

# Industry Backgrounder: High-cost Credit Products in BC

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## Overview

The [High-Cost Credit Products Regulation](#) came into effect in British Columbia on May 1, 2022. High-cost credit products are any lease, fixed or open credit product 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

The law 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.

## High-cost credit granting by the numbers

	2022	2023	2024
Consumer inquiries <sup>1</sup>	57	117	132
Licenses issued and renewed	355	175	168
Compliance inspections	3	17	25
Investigations closed	0	0	5

## Business obligations

By law, high-cost credit grantors in BC:

- Must not charge consumers fees that are not disclosed or that are more than what is in the agreement
- Must not charge consumers fees for making an early payment or for cancelling or changing the terms of the agreement

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<sup>1</sup>Volumes are based on each unique contact point logged by our tracking system, not on combined interactions with consumers on certain issues. Not all inquiries handled were within our mandate.

- 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

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](http://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 blog](#).