

# PCP CAR FINANCE PROPOSAL BACKGROUND INFORMATION



## Car Finance Claims

Car Finance claims centre around an undisclosed commission paid by the lender to the dealership (broker). This practice was banned by the FCA in 2021.

There are two main forms of commission, Discretionary (DCA) and Fixed.

The original FCA investigation targeted DCA commissions but the recent court judgement centres on Fixed. The Law Firm handles both of these types of commissions.

It is estimated that 9 out of 10 new vehicles in the UK are bought using finance. A significant number of used vehicles are also bought using finance.

Car finance is a multi-billion-pound industry. Figures from the Finance & Leasing Association show its members provided new consumer car finance agreements worth £37 billion in the UK in 2021, with more than two million agreements being signed last year (for both new and used cars).

## The Law Firm

The Law Firm is an existing borrower from Seven Stars Legal and have been an exemplary client both in terms of prompt payment backed with excellent systems for monitoring and reporting.

The firm has an experienced team who specialise in running high volume claims in PPI, Personal Injury, and Pay day loans. Car Finance Mis-selling follows an identical process flow to PPI and Payday loan claims.

## Process

The Law Firm has a full-time team of 18. Of this team 5 are in-house developers who have built and run a best-in-class system for sourcing, verifying, onboarding, processing and monitoring claims. This state-of-the-art system onboards the client from start to finish using automation.

The proprietary system links to Proclaim, an off the shelf CRM system approved by the Law Society. The team have designed and customised their workflow. Once the client details are in Proclaim, the system automatically submits the claims to the lenders and is also able to receive lender responses directly into the system.

The Law Firm already have relationships in place with the top PCP Car Finance lenders. They are able to submit claims using a similar process to the PPI 'pre-submission' – a spreadsheet. This is called a Commission Disclosure Request (CDR).

Further to this, they are in talks with Black Horse and BMW Finance to set up an API – a direct connection with their systems. From a technical point of view, this would enable the lenders to receive and settle the complaint within 24 hours.

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