

Responsible Finance Response: CP 26/7 Credit Information Market Study

Proposed Approach To Implementing FCA Remedies

27th April 2026

About Responsible Finance

Responsible Finance is the UK trade association for Community Development Finance Institutions (CDFIs). We believe in a fair financial system where investment flows into communities to create positive economic, social and environmental impact. To enable this, we lead a strong responsible finance sector so communities have access to finance to transform lives.

Responsible finance providers are not-for-profit and asset-locked organisations. They offer affordable credit and support to people who are under-served by mainstream finance providers who may otherwise borrow from high-cost lenders or illegal loan sharks.

Our response

Responsible Finance welcomes the opportunity to respond to this consultation, and support the FCA's objective of improving the coverage, consistency and quality of credit information. To do this, customer outcomes – particularly for those who are financially excluded by the current system – must be front and centre of any remedies. Our key recommendations include:

1. As per our previous consultation response to the FCA's Credit Information Market Study Interim Report and Discussion Paper (2023) we still strongly recommend the creation of one single central repository and distributor of information, where lenders are mandated to easily and freely report their customer's repayment data. The onus should be on each CRA to then draw on and process this consistent information, rather than on lenders who under current proposals disproportionately hold the burden.
2. We would welcome alignment between the FCA and PRA to ensure that Credit Unions are subject to equivalent requirements to share credit information with CRAs. Only by including Credit Union loan information within this requirement can the large gaps be closed in a customer's credit history.
3. The decision to designate only three Credit Reference Agencies should be reviewed and amended as it reinforces the dominance of incumbents. This directly contradicts the Credit Information Market Study's aim to increase competition and innovation.

Questions

In the interests of Responsible Finance's scope and capacity, we have selected to respond to the questions that are most pertinent to our organisation, and we felt more urgently needed to be addressed, based on conversations with our members and partners.

Question 1

We agree with the FCA's overall approach, and emphasise that financially vulnerable and thin-file customers must be a central consideration.

Question 2

We agree that all Designated Consumer Credit Reference Agencies (DCCRAs) should receive consistent holistic information from firms, so firms can go to any CRA and know they are getting a full picture of the market, rather than needing to pay for the services of all CRAs which is financially out of reach for most small community lenders. This is consistent with good customer outcomes. However, we do not agree with the FCA's proposals for enabling this where the burden is disproportionately placed on the lender.

As set out in our response to the 2023 consultation noted above (p.1), a single data submission by lenders into a centralised repository, which is then accessed by all DCCRAs, is the most appropriate approach. This would:

- Significantly reduce administrative burden and duplication, which is particularly acute for small community lenders
- Lower costs
- Improve data consistency
- Reduce operational risk and errors from multiple submissions

Without such an approach, requiring firms to submit the same data separately to multiple CRAs risks creating unnecessary complexity and cost, and a significant burden for small, community lenders such as CDFIs.

Larger lenders are already more likely to share data with multiple CRAs, whereas smaller lenders may not currently do so. As a result, the proposed requirement is likely to place a disproportionate operational and financial burden on smaller organisations. Reporting information back into CRAs is resource intensive for CDFIs:

- There are development costs associated with reporting information back to more than one CRA.
- Whilst most CDFIs only report back to one CRA, one has experience of reporting back to all three CRAs through its involvement in the No Interest Loan Scheme pilot. They noted that this was an extremely time-consuming exercise to perform.

In addition, the proposal may require lenders to enter into contractual relationships with multiple CRAs. This raises concerns from both a cost and fairness perspective, as firms would have limited ability to choose the commercial and legal arrangements they enter.

A centralised reporting model would:

- Remove the need for multiple contractual relationships.
- Reduce legal and operational complexity
- Ensure a more level playing field across lenders of different sizes

Questions 4 and 5

We support a broad scope to ensure comprehensive coverage of credit information.

However, it is important that:

- Community finance and alternative lending models are appropriately included
- The framework recognises differences in product design and does not automatically deem these as negative (e.g. flexible repayments, payment holidays)
- Low-income households' preference for weekly payments is not overlooked when setting the common data format

Failure to do so may result in incomplete or misleading representation of customers' financial behaviour.

Questions 6 to 8

We agree that the proposed approach should balance consistency with flexibility.

However, we strongly recommend that additional data points are considered to better reflect the financial lives of customers who require more flexibility. For many financially excluded customers, their main aim is not to increase their credit score to be able to apply for mortgages or bank loans. It is important that they can choose an appropriate financial product to fit their needs and that the data points of this product are reflected appropriately in the data points shared back by the CRAs.

In particular, the framework should include:

- Indicators of repayment flexibility (e.g. payment holidays, reschedules)
- Positive behavioural data, including sustained repayment improvements, regardless of type of product
- Information on support interventions, such as forbearance used successfully

CDFIs note that the moment the categories used by CRAs can be very simplistic. Some CDFIs have around 14 different payment statuses for their customers given their complex financial lives and CDFIs' flexibility as lenders.

We also believe there is a gap in the current proposals relating to the timeliness and structure of credit information. The proposed framework largely reflects existing market practice, which is typically based on monthly reporting cycles and standardised repayment schedules. However, this does not adequately reflect the reality of many financially vulnerable consumers, whose income and repayment patterns are often more frequent and variable.

To support financial inclusion, we recommend that the framework evolves to allow for:

- More timely and dynamic data sharing, where appropriate (one portal to deposit information would help facilitate this move)
- Greater flexibility in data fields to reflect non-monthly repayment frequencies (e.g. weekly or fortnightly payments)

Without this, there is a risk that credit information will continue to lag behind real-world financial behaviour, potentially leading to less accurate affordability assessments and poorer outcomes for consumers whose financial circumstances can change rapidly.

Question 7

We strongly agree that both positive and negative data should be shared. However, the definition of positive and negative data may be different for a bank and a community lender and so it is important that flexibility accommodates lenders product attributes and the offering to the customer.

This is particularly important for:

- Thin-file customers
- Individuals using non-standard credit products that offer more flexibility in payment frequency and type
- Customers who need product holidays during the life of a loan

Positive reporting can play a key role in trends in positive payments and customer engagement showing signs of propensity to pay for lower income households.

Question 9

We agree that monthly reporting is appropriate as a baseline to ensure data remains accurate and up to date.

However, we do not believe this should be the long-term ceiling for data sharing.

In segments of the market where credit exposure can change quickly, and customers make repayments more frequently than monthly, there is a strong case for exploring more timely or event-driven data sharing.

More frequent or flexible reporting could:

- Improve the accuracy of affordability assessments
- Reduce the risk of consumers taking on unaffordable additional credit
- Better reflect improving repayment behaviour in near real-time

We again highlight the operational impact on smaller lenders and reiterate that a single submission portal with CRA access would significantly reduce the burden associated with more frequent or flexible reporting requirements.

Without such an approach, increased reporting expectations combined with multiple CRA relationships could compound the operational burden on smaller lenders, potentially impacting their ability to continue serving financially excluded customers.

Question 10

We have concerns about the proposed exclusion of Current Account Turnover (CATO) data at this stage. The financial resilience of low-income households, which include the most financially excluded, is most accurately evidenced through transactional behaviour — not through traditional credit products, which many of them cannot access and which form the backbone of the data types the framework does propose to mandate.

Question 14 and 15

We believe there should be proactive quality checking in a single portal used for submissions to identify data quality and consistency errors. Errors that require post submission correction should be limited to updates in systems due to timing issues of payments/customer complaints etc.

Question 17

Yes. This is an additional burden that consumers in debt evidently struggle with – as quoted in the consultation paper, the Registry Trust report that only 12% of CCJs are satisfied. This reduces data quality – it means lenders are less clear about how much weight a CCJ should be given in creditworthiness assessments.

Questions 19 to 22

While we support the inclusion of the three proposed DCCRAs, we strongly oppose limiting designation to these three firms on day one. There is a significant tension between the Credit Information Market Study's aim to increase competition and innovation and a designation process that reinforces the dominance of incumbents. The current proposed approach:

- Will give competitive advantage to designated CRAs that will have full coverage across the market, creating a barrier to the growth of challenger CRAs.
- Designation will be based on data coverage – this creates a barrier to entry for challengers which will struggle to build coverage without designation.

We support a capability-based coverage test rather than a volume threshold, which assesses whether a CRA has the capacity to securely and accurately receive data from lenders at scale.

Many Responsible Finance members currently use [Infact Systems Limited](#). InFact is not a data reseller, an open banking provider, or a firm that purchases bureau data from the incumbents, and it should be considered for designation.

Excluding proven challengers like Infact from day one designation risks inhibiting vital work in financial inclusion and gives an unfair competitive advantage to designated CRAs. To ensure a fair and innovative market, the designation criteria must be inclusive of firms that demonstrate the capacity and infrastructure to compete, regardless of their starting data volume.

Question 26

We feel strongly that as data is an asset, DCCRAs should not be allowed to charge for the receipt of free data which has commercial value to them.