



Consultation:

Consumer Credit Regime - Secondary Legislation



Contents	Error! Bookmark not defined.
1. Introduction	3
2. The Classes Order	6
3. The Exemptions Order	7
4. Wider Consumer Credit Regulations	8
5. Debt Collection Regulations	14
6. Next Steps	17
7. How to respond	18
8. Appendix 1 – Draft Notice – APR and TCC Formulas:	19

1. Introduction

- 1.1 The Government of Jersey is consulting on a package of secondary legislation designed to create a fair, transparent and proportionate consumer credit framework. These reforms support the implementation of the consumer credit regime under the Financial Services (Jersey) Law 1998 (“**Financial Services Law**”), that was amended by the Financial Services (Jersey) (Amendment) Law 2025 which was approved by the States Assembly in July 2025 in response to the growing use of credit in Jersey, alongside concerns about affordability, transparency of charges, contract clarity and debt collection practices.
- 1.2 This consultation sets out the suite of legislation that is required to enable the consumer credit regime to operate:
- The *Draft Financial Services (Financial Service Business) (Classes) Amendment Order* (“**Classes Order**”) which inserts a new Part 7 – Consumer Credit Business into the Financial Services (Financial Service Business) (Jersey) Order 2009. The Classes Order defines the activities that require authorisation, establishing the regulatory perimeter for consumer credit business and providing clarity and proportionality for firms operating in the market.
- 1.3 The *Draft Financial Services (Consumer Credit Business – Exemptions) Order* (“**Exemptions Order**”) which proposes targeted exemptions for low-risk or ancillary activities, ensuring that the regulation remains proportionate and avoids unnecessary burden while maintaining appropriate consumer protections.
- The *Draft Financial Services (Wider Consumer Credit Business) Regulations 202-* (“**Wider Consumer Credit Regulations**”) introduce conduct standards for lenders and credit service providers. These include, amongst other things, requirements on fair contract terms, pre-contract disclosure, advertising, affordability and creditworthiness assessments, protections for vulnerable consumers and borrower rights such as cooling off and reflection periods.
- 1.4 The *Draft Financial Services (Consumer Credit Debt Collection) Regulations* (“**Debt Collection Regulations**”) introduce statutory conduct requirements for debt collectors. These focus on requirements for clear and non-aggressive communication, accurate information, dispute resolution, complaints handling and enforcement, strengthening protections for borrowers experiencing financial difficulty.
- 1.5 The legislative framework introduces a two-tier structure for regulating consumer credit activity provided for in the recent amendment to the Financial Services Law and subsequent regulations (the latter being the subject of this consultation). The two-tier approach makes a distinction between authorised firms, supervised by the JFSC and those that are exempt from authorisation but are subject to the Wider Consumer Credit Regulations overseen by Trading Standards.
- 1.6 The amendment to the Financial Services Law included “consumer credit business” as a new form of financial services business. Those firms undertaking the following regulated activities will be required to be authorised by the JFSC (unless they are exempt):
- Provision of credit
 - Ancillary services
 - Advising
 - Credit broking
 - Debt management (adjusting, counselling and administration)

- 1.7 Firms authorised to conduct consumer credit business are likely to be higher-risk and undertake more complex credit related activities and will be regulated by the JFSC. These firms will be subject to a new Code of Practice developed and administered by the JFSC which will be the subject of separate consultation.
- 1.8 Firms that are exempt from authorisation, either under the Financial Services Law or draft Exemptions Order, will (subject to certain exceptions in the regulations) still be required to comply with the Wider Consumer Credit Regulations. The Wider Consumer Credit Regulations will be overseen by Trading Standards ensuring foundational and proportionate consumer protections. These firms generally undertake lower-risk credit activities or may be smaller businesses.
- 1.9 Authorised firms conducting consumer credit business, in addition to the Financial Services Law and the JFSC Code of Practice, will also be subject to the requirements in the Wider Consumer Credit Regulations.
- 1.10 Below is an *illustrative* example of the two types of firms, type of activity, supervisory body and core legal obligations:

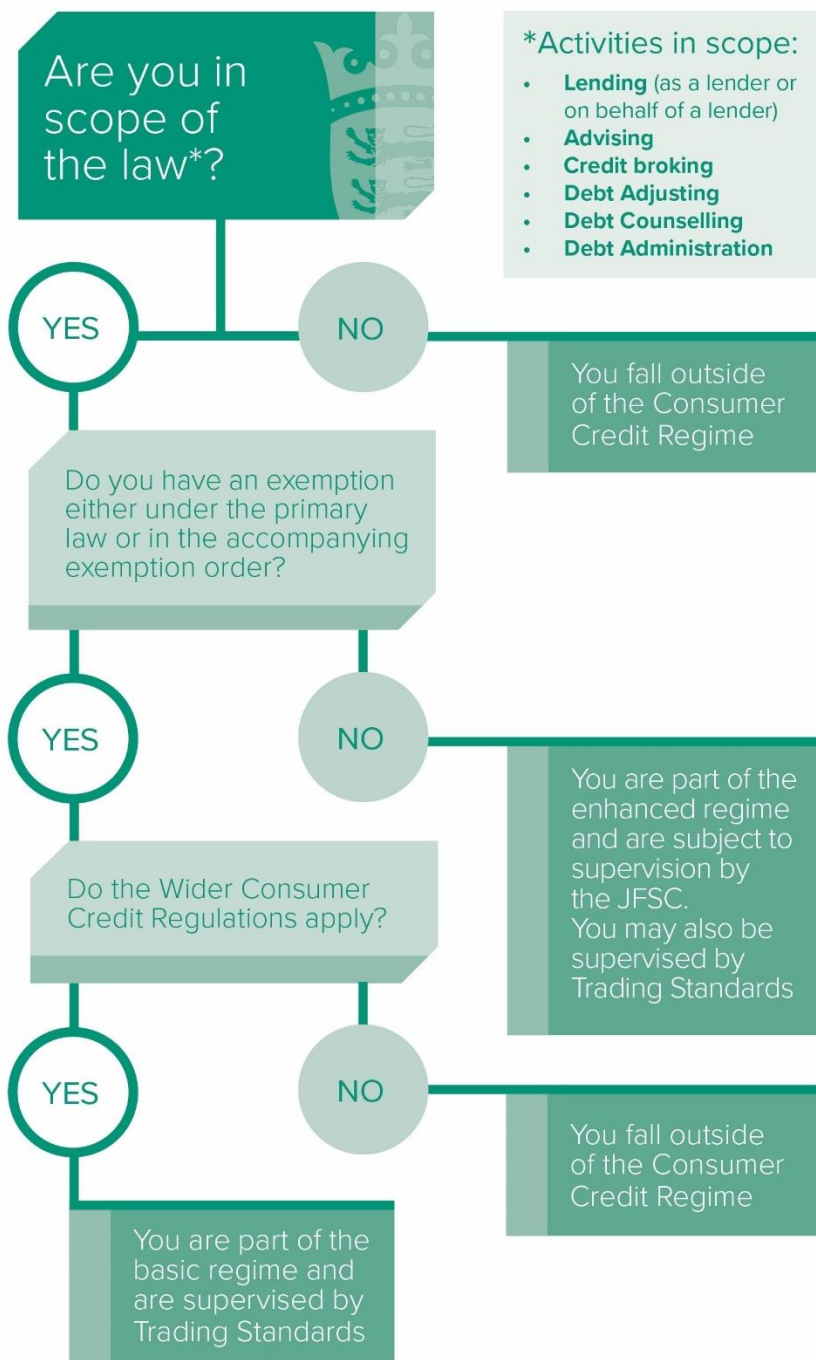
Type of Firm	Examples of activity	Supervisor	Core Obligations
Business Firms exempt from authorisation under the FS(J)L or draft Exemptions Order	Credit advertising, simple installment credit, retail credit	Trading Standards	No requirement to be authorised/licensed by Trading Standards. Must ensure Fair terms in relevant agreements and arrangements, disclosure, advertising rules, provision of cooling-off periods, complaint handling
Authorised firms who conduct Consumer Credit Business	Secured lending, broking, advising, debt management	JFSC + Trading Standards	Requirement to be authorised/Licensed by the JFSC. Subject to prudential and conduct standards, Code of Practice (separate consultation) + Fair terms in relevant agreements and arrangements, disclosure, advertising rules, provision of cooling-off periods, complaint handling

- 1.11 Debt collection does not fall within the supervisory perimeter of the JFSC; it remains within the remit of Trading Standards and proposed that all activities are subject to the Debt Collection Regulations – with no exemptions.
- 1.12 Subject to the outcome of this consultation, it is anticipated the final versions of the Wider Consumer Credit Regulations and Debt Collection Regulations will be lodged for debate by the States Assembly in September 2026 and once approved, will come into force by Ministerial Order once the JFSC and Trading Standards are ready to commence supervision of the sector.
- 1.13 The JFSC is expected to consult on the accompanying Code of Practice for Consumer Credit Business later this year. It is anticipated supervision will commence in H1 of 2027,

and there will be a year’s transitional period for firms to achieve compliance before the JFSC commences regulatory oversight of the sector.

- 1.14 The Government invites views on the suite of legislation from consumers, businesses, industry participants and other stakeholders on the scope, proportionality and practical impact of the proposals contained within, including any potential costs, benefits or unintended consequences.

DECISION TREE FOR CONSUMER CREDIT REGIME SUPERVISION



2. The Classes Order

2.1 The Classes Order introduces 6 regulated classes of consumer credit business. These 6 regulated classes define the boundary between activities requiring JFSC authorisation and those supervised by Trading Standards. These classes ensure clarity about which parties are providing regulated entities.

Class	Activity	Description
1	Providing credit	Lending money or offering finance agreements
2	Advising	Recommending whether someone should take a credit product or not
3	Credit broking	Connecting borrowers with lenders, preparing applications
4	Debt adjusting	Negotiating with lenders on someone's behalf
5	Debt counselling	Helping people understand debt solutions
6	Debt administration	Managing payments or credit agreements

2.2 These classes apply across all relevant agreements and arrangements i.e., consumer credit agreements, secured lending arrangements, conditional sale agreements and hire-purchase agreements, ensuring that all core elements of the consumer credit lifecycle are captured within regulation. Debt collection is purposefully excluded from the Classes Order – such activity will be dealt with separately by its own set of Regulations.

2.3 It is intended that by clearly delineating regulated activities, the Classes Order promotes a level playing field, supports effective consumer protection and aligns Jersey's framework with established consumer credit regimes in comparable jurisdictions (primarily Guernsey and the UK).

2.4 Questions for **industry** on the Classes Order:

- a) Are the proposed Classes 1-6 clear and easy for firms to interpret when determining whether they are carrying out a regulated consumer activity?
- b) Is the distinction between regulated debt-related activities (e.g., Class 4-6) and separately regulated consumer credit debt collection sufficiently clear for industry?
- c) What impact do you expect the new classes to have on your firm's operations including licensing, staffing or compliance processes?
- d) Would additional guidance or examples from the Government or the JFSC help firms to apply the classes correctly in practice? If so, what areas should this cover?

2.5 Questions for **consumers** on the Classes Order:

- a) Are the types of consumer credit activities that need to be regulated clear and easy to understand?
- b) Do you have any other comments on how the classes support fair and transparent consumer credit market in Jersey?

3. The Exemptions Order

- 3.1 The Exemptions Order provides for targeted exemptions from regulation where full JFSC authorisation and supervision would be disproportionate, duplicative or unnecessary, having regard to the nature and risk of the activity. These are supplementary exemptions to those already provided for under the Financial Services Law.
- 3.2 The Exemptions Order establishes categories of exempt persons and exempt transactions, set out in the Schedule to the Order. These exemptions are intended to capture activities that present a low risk of consumer detriment, are ancillary to a non-credit business, or are already subject to appropriate alternative oversight. The approach seeks to ensure that regulation remains proportionate while maintaining appropriate consumer protections.
- 3.3 The proposed exemptions include, among others, activities carried on by registered charities, certain interest-free and short-term credit arrangements, limited forms of credit broking with no or minimal remuneration, and specific retail or supply-linked credit agreements. Conditions and thresholds are applied to several exemptions to limit scope and mitigate potential consumer risk. It should be noted that although the activities proposed in this Exemptions Order will be exempt from JFSC supervision, certain of these will remain in scope of the Wider Consumer Credit Regulations (see below) and supervised by Trading Standards.
- 3.4 Those that will be out of scope of JFSC supervision but subject to the Wider Consumer Credit Regulations are:
- Charities
 - Credit broking ancillary to main business activities
 - Credit broking by small credit brokers
 - Retail credit facilities
 - Consumer credit agreements linked with supply of goods and services
- 3.5 Overall, the Exemptions Order is intended to support market participation and commercial activity where risks are low, while avoiding regulatory gaps that could undermine consumer protection. The Government is seeking views on whether the proposed exemptions are clear, appropriately scoped and proportionate, and whether any additional low-risk activities should be considered for exemption.
- 3.6 Questions for **industry** on Exemptions Order:
- a) Are the proposed exempt persons and transactions clear and easy to interpret?
 - b) Are the exemptions appropriately targeted at low-risk or ancillary activities?
 - c) Are the conditions and thresholds, for example (but not limited to) the £500,000 income threshold related to credit broking for small brokers, workable in practice?
 - d) Do any activities currently proposed for exemption pose risks that should bring them into scope?
 - e) Are there additional low-risk activities that should be considered for exemption?
 - f) Will the exemptions reduce regulatory burden as intended?
 - g) Is further guidance needed to help firms apply the exemptions consistently?
- 3.7 Question for **consumers** on Exemptions Order:
- a) Are there any other types of businesses or lending activities that should be exempted under the Exemptions Order?

4. Wider Consumer Credit Regulations

- 4.1 The Wider Consumer Credit Regulations apply to persons carrying on wider consumer credit business within the scope of Article 31A of the Financial Services Law. It means that the requirements aimed at improving fairness, transparency and consumer protection across Jersey's consumer credit market will apply to all consumer credit business (as defined in the Financial Services Law) including an activity that would otherwise be consumer credit business but for an exemption under either the Financial Services Law or the Exemptions Order.
- 4.2 That said, some activities are excluded (under Regulation 3) from certain requirements, including activities covered by exemptions in the Financial Services Law, the proposed Exemptions Order and High Net Worth Individuals provided the individual concerned has actively opted out of the protections. This means that not all businesses will be subject to the same duties and responsibilities. This consultation seeks views on whether such an approach is clear and proportionate.
- 4.3 These Wider Consumer Credit Regulations apply pre-agreement and across the lifecycle of all types of relevant agreements and arrangements and establish minimum standards for contract terms, disclosure and advertising.
- 4.4 Under Regulations 4 and 5, credit agreements must use fair and transparent terms, with the burden of proof being placed on the lender to demonstrate fairness if challenged. Terms listed in Schedule 1 are prohibited outright and always unfair, while terms listed in Schedule 2 may be regarded as unfair, depending on the context. These Schedules may be amended by Order to allow for flexibility in the regime as market practices change. The table below sets out the proposed unfair terms:

Schedule 1 – Always unfair			
Category	What the regulation says	What does this mean	Schedule Ref.
Removing responsibility for negligence	A term that limits the lender's liability for death or personal injury caused by their negligence	The lender cannot say <i>"we are not responsible if our mistakes harm you"</i>	Schedule 1, para 1
Removing legal rights	A term that limits the lender's obligations or removes a borrower's rights under any law	The lender cannot use small print to take away rights you already have under consumer protection laws	Schedule 1, para 1
Schedule 2 – Might be unfair			
Category	What the regulation says	What does this mean	Schedule Ref.
Unreasonable cancellation charges	A term requiring the borrower to pay an unreasonable sum if they decide not to go ahead with the agreement	You should not have to pay a big cancellation fee if the lender has not done anything to earn it	Schedule 2, para 1
Excessive penalty fees	A term requiring unreasonable compensation if the borrower fails to fulfil obligations	Penalties for late or missed payments must be fair – for example, no £50 fee for being £1 short	Schedule 2, para 2
One-sided right to cancel	Lender can cancel the agreement at their discretion, but borrower cannot, or lender keeps payment for services not provided	The lender should not be able to walk away whenever they want while the borrower remains tied in	Schedule 2, para 3

Unfair termination of ongoing agreements	Lender can end an open-ended agreement without reasonable notice or valid reason	If the agreement has no end date, the lender must give fair notice before ending it	Schedule 2, para 4
Unfair unilateral contract charges	Lender can change terms without reasonable notice or reason	Lenders cannot suddenly change interest rates without telling you and having proper reason	Schedule 2, para 5
Avoiding responsibility for promises or commitments	Limiting obligations to honour commitments or making them depend on extra formalities	The lender cannot say <i>“that promise doesn’t count unless you fill in more forms”</i>	Schedule 2, para 6
Restricting borrower’s freedom to get credit elsewhere	A term preventing borrowers from taking credit from other lenders	The lender cannot stop you shopping around or getting credit from someone else	Schedule 2, para 7

- 4.5 Regulation 6 requires that before a borrower enters into a relevant agreement or arrangement, lenders must provide a clear and accessible pre-contract disclosure statement in writing or another durable medium. This must include key information such as the total cost of credit (“**TCC**”), the annual percentage rate (“**APR**”), all fees/charges, risks to the borrower, any conflicts of interest, how to complain to Trading Standards and the Channel Islands Financial Services Ombudsman (“**CIFO**”), early repayment terms, cancellation rights and the contact details of all parties to the agreement or arrangement.
- 4.6 All lenders will be required to calculate APR and total cost of credit in the same way, meaning that results are consistent and comparable for consumers. Lenders will not have to guess which method to use, the formula will be clearly set out in a Notice issued by Government. It will replicate the formulas used in the UK and Guernsey to ensure products remain available to consumers. A draft of that Notice can be found at **appendix 1**.
- 4.7 Regulations 7 and 8 introduce responsible lending requirements. Prior to entering into an agreement, providers must assess the borrower’s affordability, creditworthiness and vulnerability to financial harm. Where advice is given, the provider must additionally assess the suitability of the credit product having regard to the borrower’s personal circumstances and the features of the agreement. The burden of proving that these requirements have been met, will fall on the lender.
- 4.8 Regulations 11 to 15 set our requirements relating to advertising of consumer credit which are subject to specific standards designed to prevent misleading or unclear promotions. If an advertisement includes an interest rate, or total cost of credit, it must display a representative APR and TCC clearly and prominently (with the APR being the more prominent of the two rates), explain how it was calculated, and identify the person issuing the advertisement. Unsolicited advertising to individuals who have opted out is prohibited.
- 4.9 Borrower protections after entry into a relevant agreement or arrangement are strengthened through statutory cooling-off and reflection periods set out in Regulations 16 to 18. Most consumer credit agreements will be subject to a 14-day cooling-off

period, while secured lending arrangements must provide borrowers with a minimum 7-day reflection period before completion.

- 4.10 The Wider Consumer Credit Regulations also require firms to maintain written complaints-handling procedures.
- 4.11 Regulations 19 to 25 set out the offences that might be committed under the Wider Consumer Credit Regulations and enforcement powers available to Trading Standards where a breach of the Regulations has occurred. Offences comprise the following amongst others:
- Using unfair terms
 - Failure to disclose relevant information
 - Improper advertising
 - Not having complaints procedures
- 4.12 Defences to offences include due diligence, and innocent publication for publishers. It is proposed that the penalty for an offence is a level 3 fine on the standard scale and that the Chief Trading Standards Officer may accept undertakings from businesses not to carry out a further breach and/or publish enforcement actions.
- 4.13 Overall, the Wider Consumer Credit Regulations are intended to deliver better outcomes for consumers through clearer information, fairer terms and stronger safeguards, while

supporting a proportionate and transparent framework for businesses providing consumer credit in Jersey.

4.14 Below is an illustration of activities that are considered subject to the Wider Consumer Credit Regulations, those considered out of scope altogether and those that are in scope but also subject to supervision by the JFSC.

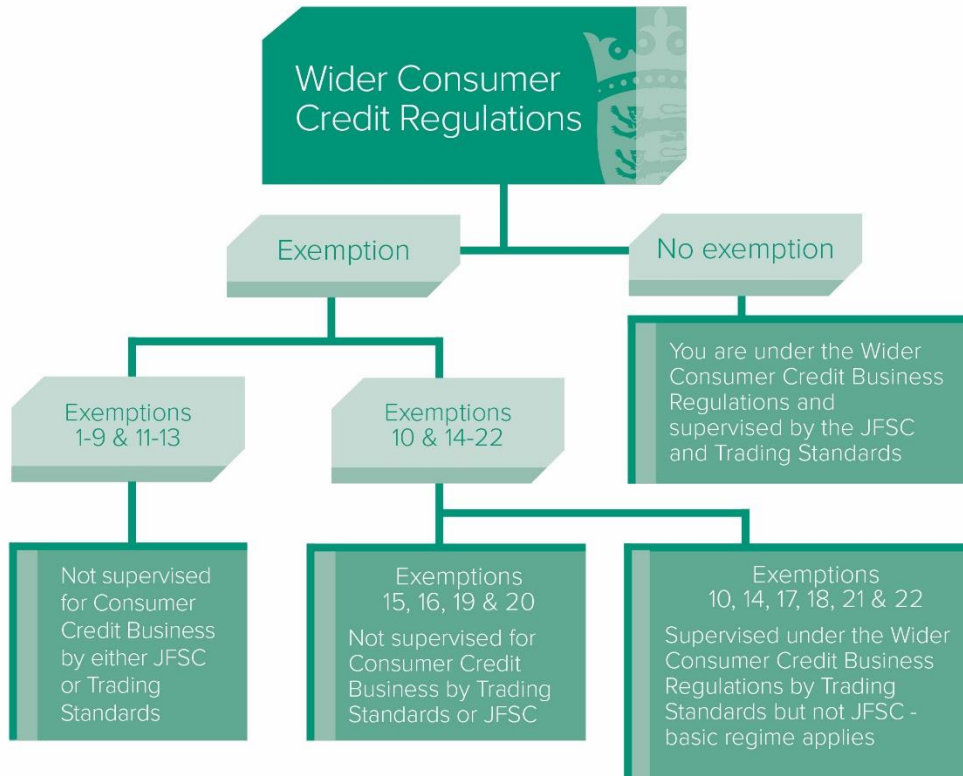


TABLE OF EXEMPTIONS

No	Exemption
1.	Advising or credit broking in newspaper
2.	Advising in the course of a business or profession (other than financial services business)
3.	Activities of members of the legal profession etc.
4.	Activities of liquidators
5.	Activities of certain persons in the UK or Guernsey
6.	Activities of certain overseas persons
7.	Activities in relation to family members
8.	Activities of trustees and trust entities and their officers
9.	Activities in relation to lending by entities to connected persons
10.	Activities of private lenders
11.	Activities in relation to certain High Net Worth Individuals
12.	Activities of insurance companies and intermediaries
13.	Activities relating to hire-purchase agreements for equipment used in supply of essential and telecommunication services
14.	Charities
15.	Buy Now Pay Later ("BNPL")
16.	Certain credit broking without a fee
17.	Certain credit broking ancillary to main business
18.	Certain credit broking by small credit brokers
19.	Other hiring or letting arrangements
20.	Security over primary residence for business loan
21.	Retail credit
22.	Linked credit

* Debt collection not captured in this diagram

4.15 Government is seeking views on whether the proposed requirements are clear, appropriate and proportionate. Government is also seeking views on the potential impacts, costs and benefits of the proposed requirements.

4.16 Questions for **industry** on Wider Consumer Credit Regulations:

a) *Fairness and contract terms:*

- i. Are the proposed fairness requirements for contract terms clear and workable for your business?
- ii. Are any of the prohibited or potentially unfair terms likely to create operational challenges?

b) *Disclosure and transparency:*

- i. Is the required pre-contract disclosure practical for firms to deliver consistently?
- ii. Do you foresee any difficulties providing the information in a clear and accessible format?
- iii. Is there any additional information that lenders should be required to provide before a borrower enters into an agreement?
- iv. How easy do you think it will be for borrowers to understand the information provided under the proposed rules?

c) *Responsible lending:*

- i. Do you agree with the proposed duties on lenders to assess vulnerability, creditworthiness and affordability?
- ii. Are the requirements for assessing suitability (when advice is given) appropriate and achievable?
- iii. Do you think these assessments improve outcomes for borrowers?

d) *Advertising standards:*

- i. Do you support the proposed rules requiring the representative APR and total cost of credit to be presented clearly and prominently in advertisements?
- ii. Will they be practical to implement?
Are there any risks or unintended consequences of these advertising rules that should be considered?
- iii. Should any additional restrictions be placed on advertising consumer credit products?

e) *Cooling-off and cancellation rights:*

- i. Do you agree with introducing 14-day cooling-off period for most consumer credit agreements?
- ii. Are the cancellation arrangements fair to both borrowers and lenders?
- iii. Is the 7-day reflection period for secured lending appropriate? If not, why not?

f) *Complaints handling:*

- i. Are the proposed complaints-handling requirements sufficient to ensure that borrowers' concerns are addressed properly and promptly?
- ii. Do you think businesses will be able to implement these procedures effectively?

g) *Implementation:*

- i. Is the proposed implementation timeline realistic?
- ii. Do you foresee any operational impacts or unintended consequences from the Wider Consumer Credit Regulations?

- iii. Are there any areas where additional guidance or support would help businesses comply with the Regulations?

h) Draft Notice:

- i. Do you have any comments on the draft Notice for calculation of the APR and TCC? If so, please provide details.

4.17 Questions for **consumer** on Wider Consumer Credit Regulations:

a) Fairness and contract terms:

- i. Do the rules about keeping credit agreements fair and easy to understand make sense to you?
- ii. Are there any types of contract terms you think should never be allowed?

b) Information you get before taking out credit:

- i. Would the information lenders must give to you upfront help you decide whether a credit product is right for you?
- ii. Is there anything else you feel you would want to know before signing a credit agreement?

c) Checks lenders must do:

- i. Do you agree that lenders should check whether you can afford the credit and whether its suitable for you?
- ii. Would these checks make you feel more confident about borrowing?

d) Credit advertising:

- i. Will these rules make credit adverts clearer and easier to understand?
- ii. Is showing the rate of interest and total cost of credit helpful when comparing offers?

e) Cooling-off and reflection periods:

- i. Is 14 days enough time to change your mind after taking out most types of credit?
- ii. Do you think having at least 7 days to think before taking out secured lending (like a loan/mortgage on a property) is a good idea?

f) Complaints:

- i. Do the rules about how lenders must handle complaints give you confidence that your concerns will be taken seriously?

g) Overall:

- i. Do you think these new rules will improve your experience when using credit products?
- ii. Is there anything else you think would better protect consumers?

5. Debt Collection Regulations

- 5.1 The Debt Collection Regulations set out minimum standards of behaviour for anyone collecting debts arising out of consumer credit in Jersey. These Regulations apply to all debt collectors, including lenders collecting their own debts, but not to the Viscount. Their purpose is to ensure that borrowers experiencing financial difficulty are treated fairly, respectfully and transparently.
- 5.2 The Debt Collection Regulations link to the Consumer Protection (Unfair Practices) (Jersey) Law 2018, meaning that communication standards are aligned with wider protections against misleading or aggressive practices. Debt collectors must communicate with borrowers in a way that is:
- Clear and simple
 - Not misleading
 - Not aggressive
- 5.3 Borrowers must be given correct and up to date and complete information about their debt when a debt collector becomes involved. This includes the total amount owed, a breakdown showing the original debt and any added charges, with dates, the terms of the repayment (what must be paid, when, how and to whom) and any fees or commissions the debt collector earns by collecting the debt. The borrower must also be informed of their rights, including the right to complain, and their ability to seek independent financial or legal advice. Borrowers are also entitled to a copy of the original credit agreement on request. Information must be provided in writing or other durable medium, and personal data must be handled in accordance with the Data Protection (Jersey) Law 2018.
- 5.4 Before attempting to recover a debt, collectors must take reasonable steps to ensure that the debt is correct and owed, allow borrowers time to obtain independent advice, and provide an opportunity to negotiate repayment arrangements. Where a debt is disputed, collectors must investigate promptly, provide written reasons for their conclusions and correct any inaccurate information.
- 5.5 Before starting court proceedings, collectors must also give written warning and repeat all the steps required of them before attempting to recover a debt. Collectors must not exaggerate or misrepresent the legal consequences of non-payment.
- 5.6 The Debt Collection Regulations also require debt collectors to maintain effective complaints-handling systems and written procedures. The formal written procedures must set out:
- The level of management responsible for the complaint
 - The expected timeframe for responding to the complaint
 - What the borrower can do if they are not satisfied
- 5.7 A summary of the duties and responsibilities imposed on debt collectors by these Regulations is set out below:

Duty Area	What must debt collectors do	Regulation
Communication standards	<ul style="list-style-type: none"> • Explain things in simple terms, never mislead and not pressure or scare borrowers as required under the Consumer Protection (Unfair Practices) (Jersey) Law 2018 • Only contact borrowers at reasonable times 	Reg 3

Provide accurate information about the debt	<ul style="list-style-type: none"> • Give the borrower a clear breakdown of the original amount, any interest or charges and when each was added • Borrower's must be told what they need to pay, when to pay, how to pay and who to pay If the collector • Be honest about any fees they earn for collecting the debt 	Reg 4
Inform borrowers of their rights	<ul style="list-style-type: none"> • Explain a borrower's right to complain, protections under the Regulations and that a borrower may take independent financial or legal advice 	Ref 4
Data protection duties	<ul style="list-style-type: none"> • Handle all personal data in accordance with the Data Protection (Jersey) Law 2018 when collecting debts or disclosing borrower information 	Reg 5
Verify the debt before recovery	<ul style="list-style-type: none"> • Provide a copy of the loan or credit agreement if asked by the borrower • Confirm the amount is accurate and genuinely owed before asking for payment 	Reg 6
Fairness before court action	<ul style="list-style-type: none"> • Before acting, must give borrower a reasonable chance to speak to an advisor or charity about options • Work with borrower to arrange affordable instalments before going to court 	Reg 6
No misrepresentation of legal consequences	<ul style="list-style-type: none"> • Not exaggerate consequences of non-payment 	Reg6
Handling disputed debts	<ul style="list-style-type: none"> • Properly investigate if borrower disputes the debt • Correct mistakes quickly 	Reg 7
Complaints handling	<ul style="list-style-type: none"> • Have a proper complaint process with clear steps for handing complaints, including how long it will take and what a borrower can do if they remain unhappy 	Reg 8

5.8 Breach of specified requirements constitutes an offence punishable by a level 3 fine on the standard scale, and enforcement powers mirror those available under existing consumer protection legislation. A due diligence defence is available where reasonable precautions have been taken.

5.9 Overall, the Debt Collection Regulations are intended to strengthen protections for borrowers experiencing financial difficulty, promote consistent and fair debt collection practices, and provide clarity for firms operating in this part of the consumer credit market.

5.10 Government is seeking views on whether the proposed requirements are clear, proportionate and workable, and on their anticipated impacts on borrowers, debt collectors and other stakeholders.

5.11 Questions for **industry** on Debt Collection Regulations:

a) Is the definition of "debt collector" clear and easy to interpret?

- b) Are the communication requirements proportionate and workable in practice?
- c) Should the Debt Collection Regulations provide more detail on what constitutes “reasonable” timing or frequency of contact? If so, what do you deem as appropriate timing and frequency?
- d) Are the information disclosure requirements clear and practical to deliver consistently?
- e) Is the requirement to disclose fees or commission appropriate?
- f) Are the dispute handling obligations sufficient and achievable?
- g) Should prescribed timescales be set for responding to disputes or investigations?
- h) Are the complaints handling requirements workable for businesses of all sizes?
- i) Are the proposed penalties and enforcement powers appropriate and proportionate?
- j) Do you foresee any operational impacts or unintended consequences from the Debt Collection Regulations?
- k) Do you have views on the implementation timeline or any necessary transitional arrangements?

5.12 Questions for **consumer** on Debt Collection Regulations:

- a) Are the rules on how debt collectors must communicate with borrowers clear and easy to understand?
- b) Do you think the Debt Collection Regulations should more clearly limit when and how often debt collectors contact people?
- c) Is the information that debt collectors must provide (amount owed, charges, rights, etc) helpful and easy to understand?
- d) Is there anything else you feel should always be explained to borrowers?
- e) Do the rules for handling disputes seem fair and reasonable?
- f) Should debt collectors be required to respond to disputes within set timeframes?
- g) Do the complaints handling rules give you confidence that concerns will be dealt with properly?
- h) Do you think these Debt Collection Regulations will improve how people in debt are treated?
- i) Are there any additional protections you believe should be included?

6. Next Steps

6.1 Following the consultation period:

- Responses will be analysed
- Amendments may be made to the secondary legislation

6.2 Subject to the outcome of this consultation, it is anticipated the final versions of the Wider Consumer Credit Regulations and Debt Collection Regulations will be lodged for debate by the States Assembly in September 2026 and once approved, will come into force by Ministerial Order once the JFSC and Trading Standards are ready to commence supervision of the sector. It is anticipated supervision will commence in H1 of 2027, subject to supervisory readiness, with a one-year transition period for firms to achieve compliance before the JFSC commences regulatory oversight.

7. How to respond

7.1 Stakeholders are invited to submit written responses by Friday 29 May 2026 to:

The [online version of this consultation](#)

OR by email: economy@gov.je

OR by post:

FAO: Julie Keir

Financial and Professional Services Unit

Department for Economy

Government of Jersey

Union Street

St Helier

JE2 3DN

7.2 All responses may be published unless confidentiality is requested.

8. Appendix 1:

It is intended that this Notice will be published on the Government's website page relating to Consumer Credit so that all interested parties can access the information easily.

[Draft] Notice for calculation of the Annual Percentage Rate of Charge and Total Cost of Credit

PART I

Guidance:

The assumptions in this Notice are intended to ensure that the total cost of credit ("TCC") and annual percentage rate ("APR") are calculated in consistent way to enable customers to make fair comparisons between different offers. The assumptions are intended to apply where they are necessary in relation to the type of agreement under consideration, for example, assumptions concerning amounts drawn down or the duration of the credit agreements where they are otherwise uncertain. In general, the total charge for credit and APR will depend on the terms specific to the agreement or arrangement.

Assumption for calculation:

- 1) For the purposes of calculating the TCC and APR for consumer credit, conditional sale and hire purchase agreements (the "credit agreements") –
 - a) it is assumed that the credit agreement is to remain valid for the period agreed and that the credit provider and consumer will fulfil their obligations under the terms and by the dates specified in the credit agreement;
 - b) in the case of a credit agreement that allows variations in
 - i) the rate of interest or
 - ii) where applicable, charges contained in the APR

- iii) where these cannot be quantified at the time of the calculation, it must be assumed that they will remain at the initial level and will be applicable for the duration of the agreement;
- c) where not all rates of interest are determined in the credit agreement, a rate of interest must be assumed to be fixed only for the partial periods for which the rate of interest is determined exclusively by a fixed percentage when the agreement is made;
- d) where different rates of interest and charges are to be offered for limited periods or amounts during the credit agreement, the rate of interest and the charge must be assumed to be at the highest level for the duration of the agreement;
- e) where there is a fixed rate of interest agreed in relation to the initial period, at the end which a new rate of interest is determined and subsequently, periodically, adjusted according to an agreed indicator, it must be assumed that, at the end of the period of the fixed rate of interest, the rate of interest is the same as at the time of making the calculation, based on the value of the agreed indicator at the time;
- f) where the credit agreement gives the customer freedom to drawdown, the total amount of credit must be assumed to be drawn down immediately and in full;
- g) where the credit agreement imposes, amongst the different ways of drawdown, a limitation with regard to the amount of credit and period of time, the amount of credit must be assumed to be the maximum amount provided for in the agreement and be drawn down on the earliest date provided for in the agreement;
- h) where the credit agreement provides different ways of drawdown with different charges or rates of interest, the total amount of credit must be assumed to be drawn down at the highest charge and rate of interest applied to the most common drawdown mechanism for a particular credit product must be assessed on the basis of the volume of transactions for that product in the preceding 12 months, or expected volumes in the case of a new credit product;

- i) in the case of an overdraft facility, the total amount of credit must be assumed to be drawn down in full and for the entire duration of the credit agreement and, if the duration of the overdraft facility is not known, it must be assumed that the duration of the facility is 3 months;
- j) in the case of an open-ended agreement, other than an overdraft facility, it must be assumed that the credit is provided for a period of one year starting from the date of the initial drawdown, and that the final payment made, by the borrower, clears the balance of the capital, interest, and any other charges where –
 - i) the capital is repaid, by the [borrower], in equal monthly payments commencing one month after the date of initial drawdown;
 - ii) in cases where the capital must be repaid in full, in a single payment, within or after each payment period, successive drawdowns and repayments of the entire capital, by the customer, must be assumed to occur over the period of 1 year;
 - iii) interest and other charges must be applied in accordance with those drawdowns and repayments of capital and as provided for in the credit agreement;
- k) in the case of a credit agreement, other than an overdraft facility, or an open-ended regulated agreement –
 - i) where the date or amount of a repayment of capital, to be made by the borrower, cannot be ascertained it must be assumed that the repayment is made at the earliest date provided for, under the regulated agreement, and is for the lowest amount for which the regulated agreement provides;
 - ii) where it is not known on which date the credit agreement is made, the date of the initial drawdown must be assumed to be the date which results in the shortest interval between the date and the date of the first payment, to be made by the borrower;
- l) where the date or amount of a payment, to be made by a borrower, cannot be ascertained on the basis of a credit agreement, or the assumptions set out above, it must be assumed that the payment is made in accordance

with the dates and conditions required, by the credit provider, and when these are unknown -

- i) interest charges are paid together with repayments of capital; and
 - ii) any non-interest charge, expressed as a single sum, is paid on the date of the making of the credit agreement;
 - m) non-interest charges, expressed as several payments, are paid at regular intervals commencing with the date of the first repayment of capital and, if the amount of such payments is not known, they must be assumed to be equal payments;
 - n) the final payment clears the balance of the capital, interest, and other charges;
 - o) in the case of an agreement for running-account credit, where the credit limit applicable to the credit is not yet known that credit limit must be assumed to be £1,200.
- 2) The annual percentage rate of charge (“**APR**”), which equates on an annual basis, to the total present value of drawdowns with the total present value of repayments and payments of charges, is calculated using the following equation:
- a) the amounts paid by both parties shall not necessarily be equal and shall not necessarily be paid at equal intervals;
 - b) the starting date shall be that of the first drawdown;
 - c) intervals between dates used in the calculations shall be expressed in years or in fractions of years;
 - d) a year is assumed to have 365 days (366 days to leap years), 52 weeks or 12 equal months;
 - e) an equal month is assumed to have 30.41666 days (365/12) regardless of whether or not it is a leap year; and

- f) the result of the calculation shall be expressed with an accuracy of at least one decimal place; if the figure at the following decimal place is greater than or equal to 5, the figure at that particular decimal place shall be increased by one.

The equation can be rewritten as set out in below using a single sum and the concept of flows (A_k), which will be positive or negative, either paid or received during periods set out at paragraphs 1l) to 1k) expressed in years.

S being the present balance of flows; if the aim is to maintain the equivalent of flows, the value will be zero (0).

Calculation for Secured Lending APR:

Guidance:

The requirements are based on the UK's Financial Conduct Authority's rules, set out in MCOB 10.3, as at the time of its initial publication in July 2022 (based on the version dated 07.07.2022).

Where reference is made to a "mortgage agreement" or "mortgage" it should be read as "secured lending arrangement" or other lending that is a regulated agreement secured against residential property, for the purposes of the Financial Services (Jersey) Law 1998, as amended.

A "secured lending contract" refers to an agreement which is a secured lending arrangement secured against residential property in Jersey.

- 3) The underlying formula for the calculation of APR, in respect of secured lending calculations, is the same as that set out at paragraph 2 above.
- 4) Underlying assumptions –
- a) APR must be calculated on the assumption that the borrower does not – receive home purchase assistance or other support to buy the property under any States of Jersey arrangement or other scheme which may apply in Jersey;
 - b) the mortgage lender and borrower, at all times, perform their obligations under the contract and the mortgage lender will not exercise any right to repayment at other times;
 - c) any variations in the interest rate, which are due to occur after a specific period of time or are triggered by a specific event –

- i) where the event is not certain to occur, and does not occur, the consequent change in rate does not occur;
 - ii) where the event is certain to occur, the variation happens at the earliest possible time, in respect of an increase in interest or charges, and at the latest possible time in respect of a decrease in interest or charges.
- 5) Where an APR, calculated in accordance with this Notice, has more than one decimal place, then it must be rounded to one decimal place. If the second decimal place is five or more, it must be rounded up, if it is less than five then it must be rounded down.
- 6) The length of any period, used in calculating an APR in respect of secured lending, must be calculated as follows:
 - a) a period which is not a whole number of calendar months, or a whole number of weeks, must be counted in years and days;
 - b) subject to c) below, a period which is a whole number of calendar months, or a whole number of weeks, must be counted in calendar months or in weeks, as the case may be;
 - c) where a period is both a whole number of weeks, and –
 - i) one repayment only is to be made, the period must be counted in calendar months;
 - ii) more than one repayment is to be made –
 - (1) If all such repayments are to be made at intervals from the relevant date of one or more weeks, the period must be counted in weeks; and
 - (2) in any other case, the period must be counted in calendar months;

- d) a period which is to be counted –
 - i) in calendar months, must be taken to be of a length equal to the relevant number of twelfth parts of a year;
 - ii) in weeks, must be taken to be of a length equal to the relevant number of fifty-second parts of a year;
 - e) a day may be taken to be either:
 - i) one three hundred and sixty-fifth part of a year, or, if it is a leap year, one three hundred and sixty-sixth and a quarter part of a year; and
 - ii) every day must be taken to be a business day.
- 7) Where information cannot be ascertained by a secured lending lender, or broker, at the time of making an agreement then the following assumptions must be used in calculating the total cost of credit and APR for that credit, in the following order (i.e. assumptions on the amount of credit must be applied before other assumptions and calculations are made):
- a) assumptions as to the amount of credit:
 - i) where the amount of credit, to be provided under the agreement, cannot be ascertained at the date of making the agreement –
 - (1) in the case of an agreement for running-account credit under which there is a credit limit, that amount must be taken to be that credit limit; and
 - (2) in any other case, that amount must be taken to be £100;
 - ii) where a secured lending lender makes further advance, to the borrower in addition to the amount originally borrowed under the secured lending agreement, the APR for the further advance must be calculated in respect of the further advance alone (and any related charges) and not in respect of the total amount borrowed;

b) assumptions as to the period for which the credit is provided –

- i) in relation to a lifetime secured lending arrangement, where the APR is calculated for the purpose of a financial promotion, it must be assumed that the credit is being provided for a period of 15 years beginning with the relevant date;
- ii) in relation to a lifetime secured lending arrangement, where the APR is calculated for the purpose of an illustration, the period for which the credit is to be provided must be calculated in accordance with the appropriate rules and guidance;
- iii) In estimating the term of a lifetime mortgage on an open-ended instalment reversion plan, a firm must:
 - (1) use an estimate of the life expectancy of the borrower that is reasonable and based on evidence; and
 - (2) for the purposes of the illustration, where the estimate of life expectancy is not a whole number of years, the term should be rounded up to the next whole year (for example, if the life expectancy is between fifteen and sixteen years, an estimated term of sixteen years should be used in the illustration).
- iv) where the term estimated using the approach set out in (1) is less than fifteen years, the firm should use a term of fifteen years in preparing the illustration.
- v) if the customer requests an illustration showing a term of the customer's choice, that illustration must be issued in addition to the illustration showing the term calculated in accordance with these rules. The term chosen should be stated in Section 4 of the illustration "What you have told us".
- vi) in relation to a retirement interest only secured lending arrangement, where the APR is calculated for the purposes of an illustration, the period for which the credit is to be provided must be determined in accordance with the appropriate rules and guidance;

- vii) where, in any other case, the period for which credit is to be provided is not ascertainable at the date of the making of the agreement, it must be assumed that credit is being provided for beginning with the relevant date;
- c) assumptions where the rate, or amount, is referenced to another factor – subject to the following paragraphs, where the rate or amount of an time included in the total charge for credit, or any amount of any repayment of credit under a transaction, is to be ascertained by reference to the level of an index, or other factor, in accordance with a specified formula, the rate, or amount, must be taken to be the rate, or amount, so ascertained. The formula must be applied as if the level of the index, or other factor, subsisting at the date of the making of the agreement were that subsisting at the date by reference to which the formula is to be applied;
- d) assumptions where secured lending contracts provide for variation in the rate of interest and, under the paragraphs above, the variation will take place, but the amount of the variation cannot be ascertained at the date of making the agreement –
 - i) where a secured lending contract provides a formula for calculating a varied rate by reference to a standard variable rate of interest applied by the business, or any other fluctuating rate of interest, but does not enable the varied rate to be ascertained at the date of the making of the secured lending arrangement because it is not known, on that date, what the standard variable rate will be, or (as the case may be), at what level the fluctuating rate will be fixed when the varied rate is due to be calculated, it must be assumed that the rate, or level, will be the same as the initial standard variable rate;
 - ii) where a secured lending contract provides for the possibility of any variation in the rate of interest (other than a variation referred to in the paragraph above), which is to be assumed will take place, but does not enable the amount of that variation to be ascertained at the date of making the secured lending arrangement, it must be assumed that the varied rate will be the same as the initial standard variable rate;

and in this paragraph –
“initial standard variable rate” means:

- the standard variable rate of interest which would be applied by the secured lending lender or administrator to the secured lending arrangement on the date of the making of the secured lending arrangement where the secured lending arrangement provides for interest to be paid at the secured lending lender, or secured lending administrator's, standard variable rate with effect from that date; or
 - if there is no such rate, the standard variable rate of interest applied by the secured lending lender, or mortgage administrator, on the day of the making of the secured lending arrangement in question to other secured lending agreements, or where there is more than one such rate, the highest such rate;
- “varied rate” means any rate of interest charged when a variation of the rate of interest is to be assumed under the paragraphs above;
- e) further assumptions –

i) where –

(1) the period for which the credit, or any of it, is to be, or may be, provided cannot be ascertained at the date of the making of the agreement; and

(2) the rate, or amount, of any item included in the total cost of credit will change at a time provided in the transaction within one year beginning with the relevant date,

the rate, or amount, must be taken to be the highest rate or amount under the transaction at any time in that year;

ii) where the earliest date on which credit is to be provided cannot be ascertained at the date of making the secured lending arrangement, it must be assumed that credit is provided on that date;

iii) in the case of any transaction, it must be assumed –

(1) that a charge payable at a time, which cannot be ascertained at the date of the making of the secured lending arrangement, is to be payable on the relevant date, or, where it may reasonably be expected that a borrower will not make payment on that date, on the earliest date at

which it may reasonably be expected that they will make payment; or

where more than one payment of a charge of the same description is to be made at times which cannot be ascertained at the date of the making of the secured lending arrangement, that the first such payment will be payable on the relevant date¹ (or, where it may reasonably be expected that a borrower will not make payment on that date, at the earliest date on which it may reasonably be expected that they will make payment), that the last such payment will be payable at the end of the period for which credit is provided and that all other such payments (if any) will be payable at equal intervals between those times.

Total cost of credit – secured lending arrangements

- 8) For the purposes of secured lending arrangements, the total cost of credit, which may be provided under an actual or prospective secured lending arrangement, is the total of the charges specified in this Notice, less the exclusions specified in this Notice, which apply in relation to the secured lending arrangement and determined at the time of the making of the secured lending arrangement.
- 9) The amounts of the following are included in the total cost of credit, in relation to a secured lending arrangement (subject to the exceptions set out below) –
 - a) the total of the interest on the credit which may be provided under the secured lending arrangement;
 - b) other charges, at any time payable, under the transaction by, or on behalf of, the borrower whether to the business or any other person; and
 - c) where the making, or maintenance, of a contract of insurance is required by the business –
 - i) as a condition of making the secured lending arrangement; and
 - ii) for the sole purpose of ensuring complete, or partial, repayment of the credit and complete, or partial, payment to the business of such charges included, in the total cost of credit, as are payable to them under the transaction in the event of death, incapacity, illness, or unemployment of the borrower,

notwithstanding that the whole, or part, of the charge may be repayable at any time or that the consideration may include matters not within the transaction or subsisting at a time not within the duration of the agreement secured lending arrangement.

Guidance:

This means, for example, that the following charges must be included in the total cost of credit –

- *Any fee payable to a secured lending intermediary for arranging the secured lending arrangement and*
- *Any higher lending charge*

- 10) Charges required to be included within the total cost of credit must not be excluded on the basis that those charges are refundable under certain circumstances.
- 11) The total cost of credit and APR must not reflect the “value” of any cashback or similar incentive linked to the secured lending arrangement.
- 12) The following charges must not be included in the total cost of credit in relation to a secured lending arrangement:
 - a) any charge payable, under the secured lending arrangement, to the lender upon failure, by the borrower, to do, or not to do, anything which they are required under the secured lending arrangement to do, or not to do;
 - b) any charge –
 - i) which is payable by the lender to any person, upon the failure by the borrower, to do, or not to do, anything which they are required under the secured lending arrangement to do, or not to do; and
 - ii) which the lender may, under the secured lending arrangement, require the borrower to pay to them, or to another person on their behalf;
 - c) any charge related to a regulated restricted-use credit agreement to finance a transaction between the borrower and the business (whether

forming part of that secured lending arrangement or not), or to finance a transaction between a person (the “supplier”), other than the lender, which would be payable if the transaction were for cash;

- d) any charge (other than a fee, or commission, charged by a credit broker or intermediary), not within (1)(c) –
 - i) of a description which relates to services or benefits incidental to the secured lending arrangement, and to other services, or benefits, which may be supplied to the borrower; and
 - ii) which is payable to fulfil an obligation incurred by the borrower under the secured lending arrangements which were affected before they applied to enter into the secured lending arrangement and are not secured lending arrangements under which the borrower is bound to enter into any personal credit agreement;
- e) any charge under secured lending arrangements for the care, maintenance or protection of any land except as at paragraph 13 below;
- f) charges for money transmission services relating to a secured lending arrangement for a current account, under which the borrower may, by cheques or similar orders payable to themselves or any other person, obtain or have the use of the money held, or made available, by the lender and which records alterations in the financial relationship between the lender and borrower – being charges which vary the borrower’s use of the secured lending arrangement;
- g) any charge for a guarantee, other than a guarantee –
 - i) which is required by the lender as a condition of making the secured lending arrangement and
 - ii) the purpose of which is to ensure complete, or partial, repayment of the credit and complete, or partial, payment to the lender of such of those charges included in the total cost of credit as are payable to them, under the secured lending arrangement, in the event of death, incapacity, illness or unemployment of the borrower;

- h) charges for the transfer of funds (other than those set out at paragraph 12 (f)) and charges for keeping an account intended to receive payments towards the repayment of the credit and the payment of interest and other charges, except where the borrower does not have reasonable freedom of choice where such charges are abnormally high – this does not exclude, from the total cost of credit charges for the collection of the payments to which it refers, whether these payments are made in cash or otherwise; and
- i) a premium, under a contract of insurance – other than a contract of insurance set out as being specifically included, in the total cost of credit at paragraph 9 (c).

13) A charge under paragraph 12 (e) only has effect –

a) where under the secured lending arrangement –

- i) the services are to be performed if, after the date of making the secured lending arrangement, the condition of the land becomes, or is in immediate danger of becoming, such that the land cannot reasonably be enjoyed or used; and
- ii) the charge will not accrue unless the service is performed; or

b) where –

- i) provision of substantially the same description as to which the secured lending arrangements relate is available, under comparable secured lending arrangements, from a person who is not the lender or a supplier, or a credit broker, or a mortgage intermediary, who introduced the lender and the borrower;
- ii) the secured lending arrangements are made with a person chosen by the borrower; and
- iii) if, in accordance with the secured lending arrangement, the consent of the lender, or of a supplier, or of the mortgage intermediary or credit broker who introduced the borrower and the

lender is required to making of the secured lending arrangement – where the secured lending arrangement provides, such consent may not unreasonably be withheld because no incidental benefit will, or may, accrue to the lender or the supplier, or to the credit broker, or to the mortgage intermediary, or on any other ground.

- 14) References, in this Notice, to the lender, a supplier, a mortgage intermediary, and a credit broker, include references to their near relative, partner, or member of a group of which they are a member, any person nominated by them or such person in relation to the secured lending arrangements, and to a near relative of that partner; and “near relative” means in relation to any person, the husband, wife, civil partner, father, mother, brother, sister, son or daughter of that person; and “group” means the person (including a company) having control of a company together with all the companies directly, or indirectly, controlled by them.

PART II

Calculation of maximum early repayment fees in relation to Relevant Agreements and Arrangements

- 15) Credit agreements (excluding secured lending arrangements):

- a) lenders must not charge more than one month of interest payments, as an early repayment fee, for regulated agreements with a remaining duration of less than 12 months
- b) lenders must not charge more than 2 months of interest payments, as an early repayment fee, on regulated agreements with a remaining duration of 12 months or more

- 16) Secured lending arrangements:

In the case of secured lending arrangements where the interest rate payable is fixed or discounted for a set period of time, in the first year of that set period, lenders must not charge early repayment fees in excess of 1% (one percent) of the outstanding principal of the loan, for each remaining year or part thereof, that the interest rate is fixed, or discounted, under the secured lending arrangement. In the final year of the set period, lenders must not charge early repayment fees in excess of 1.5% (one and a half percent) of the outstanding principal of the loan.

