



News

Claims management activity, car finance and compensation schemes

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The Supreme Court is expected to deliver its judgement on motor finance commission soon. [The Financial Conduct Authority \(FCA\) has said \[https://www.fca.org.uk/news/statements/key-considerations-implementing-possible-motor-finance-consumer-redress-scheme\]](https://www.fca.org.uk/news/statements/key-considerations-implementing-possible-motor-finance-consumer-redress-scheme) that if, taking into account the Supreme Court's decision, they conclude motor finance customers have lost out from widespread failings by firms, it's likely they will consult on an industry-wide redress scheme.

There are also other claim areas where the public can already access redress schemes for free. And also instances where funding is available to get free legal advice and representation.

Our guidance

Our substantive [guidance on claims management activity \[https://higher-rights.sra.org.uk/solicitors/guidance/claims-management-activity/\]](https://higher-rights.sra.org.uk/solicitors/guidance/claims-management-activity/) outlines your obligations for representing clients during claims. This includes explaining to clients any other potential routes that may be available to progress their claim, such as an industry ombudsman or public compensation scheme.

It says: 'To act in the best interests of a client you should explain during your pre-contract stage about any other potential routes that may be available to them to progress their claim. This includes making certain your client has been informed about, and has understood, that an established industry ombudsman or public compensation scheme exists (as relevant to that specific area of claim) and that they can approach those schemes directly themselves and without professional assistance, or incurring charges for the cost of that assistance.'

Motor finance claims

You should also inform prospective clients where there is a realistic prospect that a compensation scheme relevant to their claim might be introduced, even if that scheme has not yet been formally established. For instance, where an authority such as the FCA has indicated that they are considering a compensation scheme.

If you are dealing with motor finance mis-selling claims, you should also be considering and preparing for how you might need to communicate with your existing clients ahead of the Supreme Court decision.

The FCA has recently [amended its rules](https://www.fca.org.uk/news/statements/key-considerations-implementing-possible-motor-finance-consumer-redress-scheme) [https://www.fca.org.uk/news/statements/key-considerations-implementing-possible-motor-finance-consumer-redress-scheme] for motor finance complaints, extending the deadline for firms to respond to complaints.

We are aware that this is a developing situation, so we will provide further updates on this area to help those we regulate understand the implications and our expectations.

We also have more specific guidance for those working on [financial product mis-selling](https://higher-rights.sra.org.uk/solicitors/guidance/representing-clients-during-claims-for-financial-services-or-products/) [https://higher-rights.sra.org.uk/solicitors/guidance/representing-clients-during-claims-for-financial-services-or-products/].

Clients best interest

Throughout any claims process, making sure you are acting in your client's best interests is crucial.