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Financial Conduct Authority investigates customer over-charging in the car sales market

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Too much interest...

Robin Roberts reports...

Some methods used by finance brokers to reward car dealers that end up overcharging an estimated 560,000 customers about 300 million pounds a year are to be banned.

The Financial Conduct Authority found widespread use of commission models that allow brokers to set the customer interest rate and thus earn higher commission.

“We found that some motor dealers are overcharging unsuspecting customers over £1,000 in interest charges in order to obtain bigger commission payouts for themselves,” said Jonathan Davidson, executive director of supervision for retail at the watchdog.



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It's considering options for intervening in the market, which could include strengthening existing FCA rules, banning certain types of commission model, or limiting broker discretion.