

Complaints About Discretionary Commission Models

The Financial Conduct Authority (FCA) announced on 11th January 2024 that they would be pausing the 8-week deadline for handling complaints related to discretionary commission models, this is to allow them time to decide whether further action needs to be taken. This temporary change means that firms don't need to provide final response letters to discretionary commission complaints during the period beginning 17th November 2023 and 25th September 2024.

If you feel you have been affected, you can still make a complaint about discretionary commission models, and we will respond to your complaint after 25th September 2024.

Customers affected by these changes will have 15 months to refer their complaint to the Financial Ombudsman Service instead of the usual 6 months.

The FCA's website provides some helpful information about this, please follow the below link to find out more:

<https://www.fca.org.uk/carfinance>

If you would like to make a complaint or have any questions regarding commission complaints, we have a dedicated email inbox: commissioncomplaints@toyota-fs.com

You can also speak to us on our Chatbot on the Toyota uk Website: <https://www.toyota.co.uk/>

If you have already sent us a complaint about discretionary commission, we will acknowledge your complaint within our usual timescales (5 working days) and confirm when you should expect to receive a response.

FAQs

What is Discretionary Commission?

Prior to January 2021, certain lenders permitted brokers (individuals who arrange loans, such as car dealers) to adjust the interest rates offered for car finance.

The broker's commission was determined by the interest rate (APR) – the lower the interest rate, the lower the commission, and vice versa. This arrangement was referred to as Discretionary Commission. However, as of January 2021, this commission model is no longer allowed.

When it comes to car finance agreements, there are various factors to consider, and the APR agreed is just one of them. These factors may include the car's transaction price, the deposit amount, the agreement term, the trade-in vehicle's value, and the inclusion of optional extras or special equipment.

I am a TFS customer, do I have an eligible complaint?

You may have an eligible complaint if:

1. You entered into a Toyota Personal Contract Purchase (PCP) or Toyota Hire Purchase (HP) agreement between 6th April 2007 and 27th January 2021.
2. Your agreement included a discretionary commission arrangement.

Personal Contract Hire agreements (PCH) are not impacted.

When can I expect a response from you?

TFS will provide further details to you once the FCA have had an opportunity to carry out their investigations and reached a conclusion. We have been advised that this will be after 25th September 2024.