Affordable Credit Code of Good Practice 2026 update

We will ask all lenders who wish to align to this Code and work with us to evidence their organisation's commitment to financial inclusion and serving customers in financially vulnerable circumstances.

The provider:

1. Organisational commitment to customer and social outcomes

a) Has articulated, demonstrated and evidenced its ongoing commitment to financial inclusion and increasing the financial resilience and wellbeing of individuals in financially vulnerable circumstances. This commitment will be in the public domain. The rationale and the delivery route for this commitment will be apparent within the organisation's strategic goals and those of its senior leadership team.

b) Has set measurable goals for good customer outcomes and included these within the responsibilities and reward framework of personnel across the organisation, including the senior leadership team.

c) Has a well-developed understanding of the characteristics and needs of the cohort of customers it serves, including those in financially vulnerable circumstances.

d) Has an ongoing programme of monitoring and data collection to ensure organisational alignment with customers, their requirements and the consistency of outcomes they achieve. The organisation will make clear how this ongoing information capture influences its decisioning on the range and characteristics of both the products it offers and its overall customer service framework.

e) Has evaluated and measured its social impact via a robust methodology which it reports on regularly and publicly. Has undertaken, or is open to, independent evaluation of its social impact.

f) Is open to working and sharing insights from cooperation with subject experts in the third sector or customer advocates. Typically, but not exclusively, this will be in pursuit of shared goals of enhancing understanding of customer needs, product design or ensuring service delivery optimises customer outcomes.

g) Will ensure that all its employees earn a real living wage – or be working towards this.

h) Will, at the outset, be open to external assessment by Fair4All Finance, to determine if its operating practices and customer outcomes are aligned to the Affordable Credit Code of Good Practice.

i) Will accept that adherence to the Code may be subject to audit by Fair4All Finance or external parties appointed by them.

j) Will be able to evidence that its lending to customers in financially vulnerable circumstances does not directly or indirectly generate an unreasonable level of profits or employee enrichment. (Specifics on this to be agreed between lender and Fair4All Finance should direct funding be involved).

2. Customer support and wraparound services

a) Will evidence a holistic commitment to customer outcomes which adheres to and builds upon the requirements of the Consumer Duty.

b) Will have a customer-centred culture in which the needs and behaviours of customers, including those in financially vulnerable circumstances:

   i) Inform communications, product design, service delivery and lending activity.

   ii) Are embedded in policies, systems and processes across the organisation.

   iii) Form part of how all staff understand their roles and responsibilities. Frontline staff will have the skills and capabilities to recognise and respond to a range of characteristics of vulnerability and will encourage customers to disclose their needs.

c) Are the basis on which staff are empowered to provide tailored solutions or adaptations, where these would be appropriate to deliver good customer outcomes.
Best practice should include:

   i) An organisation-wide capacity to identify and serve customers in financially vulnerable circumstances. The outcomes achieved by customers in financially vulnerable circumstances will be clearly defined and monitored. Customer outcome data will be used by the provider's Senior Leadership Team to interrogate when and how service delivery and product design need to be adjusted to ensure consistently good outcomes for all customers.

   ii) Identification of when and how customers could be helped to build their financial capability and resilience. For example, information resources or signposting on credit scores, budgeting and complementary financial services such as savings or insurance. Typically, this will be a combination of support offered in-house, and via partnership referral mechanisms.

   iii) Utilisation of benefit entitlement and income maximisation calculators within loan application where this reflects borrower characteristics. Inclusion of income maximisation and benefit entitlement calculators within financial difficulty support processes.

iv) Appropriate partnership arrangements with third parties to encourage and support potential for current customers in financial difficulty to access free debt advice and/or gambling help.

v) Appropriate in-house specialist support, partnership or referral arrangements to ensure that customers identified as having very significant or complex levels of need or vulnerability can be supported.

vi) Providing appropriate information to potential customers who have been declined for credit. Ensuring such individuals understand why they have been declined, signposting what potential courses of action remain available to them and where to seek support.

vii) Having a low level of upheld complaints as a percentage of total lending. Commitment to full and open engagement with customers and regulators when complaints are raised. Commitment to root cause analysis of complaints and changing organisational practices where it is identified these would improve customer outcomes.

3. Lending

a) Before providing credit, will make a detailed assessment of a customer's existing credit commitments, income and essential and discretionary expenditure to determine that the loan is affordable. Affordability assessments must establish that the customer has the capacity to repay without incurring financial difficulties and will be left with an income 'buffer' to cover unforeseen expenses after making contracted repayments.

b) Will communicate clearly and transparently with customers, ensuring they have understood how the loan will affect their financial situation. Customers should be provided with tools to understand the costs of repayment over different time periods, including comparison of the total cost of the loan. Likewise, customers should be made aware that if their circumstances change, they can repay a loan early, and that this might reduce their total cost of borrowing.

c) Lenders should prioritise the prevention of over indebtedness. Where a lender makes any outbound communications to current borrowers regarding the possibility of further/future credit, an evidenced rationale for this messaging will be required from that lender. A credible rationale will demonstrate a grounding in Consumer Duty principles. Simultaneously it will be backed by data evidencing the lender's understanding of its customers' ongoing financial needs and the options it offers to meet them.

For lending supported by Fair4All Finance assurance of the following will be sought:

i) Lender will charge an APR and an underlying interest rate that is not excessive.

APR is likely to reflect the higher cost of lending to customers who may be excluded from mainstream credit. However, as set out in Section 1, organisations will be required to evidence that they do not seek to make undue private gain from lending, particularly from those in the most financially vulnerable circumstances.

4. Arrears and debt recovery

a) Must treat all customers in financial difficulty fairly and provide them with support aligned to their circumstances to deliver good customer outcomes.

b) Must demonstrate an empathetic approach to arrears and debt recovery. This will make clear how the lender seeks to understand the customer's current circumstances and suggests potential solutions with that knowledge to deliver good customer outcomes.

c) The mental wellbeing of customers will be a specific and ongoing consideration through all recovery communications and processes.
Best practice should include:

   i) Not adding arrears fees or additional charges.

   ii) Freezing or cancelling interest for customers in financial difficulty.

   iii) Offering restructuring and extension of the loan term by mechanisms such as payment holidays, repayment plans or refinancing, where these are appropriate and sustainable options for an individual customer.

d) Lending supported by Fair4All Finance will typically be smaller sum, unsecured and utilised by individuals in financially vulnerable circumstances. Therefore, assurance of the following will be sought within associated arrears and recovery processes.

   i) In any instance where a third-party debt collection agency is used, the lender must ensure the agency selected operates in line with their own recovery policies. The lender must provide evidence of their initial and ongoing scrutiny of the third-party agency and the latter's commitment to good customer outcomes.

   ii) Never putting the debt in the hands of bailiffs either directly or through a third party.

   iii) Never using charging orders to recover unsecured debt.

   iv) Lenders may utilise all proportionate, legally sanctioned enforcement measures in instances where they have concluded borrowing is fraudulent or a borrower has no intent to repay.