

LICENSED INDUSTRY OVERVIEW: HIGH-COST CREDIT PRODUCTS IN BC

OVERVIEW

The [High-Cost Credit Products Regulation](#) came into effect in British Columbia on May 1, 2022. High-cost credit products are any fixed or open credit product, or lease that is primarily for personal, family, or household purposes and has an annual percentage rate (APR) or annual interest rate (AIR) that is more than 32%. This includes credit products usually known as high-interest loans and lines of credit. It is not a payday loan or a mortgage. Anyone who offers, arranges, provides, or facilitates high-cost credit products to or for consumers in BC is required to be licensed with Consumer Protection BC, including loan and pawn brokers.

THE HIGH-COST CREDIT PRODUCTS LAW IN BC

BC's High-Cost Credit Products Regulation protects borrowers by defining a high-cost credit product, providing cancellation rights for borrowers, requiring licensing of high-cost credit grantors, requiring certain disclosures and outlining prohibitive fees and practices.

2022: HIGH-COST CREDIT GRANTING BY THE NUMBERS

Licensed places, activities and occupations:

| BC-licensed high-cost credit grantors | 2022 |
|---------------------------------------|------------------|
| | 355 ¹ |

Consumer inquiries:

- 2022: There were 57 inquiries about the high-cost credit granting sector, representing 0.6% of all calls and emails (9,314). Topics of interest included:
 1. Licence inquiries (32% of high-cost credit granting inquiries)
 2. General inquiries (23%)
 3. Fees and charges (12%)

Investigations:

In 2022, there were no investigation files associated with high-cost credit grantors.

BUSINESS OBLIGATIONS OVERVIEW

By law, high-cost credit grantors in BC:

- Must not charge any fee that's undisclosed, exceeding what is in the agreement, cancelling, making an early payment, or changing the terms of the agreement.

¹ High-cost credit grantors required licences as of May 1, 2022. The industry was issued an interim licence for the May to October 2022 period and the presented number includes both renewals and new applications processed (and is not reflective of the industry size).

- Must review all the required items with the borrower and have them initialed before the high-cost credit agreement is signed by either party.
- Must disclose the required information in a clear and comprehensive manner such as cost of credit, terms and cancellation notice.
- Must not entice a borrower into a high-cost credit agreement or falsely advertise a high-cost credit product as a way to improve their credit rating.

CONSUMER RIGHTS OVERVIEW

By law, BC consumers:

- Have the right to cancel the high-cost credit agreement before the end of the next business day. The consumer would still need to pay back the money they borrowed but there should be no additional charges for cancelling the agreement.
- Can cancel the high-cost credit agreement if:
 - it doesn't disclose any cancellation rights
 - the agreement doesn't have all the required contents
 - the high-cost credit grantor doesn't meet specific requirements regarding their business practices.
- Do not have to purchase optional products such as loan protection or insurance.

CONSUMER TIPS

1. **Get a copy of your high-cost credit agreement.** You should not just be given access to a copy but actually get a copy.
2. **Know who you are doing business with.** [Visit Consumer Protection BC's website](#) to ensure the high-cost credit grantor you're working with is licensed. The laws in BC apply to online high-cost credit grantors too. Dig into the details to find out more about the company.
3. **Understand what allowable extra fees you may be paying.** For example, charges and expiry dates may apply to cash cards.

ENFORCEMENT ACTIONS

To maintain the integrity of our investigative processes, we do not share detailed information about open files. Visit the [Enforcement Actions section of our website](#) to explore our recent licensing and enforcement actions.

FOR MORE INFORMATION

Explore www.consumerprotectionbc.ca for more information for both consumers and regulated businesses. Additional statistical information is also available in our [Annual Reports](#). We also share information and consumer tips on [Facebook](#), [Instagram](#), [YouTube](#) and in [our corporate blog](#).