



**CONSUMER
PROTECTION BC**



Inspection Guide

Payday lenders

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Introduction

Consumer Protection BC is responsible for the administration of the *Business Practices and Consumer Protection Act* (“Act”) and the Payday Loans Regulation (Regulation). Together, this Act and Regulation govern the conduct of persons and businesses engaged in the activity of payday lending in British Columbia and the licensing requirements for payday lenders in the British Columbia.

This guide has been prepared to better inform and educate you on the compliance inspection process. As one of our licensed businesses it is your responsibility to conduct yourself and to operate your business to comply with the laws and conditions on the licences. We recommend you take the time needed to read this guide fully and to make sure that your managers and staff are familiar with the information.

This guide provides a reference point, so you know what to expect and how to prepare for our compliance inspections.

This is a general overview of the compliance inspections process. This guide is not intended to provide legal advice and it is not an exhaustive review of the legislative provisions affecting you or your sector in BC. We recommend that you get copies of the legislation and regulation and review them in detail. You can find them [online](#) or printed versions may be ordered from:

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Background: our responsibilities

The role of Consumer Protection BC

Our purpose is to license and inspect regulated businesses, respond to consumer inquiries, investigate alleged violations of consumer protection laws, classify all general release and adult films, and provide information and referrals to consumers.

As part of our responsibility to ensure compliance with the law and conditions on a licence, we regularly perform compliance inspections as well as inspections in response to consumer complaints. When an inspector identifies issues of non-compliance, the inspector may open a complaint file. When the eventual outcome of a complaint file results in compliance by the business, or some form of enforcement action being taken against the business, the outcome is published to our website. We share this information to enable consumers to make informed decisions.

The role of the licensee

You are legally responsible for understanding the Act, Regulation, conditions on your licence and be in compliance with them all.

You are also responsible for making sure your employees follow the Act, Regulation, and conditions on the licence, even when you are not present at the business.

You must fully cooperate with an inspector. Providing false or misleading information to an inspector or obstructing or hindering an inspection are serious contraventions. A person that carries out such behaviours or activities is also subject to prosecution under *the Offence Act*.

Inspection process

Scheduling and notification

Inspectors attend businesses located throughout the Province – sometimes arriving unannounced. The Act allows for an inspector to enter a business at any reasonable time to determine compliance with the Act, Regulation, conditions on a licence, or the suitability of a licensee or an applicant for a licence.

Authority to inspect

It is your responsibility to cooperate fully during an inspection. In most instances, an inspector will provide their official identification on arrival, or a request can be made for them to produce it. You must not do anything to obstruct, hinder, or interfere with an inspector's entry and inspection of a business.

The Act gives the inspector the authority to:

- Inquire into any business, affairs or conduct of a person
- Inspect, audit or examine any record, goods or other things or the provision of services in the premises
- Inspect a vehicle or vessel that is being used for business purposes

- Require a person who has possession or control of any records, goods, or other things in the premises, vehicle or vessel to produce the records, goods or things
- Make a record, including a record on film, audio tape, video tape or otherwise, of the premises, vehicle or vessel or any other things in the premises, vehicle or vessel
- Remove any record from the premise, vehicle or vessel for purpose of making copies
- Remove and retain any record, good or other thing that may be required as evidence from the premises, vehicle or vessel.

Conclusion of inspection

Once the inspection is complete, the inspector will review the results with you, or the manager on duty at the time of the inspection and discuss any non-compliance identified during the inspection. A Certification of Inspection will be prepared by the inspector and a digital copy will be emailed to you as indicated on your licensing file.

Post Inspection Report and follow up

After returning to the office, the inspector will document the inspection, update your file and, if required, inform other departments within Consumer Protection BC of the inspection results.

The inspector will give you a Post Inspection Report. The report will identify the alleged violations that you must correct and/or the alleged violations that will be recommended for enforcement to the Director. For more information on the enforcement process, please see the section below.

We may conduct a follow up inspection to ensure that deficiencies noted have been corrected.

Enforcement

If an inspector detects violations that they believe should proceed to enforcement or a monetary administrative penalty, they will notify you of these alleged contraventions in a Post Inspection Report. The inspector will also prepare a Report to the Director (RD) document for the Manager of Inspections & Case Management. A copy of the RD will also be sent to you. The RD will identify the allegation(s) proceeding to enforcement and the evidence the inspector is relying on to support the allegation(s). You will be given an opportunity to respond to the allegations made in the RD. A decision maker will then decide whether the allegation took place, and whether statutory action such as an administrative penalty, licensing action or other remedial order is appropriate. Note: the decision to impose an administrative penalty is at the discretion of the Director or delegated decision maker.

If you are dissatisfied with the decision, you may apply for a reconsideration of the decision.

Further information on the policies and procedures relating to the calculation of administrative monetary penalties and the reconsideration process can be found by visiting the About us (Our policies) section of our website at www.consumerprotectionbc.ca.

What will be inspected

Remember that inspectors attend businesses to confirm compliance with the Act, Regulation, and conditions on a licence, however inspectors are also there to educate and answer questions. Please feel free to approach them about any business issues or problems related to the Act or Regulation.

Typically, you can expect that an inspector will do some of the following:

- Review the legislation and the conditions on a licence for any issues that are identified
- Inspect the physical layout of the business
- Inspect legal, financial and other business records
- Observe and record your business practices, identify deficiencies or problem areas that may lead to non-compliance
- Identify any contraventions
- Answer your questions and help you understand your obligations

To find out what an inspector will be reviewing, please read a sample inspection checklist (Appendix). Note: the items on the checklist are not an exhaustive list of the items an inspector may review at inspection.

Documents and records

You must produce all business records and documents requested by the inspector. Since business records are not always kept on the premises, an inspector may schedule an inspection so you can make sure the records are at the business for the inspection. Sometimes, the inspector may require that you provide additional records at a later date. Refusing to provide records or providing false or misleading information is a serious contravention.

Appendix A - Inspection Checklist

The following are the types of things that the inspector is checking during an inspection of your business. This is not a comprehensive list and not all items on this list are inspected during each inspection.

		Licence # : _____ Date of inspection: _____		
Question	PAYDAY LENDER INSPECTION REPORT	Y	N	N/A
LICENSED LOCATION				
1	BPCPA 143 License Required?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	PLR 8 Payday Lender/Broker Using the Registered Name or DBA?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	PLR 7 License displayed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	PLR 13 Internet Display of Notice?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	PLR 13 Phone Business Disclosure?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	PLR 13 Entrance Sign Correct?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	PLR 13 Sign Visible Where Loans Negotiated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RECORDS				
8	PLR 11 Loan Agreements Retained 2 Years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	BPCPA 112.06(2)(d) Borrowers Name on all Agreements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	BPCPA 112.06(1) Agreements Signed and Dated by Borrowers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	BPCPA 112.06(2)(e) Date of Advance(s) Listed in Agreement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12	BPCPA 112.06(4)(a)(b) Review of Information and Borrower Initials?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	Extended Repayment Terms in Agreements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	BPCPA 112.06(2)(k) APR/Cost of Credit Calculations Correct?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	PLR10 (1)(2) Documents Submitted in use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	BPCPA 112.06(f)(g) Principal Amounts and Loan Terms Correct?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17	PLR 17(3) Default Charges Within Maximums	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	PLR 21 (3) Pre-Authorized Debits Specific to Loans?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	BPCPA 112.08(1)(g) Are they requiring, requesting or accepting any post-dated cheques, PAD, for any amount exceeding the loan amount including interest and permissible charges?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	PLR 22 Post-Dated Cheques Payable to Lender?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21	PLR 18 Loans Less than 50% of Borrowers Net Income?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22	BPCPA 112.08(1) (k) Are loans free of personal property or real property and (l) documentations that may be used to transfer title in the borrower's personal property or real property?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23	PLR 19(1) Supply of Other Goods/Services Optional?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24	BPCPA 112.08(1)(a) No Rollovers Granted?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25	PLR 17(1) Maximum Amount Charged/Required/Accepted Permissible?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26	BPCPA 112.04 (1)(a) All Charges Permissible?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27	BPCPA 112.08(1)(b) One Loan at a Time to Borrowers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

28	DCIR 8(1) Properly Licensed (Business)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
29	BPCPA 143(b) Properly Licensed (Employees)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
30	BPCPA 115(1)(a)(b)(c) Disclosures with Debtors Complete?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
31	BPCPA 115(2) Verbal Disclosures Initiated Correctly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
32	BPCPA 116(1)(a)(b)(c) Communication with Debtors at Employment Permissible?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
33	BPCPA 116(3)(a)(b)(c) Verbal Disclosures Made?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
34	BPCPA 116(4)(a)(b)(c) Request for Limited Collection Activity Followed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
35	BPCPA 114(1) Collection Activity Non-Harassing?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
36	BPCPA 118(2)(a)(b)(c) Collection Activity Times Permissible?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PAYDAY LOAN AGREEMENT				
37	PLR 14 Statement Regarding Consumer Protection BC?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
38	PLR 19(1)(2) No Conditions Requiring Supply of Other Goods or Services?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
39	PLR 19(3) Statement Supply of Other Goods or Services is Separate and Optional?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
40	PLR 20 No Condition re: Collection from Employer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
41	BPCPA 112.06(2)(q) Cancellation Rights and Methods Statement Complete?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

42	BPCPA 112.04(1)(b) All Fees, Penalties, and Charges Disclosed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
43	BPCPA 112.06(3) Agreement Clear and Comprehensible?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
44	BPCPA 112.06(2)(r) Statement about Remedies?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
45	BPCPA 112.06(2)(b) Name, Business Address, Mailing Address?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
46	BPCPA 112.06(2)(c) Licence Number, Phone, Fax and E Mail?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
47	BPCPA 112.06(2)(d) Borrower's Name?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
48	BPCPA 112.06(2)(e) Dates of Agreement and Advances?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
49	BPCPA 112.06(2)(f) Principal of the Loan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
50	BPCPA 112.06(2)(g) Loan Term?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
51	BPCPA 112.06(2)(h) Amount of Cash Advanced/Transferred to Borrower?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
52	BPCPA 112.06(2)(s) Credit Available to Borrower on Cash Card?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
53	BPCPA 112.06(2)(j) Expiry date for Cash Card?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
54	BPCPA 112.06(2)(j) Cost of Credit Listed/Stated as an APR?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
55	BPCPA 112.06(2)(l) Statement that Interest Applies only to Principal of Loan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
56	BPCPA 112.06(2)(n) Listing of Permissible Charges?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

57	BPCPA 112.06(2)(o) Repayment Dates and Amounts?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
58	BPCPA 112.06(2)(p) Statement re "High Cost Loan"?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
59	Is the licensee registered on "MyAccount" and did the Inspector review/update the active status at the time of inspection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For more information about your obligations as a licensed business, our processes and our organization, please visit www.consumerprotectionbc.ca.