CP26/15: Reviewing the financial promotions rules for consumer credit

All Together Money – the credit union movement (formerly Association of British Credit Unions Limited) is the largest network of credit unions in Great Britian, working side by side. Built on cooperation, not competition. Driven by people, not profit. Together, we're building a future where money works for all of us. Shaped by the shared commitment of credit unions to their communities. We build resilience together, share knowledge, amplify voices and build resilience as one, so all our members can adapt, lead and grow.

For decades credit unions have been doing money differently: rooted in community, grounded in ethics, and focused on real impact. Now, All Together Money brings that difference to the forefront. We champion smart regulation, ethical finance and meaningful change. Credit unions are co-operative societies that provide financial services – primarily savings and loan facilities – to their member-owners. They are registered as co-operative societies under the Co-operatives and Community Benefit Societies Act 2014 and the Credit Unions Act 1979. As deposit-takers, they are dual-regulated by the Prudential Regulation Authority and the Financial Conduct Authority.

Since their inception in Britain in 1964, credit unions have been closely associated with anti-poverty and financial inclusion. They tend to provide savings and loan facilities to those with limited or no access to financial services from mainstream providers, generally due to low income and/or a lack of a developed credit profile. They have been a central element of numerous government and philanthropic initiatives to extend financial inclusion and address the lack of adequate provision of affordable credit and secure savings facilities for large sections of the population. Credit unions are capped in the interest they can charge at 42.6% APR under the Credit Union Act 1979 and provide credit in competition with high-cost lenders.

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There are over 215 credit unions active in Great Britain today, serving more than 1.5 million members and managing approximately £2.7 billion in assets. They range from mid-sized businesses employing up to 50 staff to small, volunteer-led organisations.

Consultation Response

While credit union lending is typically structured as a loan from the credit union to its members and is generally exempt from regulated consumer credit, we nevertheless consider it important to engage with this consultation, particularly in relation to the treatment of APR. Credit unions serve a distinct segment of consumers and offer simple, lower-cost products, meaning the way cost is communicated remains highly relevant to member understanding and outcomes.

Question 12: Do you have suggestions on alternatives to APR?

While we would not advocate for the removal of APR, we believe greater emphasis should be placed on more meaningful, consumer-focused metrics that better reflect affordability. In particular, lenders should be encouraged or required to prominently display the total amount repayable, regular repayment amounts (e.g. monthly or weekly), and the total cost of credit in monetary terms alongside, or in some cases in place of, APR in marketing and disclosures.

Credit unions already adopt this approach, consistently leading with transparency by putting the real cost of borrowing front and centre. This enables borrowers to immediately understand what a loan will cost them in practice and whether it is affordable. By contrast, while mainstream lenders meet existing regulatory requirements, they often emphasise headline APRs, with the full, personalised cost of credit becoming clear only later in the customer journey.

Credit unions demonstrate that a more accessible and consumer-focused approach is both feasible and effective. There is a strong case for the wider market to follow this model by prioritising clear, upfront information on repayment amounts and total cost, ensuring consumers can make informed decisions based on affordability rather than abstract pricing metrics.

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Question 13: If firms are permitted to use alternative cost disclosures to APRs, how might this impact on consumers' ability to compare products and shop around?

Allowing alternative cost disclosures to APR could weaken consistency across the market, which in turn may reduce consumers' ability to compare products and shop around effectively. If firms are able to choose which metrics to emphasise—such as total amount repayable, monthly repayments, or other bespoke measures—there is a risk that disclosures become less standardised and less directly comparable between providers. This could lead to consumers having to interpret different formats and metrics across firms, increasing cognitive burden and potentially disadvantaging those with lower financial capability.

To address this, it will be important to retain a degree of consistency through a core set of standardised disclosures or formats, even where flexibility is introduced, ensuring that consumers can still make meaningful like-for-like comparisons across the market.

Question 17: If our rules enabled firms to present alternative cost disclosures to APRs, which products would benefit from these alternatives and how should the criteria be defined (e.g. based on the interest rate or length of term)? Are there any products which suffer from this, and how might providers of credit products respond in these cases?

Credit unions would strongly benefit from the ability to present alternative cost disclosures alongside, or in some cases instead of, APR, particularly for small-sum, short-term and simple fixed-rate loans. In these cases, APR can be a poor reflection of the actual cost to members. Credit unions therefore often seek to highlight the monthly or weekly repayment amount and the total cost of credit, as these measures more accurately reflect the practical cost of borrowing. As noted in the discussion paper, for loan terms of 12 months or less, the cost of credit may be communicated more clearly in pounds and pence rather than through APR alone.

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This is reflected in current practice, as many credit unions already use tools such as loan calculators to present the repayment amount, total amount repayable, and overall cost of credit in a way that is clearer and more meaningful to members than APR alone. Alternative disclosures are particularly well suited to products where the borrowing period is short, the amount borrowed is relatively small, and the price structure is simple and fixed.

In these cases, members are often better served by seeing the total amount repayable, the cost in pounds and pence, and the regular repayment amount, rather than relying on a single APR figure that can appear disproportionately high and may deter engagement without improving understanding.

The criteria should therefore focus on whether a product is fixed-rate, fixed-term, low complexity, and free from contingent or hidden charges. Any alternative disclosure regime should also be subject to clear safeguards so that firms cannot choose whichever measure makes credit appear cheapest. Where alternatives are permitted, they should be standardised and presented consistently alongside key information to support fair comparison across products.

It is important to note that products with variable rates, revolving balances, multiple fees, or more complex repayment structures are less suited to alternative disclosures alone, as APR may still play a more useful comparative role in those cases. However, such products are generally uncommon in the credit union sector, where lending is typically based on simple, fixed-term, fixed-rate products with transparent pricing.

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