, further advice, together with an indication of the conditions that may be imposed in respect of these services, may be sought from PhonepayPlus.

Who should apply:

The provider contracted to, or having arrangements with, a Network operator in respect of the provision of the service (the 'contracted provider') must apply for the prior permission. The prior permission application must include the following:

- Details of all associated providers involved in the delivery of the service who have a responsibility to be registered with PhonepayPlus;
- A statement listing the provider(s) (i.e. of those that are required to register) that fulfils each of the conditions. (N.B. This must be set out clearly in respect of each service delivery-chain that has associated providers);
- Written confirmation from each of the associated providers that they fulfil the conditions set out against their name in the statement, and that they acknowledge and understand that permission granted to them will be granted in respect of the

conditions that they fulfil and that they will therefore be liable under the Code for any failure to meet those conditions.

How to apply:

Credit brokerage services

In the first instance, the contracted provider should email the Executive (compliance@phonepayplus.org.uk). The application must:

- Contain a description of the service;
- Include examples of promotional material for the service. Please note that, for consumer brokerage services, the applicant(s) must provide evidence that the advertisement complies with all relevant legislation and, where appropriate, with the OFT's Guidelines on Non-Status lending. This could be provided by the applicant's local Trading Standards office, the Finance Industry Standards Association or by any other third party recognised by PhonepayPlus as being competent to do this. Applicants should note that a fee might be charged for such a service;
- Include a copy of the broker's Consumer Credit licence, containing all necessary permissions to operate where relevant. (N.B. The licence must state the trading name of the broker);
- Detail the proportion of callers predicted to proceed to take out a loan (the 'acceptance rate'). Evidence substantiating this forecast must be subsequently provided;
- Provide details of the ranges of interest rates available, together with the typical APR at or below which 50% or more of the business is expected to be provided;
- Include details of the lenders with whom the broker expects to place business arising from the calls, together with evidence of the lenders' consent to the broker operating the premium rate service;
- Contain a copy of the script to be used by operators, including any forms to be filled out by operators;
- Explain how the conditions outlined in this document will be fulfilled, providing the details, statement and confirmation required in the 'Who should apply' section above.

Please note that evidence should be supplied where appropriate or requested.

Consumer credit business

Prior to application the contracted provider should contact the Executive for further advice and an indication of the conditions that may be imposed in respect of these services. Any application thereafter should be emailed to the Executive (compliance@phonepayplus.org.uk). The application must:

- Contain a description of the service;

- Include examples of promotional material for the service. Please note that, where relevant, the applicant(s) must provide evidence that the advertisement complies with all relevant legislation and, where appropriate, with the Office of Fair Trading's Guidelines on Non-Status lending. This could be provided by the applicant's local Trading Standards office, the Finance Industry Standards Association, or by any other third party recognised by PhonepayPlus as being competent to do this. Applicants should note that a fee might be charged for such a service;
- Include a copy of the broker's Consumer Credit licence, containing all necessary permissions necessary permissions to operate where relevant. (N.B. The licence must state the trading name of the broker);
- Where relevant, detail the proportion of callers predicted to proceed to take out a loan (the "acceptance rate"). Evidence substantiating this forecast must be subsequently provided;
- Where relevant, provide details of the ranges of interest rates available together with the typical APR at or below which 50% or more of the business is expected to be provided;
- Where relevant, include details of the lenders with whom the broker expects to place business arising from the calls, together with evidence of the lenders' consent to the broker operating the premium rate service;
- Contain a copy of the script to be used by operators, including any forms to be filled out by operators;
- Explain how the conditions provided by the Executive will be fulfilled, providing the details, statement and confirmation required in the 'Who should apply' section above.

Please note that evidence should be supplied where appropriate or requested.

Consumer hire services

Prior to application, the contracted provider should contact the Executive for further advice and an indication of the conditions that may be imposed in respect of these services. Any application thereafter should be emailed to the Executive (compliance@phonepayplus.org.uk). The application must:

- Contain a description of the service;
- Include examples of promotional material;
- Include copies of any relevant licences;
- Detail the proportion of callers predicted to proceed to hire (the "acceptance rate"); Evidence substantiating this forecast must be subsequently provided;
- Provide details of the hire rates;
- Contain a copy of the script to be used by operators, including any forms to be filled out by operators;
- Explain how the conditions provided by the Executive will be fulfilled, providing the details, statement and confirmation required in the 'Who should apply' section above.

Please note that evidence should be supplied where appropriate or requested.

Debt adjusting and debt counselling services

Prior to application, the contracted provider should contact the Executive for further advice and an indication of the conditions that may be imposed in respect of these services. Any application thereafter should be emailed to the Executive (compliance@phonepayplus.org.uk). The application must:

- Contain a description of the service;
- Include examples of promotional material;
- Include copies of any relevant licences;
- Contain a copy of the script to be used by operators (if used), including any forms to be filled out by operators;
- Provide evidence of the provider's membership with recognised industry self-regulatory body;
- Explain how the conditions provided by the Executive will be fulfilled, providing the details, statement and confirmation required in the 'Who should apply' section above.

Please note that evidence should be supplied where appropriate or requested.

Credit repair services

Prior to application, the contracted provider should contact the Executive for further advice and an indication of the conditions that may be imposed in respect of these services. Any application thereafter should be emailed to the Executive (compliance@phonepayplus.org.uk). The application must:

- Contain a description of the service;
- Include examples of promotional material;
- Include copies of any relevant licences;
- Provide full and detailed information about their proposed methods for repairing credit records. (N.B. PhonepayPlus will consult with the Registry Trust and other appropriate bodies about any such proposed method's efficacy);
- Contain a copy of the script to be used by operators (if used), including any forms to be filled out by operators;
- Provide evidence of the provider's membership with recognised industry self-regulatory body;
- Explain how the conditions provided by the Executive will be fulfilled, providing the details, statement and confirmation required in the 'Who should apply' section above.

Please note that evidence should be supplied where appropriate or requested.

In the event of an investigation:

In the event of an investigation, PhonepayPlus will target the provider or providers responsible for the conditions of the prior permission certificate which have been breached and hold them liable under the Code. This may result in the withdrawal of permission from those providers and/or the imposition of sanctions against those providers, where a Tribunal finds that those breaches have occurred.

Upon request, providers will be required to provide evidence of contracts which establish their responsibility for fulfilment of the condition(s).