

STATES OF JERSEY



CREDIT-RELATED CHECKS

Lodged au Greffe on 15th January 2019
by Deputy J.M. Maçon of St. Saviour

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion –

to agree –

- (a) to request that any Minister(s) seeking to introduce consumer lending-related legislation will undertake to consult with lenders in the first instance, whether and how account rental payment history and Parish rates payment history is taken into account when assessing a borrower's creditworthiness for a mortgage;
- (b) that any consultation will also include consideration of the appropriate use of the aforementioned data in creditworthiness assessments for other types of lending to consumers; and
- (c) to request that the relevant Minister(s) bring forward the necessary legislative changes for debate by the States Assembly no later than April 2022.

DEPUTY J.M. MAÇON OF ST. SAVIOUR

REPORT

I've had to tweak the wording of my original proposition ([P.145/2018](#)) as, after discussion with officers, there have been some technical issues raised.

The Economic Development Department is already consulting on the question of whether and how mortgage lending should be regulated within the Island –

“Some protection is provided to consumers through the new [Consumer Protection \(Unfair Practices\) \(Jersey\) Law 2018](#), and also through the proportion of lending in Jersey provided by regulated deposit-takers (banks) whose deposit-taking rather than lending activity is supervised by the Jersey Financial Services Commission (**JFSC**). As consumer lending activity is not currently overseen by a regulator, or subject to legally binding minimum standards of conduct, there is a significant risk of consumers being unfairly mistreated and the terms of lending activity being unfairly stacked against them. This could result in material financial hardship for consumers.

The purpose of this Consultation Paper is therefore to propose that consumer lending business, as explored in this consultation, be brought fully within the scope of financial services regulation and thereby directly within the oversight of the JFSC. The paper also seeks input on the exact scope of the proposals – who should be covered by regulation and what types of services and products should be in scope. Government invites feedback from all interested parties on the proposals which, if brought forward, will amend aspects of Jersey's regulatory laws and widen the regulatory scope of the JFSC and further clarify the role of the Channel Islands Financial Ombudsman (**CIFO**). This Consultation Paper also considers the high-level effects of regulating consumer lending.”.

Please see the consultation document in full here –

<https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/CD%20Consultation%20on%20Scope%20of%20Consumer%20Lending%2020191115%20JR.pdf>

What I am trying to achieve in this proposition is to ask the States Assembly to help form the future of policy and regulation when the Minister(s) consider how to progress this area. The principle being that rental payment history and parish rate payment history should be taken into account when deciding mortgage creditworthiness. I feel that one submission from one Deputy Maçon clearly doesn't carry the weight of the Assembly. This covers paragraph (a) of my proposition.

The philosophical arguments remain as they were set out in the report of P.145/2018 – <https://statesassembly.gov.je/assemblypropositions/2018/p.145-2018.pdf>.

I am given to understand that further consultations would be required in developing new legislation, and what I'm asking for could easily fit into those pieces of work for mortgage lending.

Paragraph (b) looks to establish the principle that rental payment history and parish rate payment history should be taken into account when deciding other types of lending, but leaves the flexibility when designing systems as to how appropriate is it to have this

information included. In other words, for a small loan it could be overly bureaucratic to make rental payment history and parish rate payment history a mandatory requirement for credit checks, but this would all be subject to consultation as and when legislation and systems are developed. Poorer members of our society need credit in order to have the opportunities to better their situation, and the Government needs to set the framework.

Paragraph (c) has had to change as given the lack of legislation currently in place, a greater timescale is needed, but should still be dealt with in the lifetime of this States Assembly.

Financial and manpower implications

This exercise should be able to be met within existing allocated budgets; there are therefore no additional financial or manpower implications for the States arising from this proposition.