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THE JOURNAL FOR THE CAR FINANCE INDUSTRY

Motor Finance

CLARITY AND OPPORTUNITY

USED CAR FINANCE LOOKS TO A NEW REGULATORY ERA WITH OPTIMISM

FEATURE

Asset ownership loses its dominance as usership comes to the fore

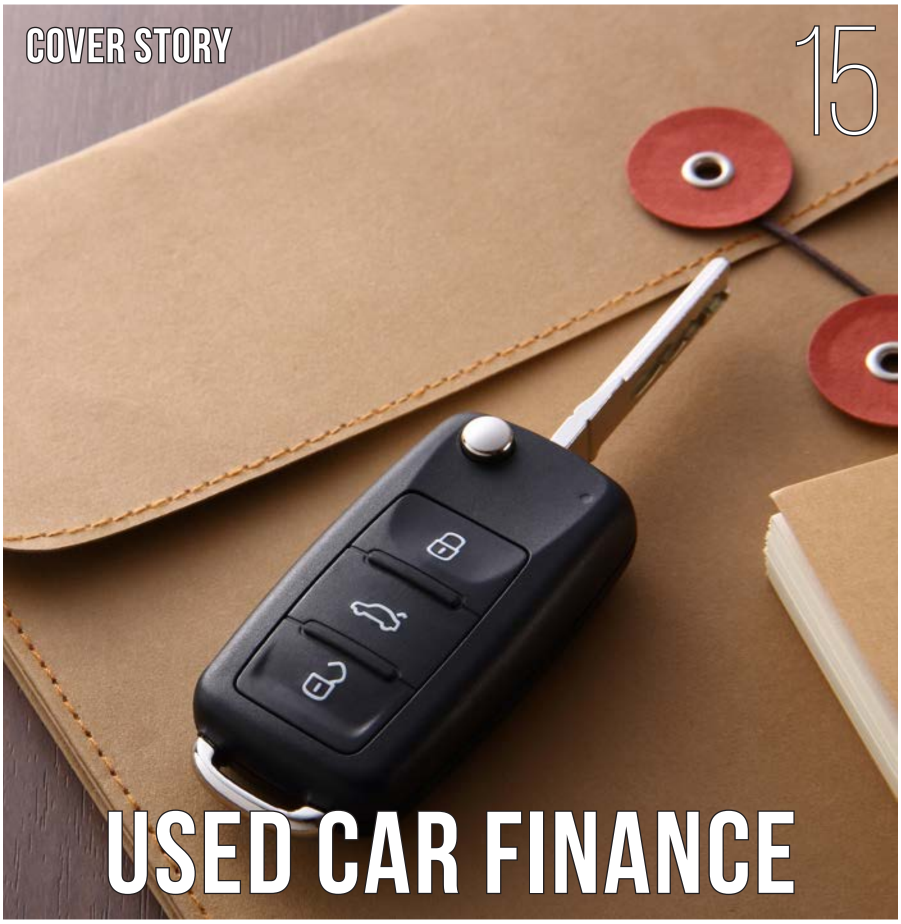
PEOPLE

Tarun Mistry talks market efficiency and setting up a new advisory business

OPINION

The number of companies in distress is increasing, but hope is on the horizon

THIS MONTH



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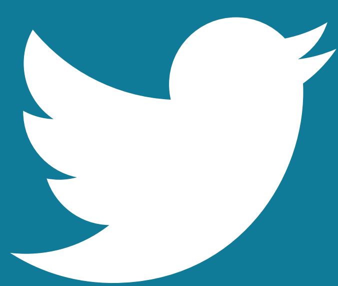

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JUNE 2019

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Digital Accountancy Forum & Awards London 2019

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The **Digital Accountancy Forum & Awards** has grown from strength to strength in recent years. Starting as an awards reception in 2012, we will be returning to London in 2019 with our industry forum followed by a gala awards ceremony aimed at UK, European and global accounting firm leaders.

On the **3rd October** at the iconic **Waldorf Hilton** we will once again bring together c-level professionals from accounting firms, regulators and industry bodies, consultancies and advisors, law firms and tech vendors to discuss some of the most pressing issues the industry faces today.

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- Deploying and using artificial intelligence for better services in accounting and auditing
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EDITOR'S LETTER
DATA, DIGITISATION AND DISRUPTIVE TECHNOLOGY

Brian Cantwell, Editor

The industry met at the end of last month for the *Motor Finance* conference and awards in Munich, discussing a wide array of issues that are disrupting the market.

While the full conference report and write-up will appear in July's magazine (oh, the wonder of publishing deadlines!), in particular focus were data, digitisation and the impact that disruptive technologies are having across the industry.

A 2019 KPMG joint global study into the automotive sector talked about the gravity of digitisation and how it was a "moving target" for executives in terms of understanding, while a report from Deloitte recently outlined how AI could save OEMs up to £200m a year in warranty claims.

While the motor finance market is open to change, clearly the competitive edge is always moving forwards.

The big themes affecting the car finance sector also cover mobility and the switch from ownership to a usage-based model. The car finance market has the knowledge and expertise to thrive in this changing dynamic, but will rely on innovative approaches and product designs to get there.

Additionally the challenge of regulation is looming in the background, with the FCA looking ever-more interventionist following its review on motor finance that was published earlier this year.

Andrew Bailey is spending a lot of time talking about consumer protections with public accounts committees in Parliament – his caps in the rent-to-own sector and the tone of some of his speeches could be read as admonishing the consumer lending industries. Certainly his speech to the FLA dinner in 2018 was seen as a bit of a finger-wagging, even if he did admit that a healthy consumer lending market was vital to a healthy economy.

The issue is how does the regulator's intent and ideology work out in practice? Does a regulator with a wide remit, slow response times, and a lack of industry knowledge and practice make the cleanest incision? Probably not. But industry bodies like the FLA have been working hard to make sure that the regulator does not create regulation that damages the market.

As a rough prediction, expect to see broker to funder commissions changed, and finance selling techniques on the forecourt looked at.

The terms and conditions of a contract are always a great place to put something you do not want to be read, goes the old wit, but in this issue, Neil Watkiss from Dealtrak looks at the FCA moves in more detail, and chalks out some changes to the market that could be in the offing regarding consumer contracts.

And there are in-depth features on personal contract hire and the used car market too, with some great legal insights from Eversheds Sutherland and a piece on insolvency in the automotive market.

I hope you enjoy reading this issue. ■

GET IN TOUCH WITH THE EDITOR AT: **BRIAN.CANTWELL@VERDICT.CO.UK**

NEWS UPDATE

Volvo overtakes Audi and BMW in leasing market

Volvo has become the third-largest manufacturer in the personal leasing market, generating more enquiries than both Audi and BMW so far in 2019.

This is according to the latest Leasing.com league tables, which attributed the rise to the brand's popular S90 saloon model and SUV range. The S90 model provides strong residual values, while the premium model is available through a host of affordable deals.

The UK now represents Volvo's biggest European market, and third globally behind China and the US. Leasing is the fastest-growing form of finance for the brand, with personal leasing now accounting for 15% of overall sales in the UK, according to the manufacturer.

"Volvo's offering continues to impress lease customers thanks to its premium appeal, quality engineering and affordable lease rates," said Paul Harrison, head of strategic partnerships at Leasing.com. "We expect the arrival of the new S60 and V60 ranges to boost demand for the brand even further."

Mercedes-Benz and Volkswagen continue to dominate the sector, with the Mercedes-Benz A-Class pipping the VW Golf to the number one spot for most enquiries. Harrison added: "The dependable VW Golf has been the most popular personal lease car for many years, but it looks as if the tech-laden Mercedes-Benz A-Class could steal its crown this year."

The figures follow recent news from Leasing.com that new car buyers are more inclined to seek shorter lease deals, with enquiries for 18-month lease lengths with a one-month initial payment up 190% year-on-year in March.

Volvo topped the list for the most popular choice on this type of lease deal, with prices starting at £500 a month for its V60 model.

Harrison said: "These are likely to be consumers coming out of existing finance deals who want or need a new car, but do not want to commit to large initial payments or lengthy contracts in a very uncertain market.

"There is a clear demand for short-term flexibility, but ultimately the monthly price for this flexibility has to be right for consumer budgets." ■

MANHEIM AND ZENITH AGREE VAN REMARKETING DEAL

Vehicle auction company Manheim has agreed a preferred supplier remarketing partnership with independent vehicle solutions firm Zenith.

As part of the deal, Zenith's de-fleeted vans will be sold via digital channels, with all vehicles being advertised online using Manheim's 'buy now' and 'bid now' functionalities. The company's physical auction network will also be used to support the online sales channels.

The digital-first method saves the companies money by avoiding movement costs, and ensures the largest possible active buyer audience, highest sales value and optimum speed of sale, according to Manheim.

Manheim will collect the vans and take them to a dedicated commercial vehicle auction centre, before valeting, inspecting, photographing and removing all branding within 24 hours. All vans will be photographed using 360-degree turntables, enabling buyers to get a full and accurate overview of the vehicle's condition.

The vans will be priced using the latest market intelligence before being uploaded online. Each Zenith van will also carry Manheim SureCheck, a 41-point mechanical check giving buyers a seven-day assurance period.

Manheim managing director Peter Bell said: "We have had a successful partnership with Zenith since 2017, and I am delighted that we will continue working together for a further two years.

"Over recent years we have seen impressive online sales growth in our commercial vehicle business, and this deal is testament to our ability to design and deliver innovative end-to-end solutions

that deliver on our customers' objectives. We look forward to seeing our relationship with Zenith go from strength-to-strength."

Steve Barlow, head of remarketing at Zenith, added: "Over our two-year partnership, we've been impressed by the service, focus and expertise of Manheim's CV team. With this deal, Manheim has listened to our requirements and designed a unique hybrid remarketing solution that combines the benefits of both a physical and digital auction." ■

FINANCE PENETRATION UP 2.1% IN USED VEHICLE MARKET

Finance penetration in the used car market increased 2.1% year-on-year in April, now accounting for 46% of sales in the UK.

This is according to figures from Dealerweb, which revealed a 6.4% increase in used car finance sales as dealers continued to focus on used revenues. Overall revenues from used car operations were also up, by 1.6%.

Dealers are witnessing an increase in the use of digital channels for customer interest in the used market, with online enquiries up 4.4% in April. However, overall enquiries for used vehicles dipped 6.9%, as a result of a decrease in telephone and walk-in enquiries.

"Used car operations continue to provide opportunities for growth as the new car sector continues to see headwinds," said Dealerweb chief executive Martin Hill. "It is clear that online channels are growing in importance and it is vital that dealers capture these enquiries accurately and respond quickly.

"Customers expect a quick response to their enquiry and our data shows that a prompt response is crucial for sales conversions."

In May, Dealerweb appointed Heather Upchurch as chief technology officer, responsible for overseeing all technology activities at the firm.

"I'm joining Dealerweb at an exciting time in its development," said Upchurch. "The company has built a reputation on offering some of the most innovative software in the industry, and I'm looking forward to working on Dealerweb's continued technological advancements."

Hill added: "Having recently launched new products, adopted ISO-accredited security processes and begun the roll-out of our completely re-engineered Dealerweb Showroom system, Heather's appointment will provide an experienced leader to oversee these developments and ensure that our commitment and passion for technology remains at the forefront for many years to come." ■

NEXTGEAR CAPITAL SEES FIFTH YEAR OF GROWTH

NextGear Capital, a provider of stock funding plans to independent and franchised dealers, has passed its five-year anniversary.

Launched in May 2014 in the UK and Ireland, NextGear now supports over 1,600 dealers by offering flexible stocking plans that free up cash flow and enable firms to focus on furthering growth. The business launched a custom-built app in 2015, enabling dealers to view and fund pending vehicles from their mobile.

"Over the last five years we've hit some really notable milestones, including £2 billion of vehicle funding," said Liam Quegan, managing director at NextGear Capital. "But I know I speak for the whole team when I say that the thing we're most proud of is the great feedback from our customers. We've really set ourselves apart by offering our clients a smart way to buy stock from a wide variety of sources, and giving them the tools to manage their account online, 24/7.

"It's been a fantastic five years, and we look forward to helping even more dealers in the UK and Ireland to grow their businesses over the years ahead."

NextGear Capital is part of the US-based Cox Automotive Group, which offers various services in the automotive industry, helping dealers, manufacturers, fleet and leasing companies to boost asset values and improve profitability.

A recent survey from NextGear and Cox Automotive found that UK dealers would be investing in additional used car stock in the coming year.

Some 90% of survey respondents said they planned to use more than one source of funding to facilitate this, with wholesale finance and in-house capital the most popular responses.

Quegan added: "Despite the uncertainty of what will happen after Brexit, the potential for growth this year is nevertheless there for the taking.

"The used vehicle market is growing, consumer finance products are making it possible for more people to afford newer and better cars, online trading is breaking down traditional barriers and the wholesale market is offering a greater choice of stock than ever before." ■

Close Brothers: UK drivers considering electric switch

Two in five UK drivers are considering a switch to electric when selecting their next vehicle, according to a new report from Close Brothers Motor Finance.

While sales figures remain relatively low, Close Brothers data from dealers and drivers has revealed a surge in electric vehicle (EV) interest over the last two years. The number of consumers considering an EV as their next vehicle has almost trebled since 2017 (15%). Online trends have also pointed to growing interest, with the number of EV searches doubling in the last two years.

The survey of more than 200 UK dealers and 2,000 UK drivers also revealed that 20% of dealers have witnessed an uplift in EV interest. In preparation, one in eight dealers has sourced more alternative fuel vehicles on the assumption that demand would increase.

Concerns regarding cost, range and charging time have also alleviated when compared with last year. Almost half as many drivers noted concern about the initial outlay of an EV (24% in 2019, compared with 47% last year), while half as many drivers were worried about charge times (17%, down from 36%). The percentage of drivers concerned about driving range also fell by a similar margin, dropping from 43% last year to 24% now.

"2019 may be remembered as the year when EVs went mainstream," said Seán Kemple, director of sales at Close Brothers Motor Finance. "While sales are still relatively low in real terms, the speed of growth is accelerating, and it looks like we're months, not years from a tipping point.

"Consumers are becoming more aware of the benefits of AFVs and EVs – from environmental protection to lower costs of running a car after the initial outlay – and manufacturers are responding to this demand. The overwhelming number of EVs and AFVs on display at the Geneva Motor Show is evidence of this.

"The government should also steer its focus towards developing the infrastructure needed to meet the needs of rising demand, from charging points outside of the big cities to solutions for customers with on-street parking," Kemple concluded.

Separate research from Close Brothers found that the proportion of drivers planning to buy a used car has increased amid ongoing economic uncertainty.

The survey of more than 2,000 UK drivers and 200 dealers found that 49% of drivers plan to buy a used car next – up from 41% last year. A third of respondents said they were considering a new car purchase – down 8% on last year. ■

LEX AUTOLEASE £1M FUND DRIVES EV FLEET GROWTH BY 67%

Lex Autolease has seen its electric vehicle (EV) fleet grow 67% since the start of 2019, partly as a result of its £1m fund.

As announced at the *Zero Emission Vehicle Summit* in September, 1 January marked the launch of a £1m fund to accelerate uptake of EVs, providing cashback of £1,000 against the first 1,000 eligible orders.

Overall, 467 qualifying orders were placed in the first four months of 2019, and are set to receive contributions of £467,000 in total, said Lex.

The business predicts that once the funds have been fully allocated, there will be an overall increase of at least 8% in the number of pure EVs on the UK's roads.

Beyond the orders that qualify for cashback, the fund has also generated significant interest in EVs from both business and personal customers, with a further 530 orders placed in three months, taking the total to 997.

Of the total EVs ordered in 2019 to date, 80% are cars and 20% are light commercial vehicles. Business contracts account for 80% of orders, and personal contracts 20%.

The new vehicles will eliminate an estimated 8,400 tonnes of carbon from roadside emissions and will cover more than 42 million zero-emission miles over the duration of their contracts.

Leading facilities management and professional services company Mitie has ordered 200 EVs to date, with further purchases planned over the coming months.

Richard Jones, managing director of motor finance and leasing at Lloyds Banking Group, said: "The Committee on Climate Change has recommended a target for all new car and van registrations to have zero emissions by 2030. Drivers who buy a new car typically own it for four years, which means 2030 could be just three renewal cycles away for many.

"I believe a real focus needs to be on helping people to understand their purchasing options when it comes to the fuel types available. As an industry, we should be educating, encouraging and incentivising customers to get out of their older vehicles in favour of newer, cleaner engines," Jones continued.

"This is where our EV1000 campaign really comes into its element. The first four months of the year have seen almost half of the £1m fund allocated, and an increased demand for EVs more widely.

"Businesses and individuals are behind the country's Road to Zero journey, and are keen to benefit from the associated grants, incentives and in-life cost savings. With both advances in technology and the growth in the range of EVs gathering pace, it's becoming easier to find the right vehicle for the right job."

Simon King, fleet and procurement director at Mitie, added: "Our fleet is responsible for 93% of our carbon footprint, so it's absolutely the right place to start in the fight against climate change. We're already reducing our emissions with the expert support from Lex Autolease.

"Determined to drive change in our industry, we have committed to switching 20% of our fleet to EVs by the end of 2020. Making the move to electric is the right thing for the planet, and our people are queuing up to be the first to try out our new vehicles." ■

DELOITTE: AI COULD SAVE OEMS UP TO £200M

Greater use of advanced analytics, and AI in particular, could produce a saving of between £150m and £200m in reduced warranty claims for car manufacturers, according to Deloitte.

The estimated saving is based on a typical market-leading OEM with annual revenues of £100bn incurring between 1% and 2% of total annual revenue on warranty costs each year, said Deloitte.

It added that warranty costs are the result of vehicles with lower-than-expected build quality, and that these issues tend to be the result of a design or manufacturing process, rather than isolated cases.

Using AI to interpret often-handwritten diagnostics can categorise quality concerns quickly and accurately when vehicles arrive for repair. By reducing the time taken to identify and implement a successful countermeasure, engineering time can also be freed up to focus on more business-critical work.

Equally, individual vehicles generate continuous streams of data, such as engine performance, back to the factory floor. This can inspire better decision-making, such as ways to improve operations before they become faults, or create new offerings at the development stage.

Michael Woodward, UK automotive partner at Deloitte, said: "The automotive industry is under increasing pressure from alternatively fuelled vehicles, disruptive technology, greater competition and changing consumer demands. For OEMs, the challenge to maintain market share, profitability and, ultimately, the competitive advantage is set. Many are already re-examining their business models and investing heavily in technology to improve both efficiency and revenues. However, the potential of advanced analytics is still to be realised to its fullest, although it has the potential to completely transform the automotive industry."

In addition to quality fixes, advanced analytics could also be used to limit factory downtime during machinery breakdowns, particularly as operations become increasingly complex, said Deloitte. By identifying the causes of breakdowns, defects and other delays on the production line, outages can be predicted and countermeasures actioned proactively rather than after the fact. Reducing downtime and unscheduled maintenance times, and improving overall efficiency could result in an output capacity increase of between 2% and 4% each year.

Woodward said: "Whilst the potential rewards in adopting advanced analytics are excellent, investment is no guarantee of success. To deliver a successful project, OEMs should prioritise the business questions and challenges to focus on first, and why. At the same time, OEMs should continue to create an environment where talent can thrive and build their analytics around strategy, people and processes before making investments in data and technology." ■

STARTLINE SECURES £325M FACILITY FROM JP MORGAN

Glasgow-based Startline Motor Finance has received a £325m credit facility from investment bank JP Morgan.

The arrangement is the second of its kind for the two companies, following a £250m facility issued to Startline in December 2017.

Startline chief executive Paul Burgess said: "The lending philosophy that we have pioneered in the motor finance sector is increasingly coming into its own, thanks both to greater understanding of our proposition from introducers such as dealers and to current market conditions.

"Across our product range, we have seen higher levels of penetration, but the PCP offering that we introduced last year has been especially effective. It essentially has its own market niche that is very relevant to the used car market today."

The company has enjoyed a strong start to the year, with business volumes up more than 20% year-on-year. The number of staff has doubled since 2018 to around 80 people, while 50 more will be recruited in order to bring its customer services function in-house.

"The last 12 months have been transformative for us as a business," Burgess continued. "Our lending takes place mainly through introducers such as franchised dealer groups, car supermarkets and online platforms – and we are now working with larger numbers of all of these as well as seeing higher penetration among existing customers.

"Looking further into 2019, we envisage the current level of growth continuing and also hope to be able to announce a number of interesting product and service developments.

"We believe that, with a shifting social and economic landscape signifying changes in home ownership and employment patterns, a move towards products like ours makes absolute sense."

Concluding, Burgess said: "Of course, we have some hard lending rules, but in areas where other lenders take a black-and-white approach, we will take a look at each individual in more detail and, as a result, will be able to offer APRs and terms that are comparable with traditional prime lenders." ■

ALD Automotive managing director to stand down

ALD Automotive UK's managing director is stepping down from his role in June after 22 years at the company.

Mel Dawson will leave the business on 30 June, and his successor has been announced as Tim Laver, ALD UK's director of finance and risk, who takes over on 1 July. Laver joined ALD Automotive in 2005 and became finance director in 2012.

Dawson joined ALD as commercial director in 1997, before becoming sales director in 2004 and managing director in 2012. During his time in charge he has overseen a doubling in the company's fleet size to 145,000 vehicles, and expansion of its multi-channel sales strategy through the development of a number of partnerships.

ALD recently launched the industry's first fully digital 'end to end' car leasing solution in the UK.

Dawson said: "I've had an amazing time at ALD and I'm lucky enough to have had the opportunity to work with some fantastic colleagues over that time who've helped us grow the business into what we have today. But with a clear strategy ahead, our digital foundations laid and an exceptional management team in place, I felt it was the right time to step aside as the company looks to take its mobility offering to the next level."

ALD chief executive officer Mike Masterson said: "I'd like to thank Mel for the massive contribution he has made to ALD over two decades. His leadership has been key to what the UK business has achieved, not only in terms of growth and innovation, but in building a very positive customer focused culture across the business."

Dawson's replacement, Laver, said: "As a colleague and friend he'll be missed by all, and we wish him every success in the future. Looking ahead over the next 18 months, in what is a rapidly changing mobility landscape, we have some very exciting plans in store and I'm really looking forward to tackling the opportunities and challenges that lie ahead."

In March, ALD Automotive's head office in France made changes to its senior management team and board, with chief operating officer John Saffrett becoming deputy chief executive officer. ■

TARUN MISTRY LAUNCHES ADVISORY FIRM WEBSITE

Tarun Mistry has launched tmistry.com, the website for his advisory firm, T Mistry & Associates (TMA).

TMA focuses on the financing and lending sector, including the consumer and business, regulated and unregulated, secured and unsecured, prime, near-prime and sub-prime markets. Since launching in 2017, it has advised clients in the UK, continental Europe and the US on more than £100m of M&A transactions, over £250m of debt transactions and around $100m (£78.9m) of trade finance.

Mistry established the advisory firm after resigning as partner for Grant Thornton's financial services corporate finance and automotive advisory team. Mistry's Grant Thornton career spanned 14 years, where he was the orchestrating influence behind the majority of complex transactions, mergers and acquisitions in the UK industry.

He built up this advisory team at the accountancy firm, adding a new avenue for the business to engage with the leasing market. In addition, Mistry and his team have advised on many wholesale debt transactions for the consumer, motor, asset finance and fintech sectors. By launching his own advisory practice, Mistry and his associates hope to leverage their knowledge, experience and network more directly with the industry.

He noted: "Focusing on a holistic approach to advising the financing sector and its stakeholders provides for a truly bespoke industry-focused consulting firm.

"Our broad experience gained from working in industry and the advisory sector provides for a unique consulting offering. Industry-specific independent and objective advice drives a high rate of repeat clients and referrals. We are flexible with our approach to engagements, focusing on understanding our clients' needs and providing a value-added service." ■

See page 20 for more details

MOTOR FINANCE EUROPE AWARDS 2019: SHORTLIST ANNOUNCED

The shortlist for the 2019 Motor Finance Europe Awards has been announced, with winners to be announced at the iconic Sofitel Munich Bayerpost on 29 May.

There are nine awards up for grabs at this year's event, celebrating leading initiatives from across the industry in the last 12 months. The shortlist is as follows:

Captive Finance Company of the Year
FCA Bank • Toyota Financial Services

Best Finance Product of the Year
Oodle Car Finance • Startline Motor Finance • Close Brothers Asset Finance and Leasing

Subprime/Non-prime Lender of the Year
Moneybarn • Billing Finance

Intermediary of the Year
Buyacar.co.uk • Evolution Funding

Bank-Owned Independent Finance Provider of the Year
Santander Consumer UK • Gjensidige Bank • Barclays Partner Finance

Non-bank-Owned Independent Finance Provider of the Year
First Citizen Finance • Moneybarn • JBR Capital • Billing Finance • Startline Motor Finance • Oodle Car Finance

Advisory Firm of the Year
KPMG • Capgemini Invent • RSM

Digital Innovation of the Year: Consumer Lending
FCA Bank • Moneybarn • Oodle Car Finance • Leasing.com • Buyacar • BNP Paribas Personal Finance • Evolution Funding

Digital Innovation of the Year
BNP Paribas Personal Finance • Leasing.com • Redline • Codeweavers • Autofutura • Gjensidige Bank • Tomorrow's Journey • TurnKey Lender • Bonafidee

MOTONOVO COMPLETES ALDERMORE INTEGRATION

MotoNovo Finance has completed its integration with Aldermore, following the bank's acquisition by FirstRand in March 2018.

The integration marks the amalgamation of FirstRand's UK operations in retail, business and motor finance. By integrating the two firms, FirstRand hopes to fund new MotoNovo business through Aldermore's deposit base and securitisation operations.

"Joining the recently acquired Aldermore family brings us the strategic benefits of greater sustainability through a lower cost of funds and greater diversification," said Mark Standish, chief executive at MotoNovo Finance. "MotoNovo will now begin to write new business from Aldermore's balance sheet, a move that will put us in a far stronger competitive position."

Aldermore chief executive Philip Monks added: "This is a very exciting step in Aldermore's journey as we join forces with MotoNovo Finance, one of the largest lenders in motor finance. This move will create real benefits for our customers and shareholders. It brings together the precocious entrepreneurialism of two organisations which together can achieve even more.

"With a broader customer base, we can harness the combined strength and energy of our two like-minded organisations to achieve great things for our customers. We already benefit from similar customer-focused cultures and there is now a real opportunity to build our respective strategies together, armed with the fire-power of our parent, FirstRand."

There will be no changes to the team of MotoNovo Finance's field-based account managers or at the company's Cardiff-based head office. The only change to partner dealers and customers with regard to new business is that it will now be written directly in the name of MotoNovo Finance.

Standish concluded: "Now we have successfully completed our integration with Aldermore, our focus for the future is on maximising the opportunities opened up by digitisation, product innovation and regulatory reform for ourselves, our dealers and their customers."

MotoNovo Finance has been owned by the FirstRand group since 2006. ■

PSA reportedly eying JLR buyout

French OEM PSA, which owns the Peugeot, Citroen and Vauxhall marques, is reported to be considering purchasing Jaguar Land Rover (JLR) from the business's Indian owners, Tata Motors.

While PSA is believed to be targeting the manufacturer known for classic UK models such as the Jaguar F-Type and the Land Rover, Tata has denied the reports, which also suggest that a "post-sale integration document" is in circulation.

"As a matter of policy, we do not comment on media speculation, but we can confirm there is no truth to these rumours," a Tata spokesperson said.

Coventry-based carmaker JLR announced in January that it was to reduce its workforce by 10%, a total of 4,500 jobs. JLR has also opened a £1bn plant in Slovakia with more than 2,000 staff and capacity to build 150,000 cars a year.

Since his election as chief executive officer in 2009, Natarajan Chandrasekaran, chair of parent group Tata Sons, has operated on a public mandate of streamlining the entire group and potentially offloading unprofitable companies. In its most recent quarterly results, JLR revealed a £3.4bn pre-tax loss. The company has suffered from economic factors including a Chinese market undercut by copycat Landwind versions of the Land Rover.

PSA spokesperson Alain Le Gouguec said: "On principle we are open to opportunities that could create long-term value for PSA Group and its shareholders."

While there had been some speculation in a report from *CoventryLive* that PSA would look to separate Jaguar from Land Rover, this was dismissed as unlikely due to the interconnection of the car manufacturing plants.

JCB chair Anthony Bamford expressed an interest in purchasing Jaguar Cars in 2006, but was informed that this would also necessitate the purchase of Land Rover.

In April, JLR signed a deal with Faxi to replace its private corporate carpooling platform, which covers nine sites. Faxi was chosen because of its ability to verify and incentivise carpooling and other sustainable activities, such as walking and cycling. ■

PERSONAL CONTRACT HIRE: THE USERSHIP GENERATION AND MOTOR FINANCE

We are in the midst of a generational shift in consumer buying behaviour. Asset ownership is losing the appeal and dominance it enjoyed for decades, as consumers turn increasingly towards 'usership' models – hiring goods for a set period without the intention of ever owning the product. *Chris Lemmon* writes

Netflix and Spotify have blazed the trail in the new-age subscription society – but consumers are now expecting similar usership services in other areas of their lives.

The motor industry and car ownership is no different, with emerging behaviours effecting change across the market.

"We have all been on a journey for the last 30 years, where people are moving away from models that are about owning assets, towards using assets," explains Adrian Dally, head of motor finance at the Finance and Leading Association (FLA).

"All the models available when purchasing a vehicle are on a spectrum: from outright ownership on day one to personal contract hire (PCH) at the other end of the spectrum, where you never own it."

The notion of car ownership is changing. In the past, owning a car provided consumers with a sense of pride; however, as Perrys Leasing director David Johnson acknowledges: "it is no longer embarrassing to admit that you are paying for a car on a monthly payment – it has become the accepted norm."

> "PEOPLE ARE MOVING AWAY FROM MODELS THAT ARE ABOUT OWNING ASSETS

James Comrie, director of wholesale finance at Close Brothers Asset Finance, agrees that the car is losing the role of status symbol that it once enjoyed. Purchasing a car, he says, is becoming less emotive and more transactional, in the same way that happened with the mobile phone.

Comrie reveals that before launching its specialist PCH funding venture, Close Brothers conducted a review of the market in collaboration with Lancaster University. The results of the study confirmed the changing tides in the industry. "The younger generation is more concerned with usership than ownership, and instead want digital platforms to underpin their car requirements," Comrie explains.

Coupled with the depreciating importance of customer car ownership, Andy Alderson of Autorama UK points out that owning a car does not make financial sense any more. "Whilst everyone wants a new car, most people understand that a vehicle is a depreciating asset – you lose money on it."

In the meantime, the motor finance industry has been working hard to improve

Adrian Dally, FLA

the various offerings of alternatives to car ownership.

Alderson continues: "PCH today is a better product than it was a decade ago. Leasing a vehicle used to be a hard sell, lacking flexibility on mileage and wear-and-tear agreements for example, but this is not true today. Add that to the fact that just as PCH's offering has improved, consumers are learning that PCP is not the great deal they thought it was."

The availability and visibility of personal leasing has increased as a result of the changing consumer preferences, Paul Harrison of Leasing.com observes. With consumers now increasingly comfortable with not owning their cars, there has been a push in the market to promote a variety of leasing options. More captive lenders have introduced personal leasing into their product line-ups, and manufacturer advertising campaigns often lead with a leasing offer," Harrison notes.

"Consumers are hearing more about leasing, and they are now able to access more information about it online and in showrooms. In the business market, a relatively punitive CO2-based tax regime for company cars has turned some business users to the personal leasing market."

> " JUST AS PCH'S OFFERING HAS IMPROVED, CONSUMERS ARE LEARNING THAT PCP IS NOT THE GREAT DEAL THEY THOUGHT IT WAS

GREATER SIMPLICITY

A PCH agreement also offers a level of clarity that may not be available with other leasing products. "PCH is more transparent," says Johnson. "It is a simple payment, and there is no deviation. What you see is what you get in terms of payments – it's the same for everybody."

In contrast, PCP has been criticised for its complexity, with customers often entering into agreements without fully understanding the terms of the contract. "Motorists have been taken for a ride by a sector that has misled them into owning cars that they would be much better off leasing," says Alderson.

A recent Autorama survey found that 56% of drivers on a PCP contract were so put off by the inflated balloon payment at the end of the contract that they would either return the car or set up a new PCP deal as a replacement.

"They are effectively leasing even if they stick with PCP," Alderson states. "Our own research found that customers who lease a vehicle are actually saving an average of £4,424 when compared to PCP.

"If we want to win back the trust of the customer, we need to be transparent and point them towards a financial package that is in their interest: PCH," he asserts.

CONSUMER PROTECTION

Despite its apparent flaws, PCP offers a level of consumer protection that is currently not available on PCH agreements.

Dally explains that PCP is a fully regulated product, which PCH is not. Effectively a derivation of hire purchase, consumers benefit from voluntary termination rights when signing up to PCP agreements.

"The consumer knows that half-way through the agreement, in a distress situation, they can exit the PCP or HP deal with clear statutory rights. You cannot do that with PCH."

This disparity could potentially be rectified in the coming months, with the Financial Conduct Authority currently reviewing the Consumer Credit Act – where the rules and

Andy Alderson, Autorama UK

regulations of each leasing agreement are laid out. The levelling of the playing field in the leasing regulatory space could further boost uptake of PCH, with consumers more assured of protection.

Figures from the FLA show that PCH agreements on new cars in the UK have increased by more than 350% in the last five years. During that period, PCH increased its market share from 4.3% in 2014 to 11.4% in 2018 – overtaking HP as the second-most-popular finance method in 2017.

PCH still lags far behind PCP in the market, which accounts for almost 80% of all new finance agreements.

USED CAR MARKET

Historically, leasing has very much been a product for the new car market. However, despite continued low market share, the PCH market in the used car sector has grown from £7m in 2015 to £110m in 2018. Such growth has not gone unnoticed in the industry, as changing consumer preferences continue to effect change in the products on offer to them.

Harrison believes there is huge potential in the used car leasing sector because of the size of the UK market, but it offers a variety of different challenges to new car leasing. "Do finance companies want eight-to-ten-year-old vehicles on their balance sheet? Probably not. Striking the right balance between risk and vehicle profile is required.

"Offering a secondary lease agreement on a two-to-three-year-old used car that's been well maintained under a previous agreement is more appealing for lessors and consumers. It took PCP a while to establish itself in the used car market, and the same will be true of PCH, but a number of leasing companies have recently launched initiatives."

Comrie has recognised this growing trend in the market, stating that it can be a win-win situation for both contract hire companies and customers. "Sixty percent of the contract hire companies we fund PCH for now fund used assets on PCH, and they are starting to market this heavily. This is a big benefit for both the consumer and the company since the consumer may not always want – or afford – a new PCH vehicle or indeed find a potentially large deposit."

As Comrie points out, contract hire companies usually have a large number of ex-fleet vehicles that have been owned from new – providing the perfect stock for the used PCH market.

"We see this as a future growth accelerator, as consumers are becoming less and less motivated about paying large initial rentals on cars they will never own," he notes. "Up until this point, the market has developed products that focus on a headline monthly rental rather than an overall usership package the driver may want."

Finding the right balance in the used car PCH market will be the key to its success. Dally acknowledges the greater risks associated with used cars, due to uncertainty around used cars getting the correct valuations. "The older the car that is being leased, the higher the price risk is. The higher the price risk, the higher the price." This, adds Dally, could result in the cost for consumers becoming uncompetitive when compared with PCP or HP.

Increasingly accurate data and car-valuation technology is helping to remedy this, which could be helping to increase confidence among used car finance providers.

"The car-valuation agencies have got many more data points, and each year car valuations have become marginally less risky," explains Dally. "As a result, PCP has become viable on a wider range of cars, which is why PCP has grown in the used car market. We are beginning to see movement on PCH as well. Data improvements are absolutely key to making those things viable."

> " CONSUMERS ARE BECOMING LESS AND LESS MOTIVATED ABOUT PAYING LARGE INITIAL RENTALS ON CARS THEY WILL NEVER OWN

Paul Harrison, Leasing.com

An additional hurdle for providers to overcome in the used PCH market is the difference in VAT restrictions to the new car market. Johnson explains that because of how the VAT is structured, customers could find themselves in a situation where the monthly price of a used car can be similar or even higher to a new car. As a result, Johnson says: "We will see more growth in the used car market than what we have seen in the past, but it will be very limited because of the way VAT is structured."

DIGITISATION

Societal shifts in the motor industry do not appear to stop in the asset ownership versus usership space, with younger generations increasingly turning their attention to digital channels when shopping for deals on new cars. Providers of leasing products are now investing heavily in online offerings to keep up with this demand.

Harrison believes the FCA would want to ensure the fair treatment of consumers and provide them with adequate information when choosing a product suitable to their needs – which could be more easily available and regulated online.

"PCP remains the dominant product in the consumer new car finance market, but its market share is reducing as consumer demand evolves and new funding methods emerge," he observes.

"The industry is planning for continued growth in the personal leasing by updating their digital propositions and by supporting their dealer and broker networks with improved offers and training."

The benefits of a more web-based system, according to Comrie, start with greater transparency and the effective maintenance of compliance in a more efficient system.

"We have seen our contract hire customers develop online PCH platforms that give their customers exactly what they want and with ease," he explains.

"Our contract hire customers allow their end users to select cars with their desired mileage via an easy-to-use web portal." Customers are able to watch walk-around videos of potential cars, while documents can be sent and received via the web portal, signed by e-signature.

As a result of changing consumer preferences, Close Brothers is investing heavily in supporting partners to enhance their digital offerings. "It can create a USP, especially given how millennials are increasingly viewing a car purchase in the same way they would a mobile phone purchase. In essence, it's becoming more transactional."

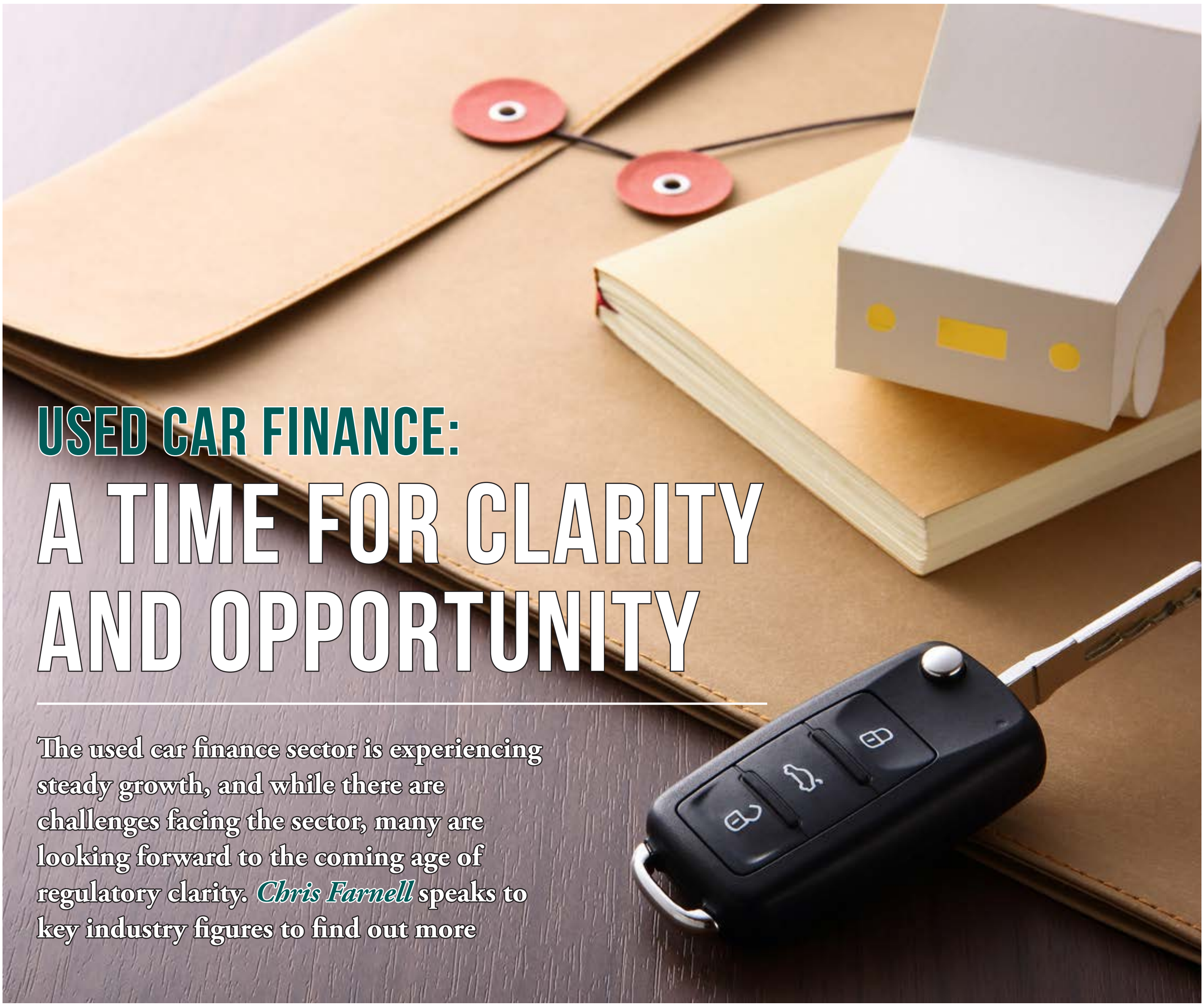
SOCIETAL SHIFTS

The motor finance industry finds itself in the midst of change, as changing consumer behaviours have triggered a cycle of innovation across the industry.

As the younger generations grow older and form an increasingly large proportion of the car buying and leasing market, different trends such as the growth of PCH and digitisation are beginning to emerge. Companies, in turn, react to the changing consumer preferences and enhance their offerings to suit those needs, further feeding the growth of such trends.

According to the FLA's figures, PCH's explosive growth has plateaued slightly, growing by just 4% between 2017 and 2018. The latest figures suggest that the supposed shift towards usership models remains a long way off – and is not guaranteed.

As new PCH products reach the market in the coming months and regulation potentially levels the playing field between different product offerings, we could see demand for PCH skyrocket again. Until then, predicting the future is anyone's guess. ■



USED CAR FINANCE:
A TIME FOR CLARITY AND OPPORTUNITY

The used car finance sector is experiencing steady growth, and while there are challenges facing the sector, many are looking forward to the coming age of regulatory clarity. *Chris Farnell* speaks to key industry figures to find out more

In a time where car sales are moving ever closer towards lease and PCP-style models, and where the relationships between financiers and manufacturers are getting ever closer, the used car sector can appear to be something of an odd throwback.

"The new car finance market is dominated by captive finance providers, owned or linked to the appropriate OEM. They have different operating priorities to the independent sector, which tends to dominate used car finance," says MotoNovo's Karl Werner.

Despite increased independence, and more traditional finance models being prevalent in the sector, Werner believes the used car sector has a lot to learn from new car markets.

"The new car finance sector has adopted a strong finance-led marketing approach, typified by special-offer finance and positive promotion of PCP/PCH finance. In this respect, captive providers often benefit from the support of their connected OEMs seeking to maintain a strong product push. It has worked well, as evidenced by the circa 91% of private car buyers opting for dealer finance on their new car," he explains.

"The used car financing model is different because there is no comparable OEM support and because PCP/PCH residual values are inevitably less significant. Nevertheless, we must recognise the importance of finance-led marketing to sell cars and the appeal of an attractive and transparent finance approach to car buyers."

> "CAPTIVE PROVIDERS OFTEN BENEFIT FROM THE SUPPORT OF THEIR CONNECTED OEMS SEEKING TO MAINTAIN A STRONG PRODUCT PUSH

Werner continues: "Ninety-one percent finance penetration may be aspirational, but at MotoNovo Finance, initiatives such as the findandfundmycar.com car sales and finance aggregation service for dealers demonstrates that, we are at the vanguard of helping used car dealers to fully realise the potential of finance to develop a fresh, customer-centric car retailing model."

The used car sector also offers challenges not found elsewhere in car finance. Finance customers always come with a history, but in the used car sector, so do the cars themselves.

Karl Werner, MotoNovo

"As far as Billing Finance is concerned, the type of customer that buys a used car is different from one that buys a new car. You won't get near-prime customers buying brand new cars, for instance," explains Billing Finance director Oliver Mackaness.

"Fundamentally, I guess it's just that the customer is not as financially strong and the vehicle won't necessarily have the five-year warranty. There is more underwriting for the vehicle as well as the customer."

CAUTION AND OPPORTUNITY

The used car finance market has been doing well and growing respectably, as Tim Smith, Black Horse's head of motor finance, points out.

"The used car finance market continues to grow steadily in both volume and value, the latter due to higher used car prices. The number of PCP deals has also risen, as this product continues to make the crossover from its established position in the new car market."

Some believe this market expansion is a result of a more cautious consumer keeping an eye on unpredictable economics trends such as Brexit.

"We had a very strong start to the year. We've had record levels of new business in January, February and March, so for us it's been very positive," Mackaness tells *Motor Finance*.

"Some of that is things we've been doing ourselves. We are open on Saturdays, where we weren't before, so that is going to have an impact on our business. But I do think maybe people are a bit warier of buying new cars with Brexit coming. They are looking to tighten their belts, and it's cheaper to buy a used car rather than a new one."

Financiers are also urging caution, warning that the recent boom in quantity of saleable vehicles may come at the expense of quality. Werner notes: "There have been volume opportunities, but it is important to recognise that too often these have been gained at the expense of margin and quality.

"For those of us who have been in the industry for a long time, this is a concerning development. Commoditising finance is not good for dealers or lenders, especially at a time of increasing activity by market disrupters. Looking back, we can see that it led to market exits, consolidation and a lack of investment and innovation; it is this investment and fresh thinking that the market needs, arguably more than ever before."

"The quality of vehicles is always something to keep an eye on," Mackaness agrees. "We need to deal with the right brokers to find vehicles of the right quality.

"I think the challenge is still providing a high-quality customer experience. Although you're not buying a new car, people still expect the same quality of service with their used car. The selling process has to be slick; with online purchasing and e-signatures, the sales journey itself has to be as smooth as possible. We're all used to buying things online. In a way it's irrelevant that the car is second hand."

"We continue to see consumers weighing up their spending power, alongside increased competition, as the sector becomes more popular for investment and as new car margins are squeezed," Smith says.

"Overall, regulation will be the key area for thought and action this year - both in finance and insurance markets – particularly how lenders and dealers respond to the findings of the recent FCA review."

A TIME OF OPENINGS

While there are undeniable challenges in the sector, Werner is quick to point out that each of these challenges also provides openings for opportunity if a business is able to place themselves to take advantage of them.

Among the challenges the used car finance sector is facing are the changes that will follow the FCA review of motor finance, the pace of a shift towards alternative fuelled vehicles, and the trend towards digitised retailing by dealers, OEMs and market disruptors, as well as the continuing consolidation in the motor retailing landscape.

"For dealers, these are joined by increasing competition to buy and retail used stock, potential changes to the finance income model and rising costs, notably in marketing," he says. "These are combining to place pressure on the bottom line. The used car model needs to evolve, and we are well placed to help dealers through this potential change."

Black Horse has also been positioning itself as a company that can adapt to this rapidly changing environment.

"Black Horse continues to lead the way in putting clarity and transparency at the forefront of customer outcomes," Smith notes. "We already run a comprehensive customer contact programme to gauge our dealers' performance in this area. We also acknowledge that there's more to be done. For example, increased use of digital and video give us a great opportunity to clearly and consistently explain key information to customers very early in the sales process."

Indeed, an ability to adapt, and to innovate is something companies across the sector are prizing as essential.

"MotoNovo has a great track record, priding itself in leading the market in innovation and change; we see the ability and agility to effect positive change as a key differentiator," Werner says.

AGE OF TRANSPARENCY

A discussion of any sector of the motor finance market inevitably comes around to the regulatory environment eventually, and the upcoming FCA findings are at the forefront of everyone's mind, with many financiers looking at it as an opportunity for the industry to do better.

"We believe that the FCA findings on motor finance could be the catalyst for positive change and help forge a more sustainable future for dealers," Werner says.


Oliver Mackaness, Billing Finance

"In this regard, while playing an active role in the consultation process that is now following the FCA's report, we are working to champion the importance and opportunity afforded to dealers by positive change."

"We need to make sure in the FCA world that our conduct is open and honest, providing a transparent product," Mackaness says. "We need to be transparent with our commissions, and keep our pricing methods as simple and straight forward as possible."

Mackaness also emphasises the importance of building relationships for the future of used car financiers.

"We're a finance company, but 95% of our business comes through brokers, so I think the broker journey needs to be as agile as possible," he reflects. "As a finance company, we need to work closely with our brokers to make sure there's a seamless transition. We're partners."

Werner also points out that used car financiers and dealers alike may need a whole new model in order to thrive moving forward. He says companies need to take advantage of upcoming opportunities by encouraging dealers to embrace a new business and marketing model that places finance at its core with an aim to significantly increase used car finance penetration and establish a transparent 'little from a lot' finance income approach.

"Repeat anything close to the 91% success of finance in the new market and more customers could be buying the car and finance through the dealer," he suggests.

"Trust will be enhanced and dealers will have a far more sustainable future. This process was why we built www.findandfundmycar.com and its unique success fee-only model. It is designed to help dealers to redefine their business models, increasing the role of finance and cutting their marketing costs. It is a distinctive, collaborative business model designed to create feel-good car selling and buying – it is highly dealer-friendly, and it works."

Smith also believes the challenge offered by regulation is an opportunity in disguise for an industry that has already made a great deal of progress. "Many of our dealers are already extremely advanced in their thinking and these thought leaders are turning what might feel like a challenge into an opportunity," he tells *Motor Finance.* "The premise is actually quite simple: it is the clear, transparent and trusted dealer who will win customer confidence, and ultimately their business.

> " IT IS THE CLEAR, TRANSPARENT AND TRUSTED DEALER WHO WILL WIN CUSTOMER CONFIDENCE, AND ULTIMATELY THEIR BUSINESS

"Ultimately, the purpose of the FCA report is to ensure the market is working well for both a sustainable industry and for consumers. This is something we should all welcome."

RECURRING OPTIMISM

All in all, optimism is a recurring theme among all the financiers *Motor Finance* speaks to.

With the FCA's findings offering an opportunity for greater clarity and improved best practice throughout the industry, people across the used car sector are looking forward to finding ways to refine their own practices.

"The future looks bright, and dealers have a clear and positive role to play," Werner says. "The FCA's findings must be seen as crystallising shortcomings in the current used car dealer financing model and helping to highlight the benefits of embracing a fresh new approach.


Tim Smith, Black Horse

"We aim to see dealer finance becoming the preferred financing method for the vast majority of used car buyers. Central to this will be tools such as findandfundmycar.com, which work for dealers and car buyers; the good news is thatfindandfundmycar.com is already here, so the change can start now."

"It is a market that is developing rapidly and aiming for ever-increasing standards of professionalism," Smith adds. "Big groups are continuing to invest, and smaller companies remain agile to opportunity. It's as exciting as ever, with plenty of opportunity to drive great customer service."

At the same time, the industry is also seeing a new wave of customers entering the market, as more and more people look to used cars in favour of new ones.

"Personally, I'm fairly optimistic," Mackaness reflects. "I think the second-hand market will be buoyant in the world of Brexit uncertainty, because it drives people to second-hand businesses. Perhaps in our upcycling world, second-hand cars are just another way to recycle. It's an environmental choice as well.

"What's been quite interesting is that since the start of this year, we've seen a slight increase in people's credit scores that are coming to us. I think that says people with higher credit scores are looking towards the second hand market."

These may be uncertain times, but the used car finance sector is finding that caution can have positive effects for business. ■

THE CHALLENGE AHEAD: AN INSOLVENCY POINT OF VIEW

While the number of UK automotive businesses reported to be in significant financial distress is on the rise, *Julie Palmer,* partner at insolvency specialist Begbies Traynor, believes there is hope on the horizon for the strategically important UK business sector


Julie Palmer, Begbies Traynor

Often held up as a highly representative industry when it comes to the robustness of the UK economy, the automotive sector plays an important symbolic and strategic role and is closely watched by many.

It employs over 180,000 people, contributes £20bn directly to the Treasury and accounts for more than 12% of UK exports. However, there is no doubt that the UK automotive sector is currently experiencing a challenging period.

Figures released by Society of Motor Manufacturers and Traders (SMMT) show that the industry has seen two years of decline in the number of new car registrations, and the early signs are that this trend will continue across 2019. Since the decade high point of 2.6 million new registrations recorded in 2015, the subsequent years have seen decreases of 5% (2017) and 6% (2018). As a consequence, brands and retailers are feeling the pinch.

Industry experts are associating this with the significant fall recently witnessed in diesel engine sales. A previously popular and government-incentivised choice, diesel vehicle sales have seen a 38% drop in recent years from their peak – the result of 21 consecutive months of sales decline, and contributing to the overall volume drop the automotive sector is currently having to grapple with.

Confirming this rapid fall, diesel cars now make up less than 32% of the market, having been virtually at parity with petrol engines just two years ago. Emission scandals, tighter regulations and growing consumer demand for alternative greener transport solutions are helping to turn people away from diesel.

Other influences are playing their part when it comes to sales volume declines seen since 2015. In particular, the continued uncertainty around the implications of Brexit – both on the complex supply chains the automotive manufacturing sector utilises, as well as stalled consumer confidence – is negatively influencing big-ticket purchase decisions.

SMMT chief executive Mike Hawes echoes overall business sentiment when he says: "It's still hard to see any upside to Brexit. Everyone recognises that Brexit is an existential threat to the UK automotive industry, and we hope a practical solution will prevail."

RED FLAG ALERT

Latest figures from our Begbies Traynor *Red Flag Alert* support the challenging scenario facing the automotive sector.

During the first quarter of this year, 484,000 UK businesses are reported to be in 'significant financial distress' – a figure that represents 16% of all UK businesses. The overall figure is a 2% increase compared to the same period in 2018.

Drilling down into the automotive sector, the picture is also concerning. There has been a 12% uplift in the number of businesses connected to the sale of used cars and light vehicles reporting that they are in significant financial distress. When it comes to the retail of new cars, we have seen a 4% rise in the number of businesses reporting financial difficulties compared to the first quarter last year. To put these percentage increases into context, they currently represent 2,128 companies in the used vehicle sector, and 3,559 businesses in the new car retail sector.

While the current situation is of great concern for an important UK industry, there also remains cause for optimism moving forward. The thirst for environmentally friendly solutions, such as electric vehicle, hybrids and hydrogen fuel cell power, is gaining real traction as legislators and consumers drive the industry to innovate and deliver commercially and scientifically acceptable answers for society's future transport requirements.

It will be the brands and businesses that continue to pioneer and innovate to provide the solutions demanded that can secure their futures, and some are already doing so. Over 2 million electric or hybrid electric vehicles were sold worldwide in 2018, led by the marketing and technical prowess of brands such as Tesla. But more established brands such as Toyota, Honda and General Motors are also seeing their investment foresight begin to pay dividends as they start to reach scale in the tens of thousands of units.

This trend offers hope to all involved in the UK automotive sector as it transitions over time from traditional power sources to new alternatives. Subsequent success can help ensure that the worrying figures demonstrated in the *Red Flag Alert* can be tackled and reversed and the sector can begin to benefit from emerging green solutions that will power the vehicles we want to drive. As with many of the revolutions in automotive in the past, it is a question of whether companies can innovate or perish. ■

CPUT REGULATIONS: AN INCREASING LITIGATION RISK?

***Martin Ward*, principal associate, and *Patrick Begley*, associate at Eversheds Sutherland discuss a possible growing litigation risk to lenders arising from consumer protection regulations**

An increasing number of claimant law firms are relying on the Consumer Protection from Unfair Trading Regulations 2008 (CPUT Regulations) to bring claims against lenders, particularly in the motor finance sector. Should lenders be concerned?

The CPUT Regulations implement the EU's Unfair Commercial Practices Directive (UPCD).

The aim of the UPCD is to provide consumers with protection against unfair commercial practices. In an attempt to achieve that aim, in 2008 the CPUT Regulations were enacted and set out five new criminal offences to reflect the five different unfair commercial practices in the UPCD.

AMENDMENTS

The CPUT Regulations were amended by the Consumer Protection (Amendment) Regulations 2014 following a Law Commission report in 2012 on consumer redress for misleading and aggressive practices. Most of the Law Commission's proposals were implemented in 2014 to introduce Part 4A to the CPUT Regulations, containing new provisions entitling consumers to civil redress where they had been subject to aggressive commercial practices. If a consumer can satisfy the three conditions in regulation 27A, they will have a right to redress.

Very broadly, these conditions are:

1. A consumer enters into a contract with a trader for the supply of a product by a trader;
2. The trader engages in a prohibited practice in relation to the product, and when the contract is entered into, the trader is aware of the commercial practice that constitutes the prohibited practice or could reasonably be expected to be aware of it, and
3. The prohibited practice is a significant factor in the consumer's decision to enter into the contract or make the payment.

Why would claimant law firms rely on the CPUT Regulations when consumers already have the benefit of myriad protections in consumer credit legislation?

If the consumer has a right of redress, depending on the circumstances, the CPUT Regulations give the consumer a statutory right to: (a) unwind the transaction entirely, (b) a discount, or (c) damages.

It is the right to a discount where claimant law firms have directed their focus. Regulation 27I sets out a prescribed menu of discounts based on the seriousness of the prohibited practices. They range from minor (a 25% discount) to very serious (a 100% discount).

The key is that, as the amount of redress is specified in the statute, consumers will be entitled to redress whether or not they actually suffered a financial loss. The CPUT Regulations therefore have the potential to allow consumers to recover more than they could in other claims, including under consumer credit legislation.

CPUT AND MOTOR FINANCE

In most situations, the lender will not have actually engaged in any selling practices – let alone prohibited practices. Consumers will, therefore, have to impute liability for the practices of the dealer to the lender.

Claimant law firms often argue that the lender should be liable as the dealer's deemed principal, and so should be liable for the dealer's conduct when selling the vehicle. It is an untested area of law, and it is far from certain that a lender can be liable for the statutory liability of its agents under the CPUT Regulations.

We would hope that a court would find holding a lender vicariously liable for the prohibited sales practices of a dealer unattractive for a number of reasons, not least because such a finding is not necessary to provide consumers with protection.

Lenders can point to the genesis of Part 4A for helpful guidance: the Law Commission's 2012 report remarked that consumers already had adequate protection for sharp sales practices in consumer credit legislation.

SIGNIFICANT HURDLES

The breadth of the unfair commercial practices proscribed by the CPUT Regulations means that they have the potential to be deployed liberally for a wide range of motor issues. That, along with its prescribed penalties, makes it an attractive weapon for claimant law firms looking for windfall claims.

However, there are a number of significant hurdles to overcome before a claim can be made out.

Significantly for lenders, it is not clear how claimant law firms will bridge the gap between the practices of the dealer and the liability of the lender and it remains to be seen whether courts will be persuaded. ■

MORE DEBT, LESS EQUITY: TRANSACTIONS IN THE LEASING MARKET

Former Grant Thornton partner Tarun Mistry talks to *Brian Cantwell* about setting up a new advisory business, the leasing market, how it could change in the next 12 months, and what the market could do to become more efficient

The leasing and automotive finance markets have been filled with M&A equity transactions over the past few years, a large number of which Tarun Mistry advised on as lead of Grant Thornton's (GT) specially developed sector-focused consulting unit.

As a result, he has had a unique insight into how the market has changed and developed in its structure, and what it takes to set up a new market entrant.

Tarun left GT in 2018 and set up his own consultancy shortly thereafter. T Mistry & Associates (TMA) focuses on the financing and lending sector, including the consumer and business lending, regulated and unregulated, secured and unsecured, prime, near-prime and subprime markets. Since the firm launched, it has advised clients in the UK and continental Europe on more than £100m of M&A transactions, over £250m of debt transactions and facilitated around $100m (£78.9m) of trade finance.

Motor Finance caught up with Mistry to find out how he sees the leasing and motor finance markets changing, and how this might affect his own business.

Motor Finance: How have you seen the leasing and financing market develop over the past year?

Tarun Mistry: I anticipated that there would be a slowdown in M&A activity over the next three or four years whilst at GT. There's so much uncertainty in the market at the moment – partly because of Brexit and partly due to regulatory changes. Vendor valuation expectations have also remained high after recent transactions; it's therefore not surprising that M&A activity in the sector has slowed somewhat.

> "THERE'S SO MUCH UNCERTAINTY IN THE MARKET AT THE MOMENT

I suspect that some of the private equity M&A investments into the sector are getting close to requiring achieving an exit to meet their funds' time horizons. Post-Brexit, you could see these companies coming to market. We may also see some consolidation play in the challenger bank market to achieve cost synergies, principally around regulatory compliance and more effective use of capital.

I anticipate that the majority of my work will focus on debt transactions. This remains an attractive advisory space, not only in the equipment leasing market, but also in the regulated consumer finance and motor finance markets. What I am doing is helping businesses raise debt finance, or helping banks and debt fund providers in their diligence of their prospective clients.

In the last year or so, I've also facilitated almost £100m of trade finance transactions. I think this is a reflection of technology opening this funding market for corporates to tap into liquidity, and similarly for funders to offer this finance product in an efficient manner.

MF: Is there still a strong demand for advice on setting up new leasing businesses? And is the pipeline for market entry as strong as it has been?

TM: The industry would benefit from knowing how to use advisers in their business. I think that's a reflection of the lack of focused advisors in our market, and therefore businesses have completed projects in-house. With all advisers, there's a need to educate the industry on how we can assist their businesses.

There are financing opportunities out there, and finding the right opportunities where you can offer a value-based financial services proposition utilising the appropriate technology in a regulatory-compliant manner is the key.

MF: What are your top objectives for the new business?

TM: Up to the point I left GT, and now with TMA, my approach remains that of an industry-first, service-line-second strategy.

In most advisory firms you generally have service line experts – for example, M&A, due diligence, tax and so on – with secondary focus on industry sectors, whereas my proposition is focused on understanding, and leveraging this knowledge of the leasing, consumer and motor finance sectors, followed by bringing in the relevant advisory services, thereby making the offering industry focused and bespoke – and therefore differentiated.

Retaining this differentiated approach in a growing service line-focused scaled advisory practice can have its challenges.

For me, the objectives on leaving GT were to remain plural; that is, I wanted to be involved in many businesses, to remain in the same industry, and thirdly to manage my work-life balance and enjoy what I do.

Tarun Mistry, TMA

> "IT WAS GOOD TO SEE THAT, WITHOUT TOO MUCH MARKETING, THERE IS STILL DEMAND FOR AN INDUSTRY-FOCUSED ADVISORY SERVICE

I knew I wanted to stay in advisory, but I didn't know whether I was going to spend most of my time doing that or other things, like my non-executive positions, or getting involved more directly with businesses and management teams.

Over the last year or so, what's clear is that the advisory business is going to take up the majority of my efforts. It was good to see that, without too much marketing, there is still demand for an industry-focused advisory service. That's the fundamental part of TMA.

MF: Is there a lot more work for advisers in this market?

TM: There are other industry-focused advisors, but it is a large potential market. There are consumer finance businesses, mortgage sector, motor finance, equipment leasing, large-ticket players, smaller-ticket players, fintech businesses, businesses that are growing rapidly and others that are contracting, and all could benefit from the appropriate advice.

The biggest challenge is coming to market with industry knowledge. That's the difficult bit: to build a team who know the industry, and being able to leverage that in an advisory perspective. I think that's where TMA differentiates itself from some of the other advisory firms.

We won a tender recently against a number of larger firms because we understood what the client wanted and we were able to deliver the specialist advisory team required. We weren't the cheapest, but the client understood that we knew what they wanted and that we were able to deliver against their objectives and add value through the process.

MF: Who are your associates?

TM: In the last year I have worked with eight associates; of those, four are part of the core team and include some ex-GT colleagues.

MF: What's next?

TM: I've taken a non-executive directorship with the Mistral Group, which is a niche finance business focused on the provision of operating and finance leases for buses and coaches. This is interesting work, and allows me to add value to the business without getting operationally involved.

My focus for TMA is to continue to build on what we have achieved in the last 12 months, expand the associate base, do more debt transactional work, and then see where the business goes. ■

BEYOND THE FCA REPORT: THE NEW RULES OF ENGAGEMENT

There is no denying that it is a very interesting time to be in the automotive finance and insurance market, and like it or not, the Financial Conduct Authority's (FCA) review into the sector will be a harbinger of change. *Neil Watkiss,* head of consumer credit at DealTrak, explains why motor finance can still be a source of profit for all parties

Through regular contact with lenders, dealers and brokers, it is clear there is a great deal of internal discussion as how best to respond to the FCA's report findings.

Change is coming; however, a consensus on exactly what the revolution will look like is yet to emerge.

Clearly, those lenders currently operating with conventional difference-in-charges (DiC) and reducing DiC commission models will need to adopt a new approach. They must also work with dealers and brokers to ensure that customers are provided with adequate and timely explanations.

There will be process changes introduced by lenders, in the assessment of creditworthiness, including affordability. These – after all – were the three main areas of widespread non-compliance identified by the FCA.

RESPONSES, IMPLICATIONS

You might not need a crystal ball to predict these initial responses to the report, but it is interesting to look beyond these immediate changes and focus on the possible implications of any such developments.

While the FCA's involvement is – quite correctly – intended to protect the interests of the consumer, there is always a danger that well-intentioned intervention has unforeseen consequences.

Research has shown that many customers are already frustrated by the amount of paperwork and bureaucracy they are required to wade through when purchasing a car. Although such form-filling was created primarily to protect the buyer's interests, it has now become something of a 'regulation paradox' – and one that is open to much cynicism.

Older readers might remember episodes of *Yes Minister* in which civil servants buried difficult information within masses of other files, so the troubling information was never found. Similarly, a younger audience might be familiar with a *Viz* magazine spoof of a reader's letter: "Spies: why not hide messages you don't want others to read as Terms and Conditions on the internet?"

CLEAR AND CONCISE

As such, more information does not always equate to greater clarity – quite the opposite, in fact. The challenge for the industry now, is to provide the consumer with the necessary information in the most concise and least intrusive manner. Therefore, care must be taken to ensure any reform provides the consumer with greater clarity rather than less.

The implications of the anticipated changes to commission models have the potential to alter the dynamics of the motor finance marketplace. As DiC commissions are phased out, lenders might be expected to gravitate to flat-fee models.

Dealers and brokers might – quite reasonably – conclude that the most compliant commission arrangement is for all prime lenders, for example, to operate from identical commission packages. After all, they might not wish to be accused of directing customers to one lender over another purely for profit.

Consequently, the scope for lenders to compete against each other on commission would be restricted or removed. Conventional wisdom holds that the removal of competition acts against customer interests, so care is required to ensure that modification delivers the intended improvement in buyer outcomes, rather than any inadvertent negative impact.

It is highly likely that there will be significant restrictions on the ability of dealers or brokers to set the customer's sell-out rate. This will inevitably make it more difficult for lenders to compete against each other primarily on commissions. In turn, this should result in an increase in inter-lender competition in other areas. Clearly, lenders will compete by increasing the speed and efficiencies of their own processes, in order to improve the customer experience.

As a result, we will see more lenders – in conjunction with dealers and brokers – adopting soft-search underwriting, e-signature technology, self-billing invoicing, paperless pay-outs and the application of AI technologies.

PROFIT AND OUTCOMES

It is important to remember that nowhere in the FCA report does it state that it is wrong for dealers, brokers and lenders to make a profit from motor finance. The regulator has no issue with rate-for-risk pricing, and accepts the principle that a dealer or broker can earn more commission when they undertake more work on the lender's behalf.

Any profit generated – by implication – must be achieved fairly, consistently and transparently. And, no, that does not mean commission disclosure – at least not yet! Moving forwards, justification for dealer and broker profit will be based on the speed and convenience of service offered to the customer.

Do not underestimate the emphasis customers place on efficient service either. Webuyanycar.com plays on the fact that the customer might get a better price by selling privately, but asks the question: do you really need all that extra hassle? The customer is effectively happy to pay a premium for speed and convenience.

Continued finance profitability and improved customer outcomes do not have to be incompatible. As an industry, our challenge is to navigate our way beyond the FCA report into a fair, consistent, transparent – but profitable – future. ■

DRIVY:
BUILDING A BRAND AND GAINING TRUST

Following the recent $300m (£237m) acquisition of car-sharing platform Drivy, *Motor Finance* spoke with founder and chief executive Paulin Dementhon about the changing face of car ownership, and what the acquisition means for the company


Paulin Dementhon, Drivy

Motor Finance: How does the Drivy app work?

Paulin Dementhon: The entire process is managed through the app. Customers just create an account, find and book a nearby car and verify their profile.

Many of Drivy's cars have Open technology which works together with the app. It is a small telematics device that allows customers to access the car without the key or meeting the owner.

As part of the trip, 100 miles per day are included, with any additional miles and difference in fuel level charged at the given price at the end of the trip.

MF: Why do you think customers are looking more to alternative options to car ownership?

PD: Cars are becoming increasingly expensive, cities are becoming congested and air pollution is getting worse.

For most people, it does not make sense to own depreciating assets that cause all these issues, while simultaneously costing a substantial amount in time and money – whether that's for parking, maintenance or repairs. It's not sustainable for the environment, nor for our health.

Car sharing is an efficient solution for people who may not need a car regularly; to rent a car from someone else who needs one more often to help reduce the cost of ownership, while ensuring better utilisation of the asset.

MF: How do you see the mobility-as-a-service market developing in the coming years?

Transport will – and needs to – become more focused on the person and their travel needs, because people will always take the way that is the most convenient. There is already increased awareness that current transport behaviour and high dependency on cars are not sustainable for our health or the environment.

Drivy believes innovation will focus on providing suitable solutions that will encourage reasonable, convenient and sustainable behaviour change

MF: What challenges have you faced in getting Drivy off the ground?

PD: For the past decade, people have been car sharing through services like Drivy. So the greatest challenge isn't getting people to car share, but actually getting them to give up their personal cars and trust a brand to safely and easily provide a car for them.

In particular, Drivy's challenge in the UK was promoting a new brand and gaining trust in a new market, particularly when there were other more established brands already operating.

Insurance and protection are the chief concerns of UK users, so Drivy has to place more emphasis on promoting messages around trust, safety and the work done with partners to address these concerns.

MF: How did your partnership with Allianz come about?

PD: Drivy and Allianz have been working together for a number of years, and Drivy chose to work with Allianz as it is one of the main insurance leaders in the sharing economy space.

Every rental is fully insured by Allianz. This is thanks to an excellent partnership and a global contract developed together to cover all the markets that Drivy operates in. Working with Allianz has allowed Drivy to create a tailor-made service suitable to the needs of Drivy's users and the business.

MF: Drivy was recently acquired by US firm Getaround. What will that mean for the future of the company?

PD: The Drivy and Getaround teams are working together to integrate the operations, technologies and services.

Externally for now, Drivy will continue operations in Europe with the company's apps and services unchanged, but in the next few months, Drivy will change its name and brand to Getaround. In time, the companies will transition to one global app, allowing people to book cars in the US, Europe and possibly other regions in the future.

MF: What are the Drivy's plans for expansion?

PD: Drivy's plans for the UK are to continue to increase its presence in London, and optimise the service to ensure that all connected cars are always nearby and convenient enough for people in London.

Drivy is building up its service so there are several cars within five minutes' walk of any person living in a city to easily find and pick up. Now that Drivy has joined Getaround, the company will focus on its ambitious expansion to bring car sharing to everyone around the world. For the UK, this means opening up in new cities and continuing to grow the service in London. ■

USED CAR VALUES

CAR PRODUCT SOLD UNIT MARKET PERFORMANCE – APRIL 2019

	Up to 1 year old				1-3 years old				3-5 years old			
Body type	Ave. age	Ave. sold (£)	% of CAP Clean	Price vs previous month (%)	Ave. age	Ave. sold (£)	% of CAP clean	Price vs previous month (%)	Ave. age	Ave. sold (£)	% of CAP Clean	Price vs previous month (%)
Saloon (2.0 or less)	8.27	23,133	99.72	99.29	26.62	16,641	96.78	101.07	44.36	11,481	95.86	100.42
Saloon (greater than 2.0)	8.43	35,185	100.18	91.77	26.51	21,039	96.06	94.24	46.07	13,878	97.41	99.67
Hatch (2.0 or less)	8.85	18,275	98.69	100.48	25.69	10,485	95.19	97.97	44.80	7,660	94.10	98.99
Hatch (greater than 2.0)	8.39	32,608	98.74	110.75	25.72	20,621	98.30	106.68	47.33	15,779	97.65	96.59
Mini MPV (2.0 or less)	9.00	15,110	97.51	110.88	23.61	11,756	94.68	104.43	44.84	7,956	91.50	101.33
Large MPV (greater than 2.0)	1.93	47,600	99.79	158.14	23.73	21,786	96.31	139.46	45.76	16,056	94.47	93.23
Estate	8.41	25,870	101.94	107.82	25.58	15,420	95.97	96.20	45.10	10,027	94.75	102.59
4x4	8.59	30,417	102.42	97.93	24.81	23,835	97.70	104.75	43.41	15,754	95.22	98.68
Coupés	8.29	28,341	102.77	87.62	27.14	20,035	97.72	101..75	44.74	14,535	97.88	102.88
Roadsters	5.51	42,450	99.30	71.43	25.40	26,144	103.53	97.33	45.30	14,033	100.38	83.44
Convertibles	8.59	24,743	105.59	93.50	27.35	18,671	100.46	106.07	44.64	14,248	101.51	108.62

ANALYSIS

BCA's Pulse Report shows that used car values came under pressure in April due to a number of seasonal factors.

As predicted last month, the seasonal run of public holidays over the Easter period and into May put pressure on the market at a time when supply is typically plentiful.

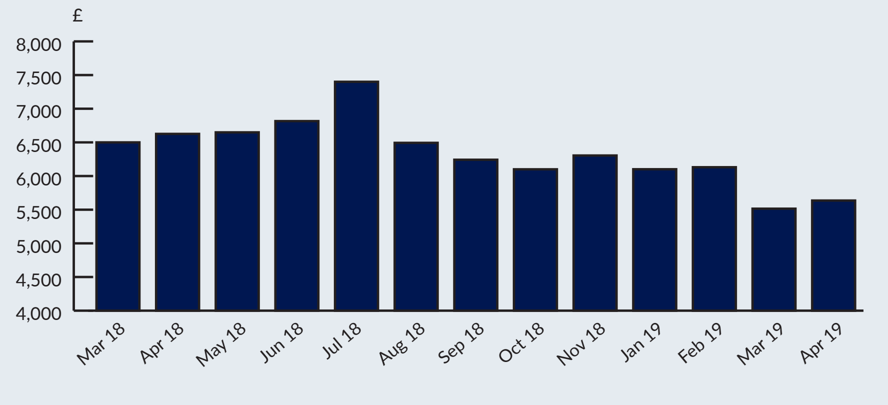
Buyers have been particularly cautious as values have been shifting on an almost weekly basis since the start of April.

Fleet & lease values averaged £11,406 at BCA in April 2019, ahead by £269 (2.4%) compared to a year ago. The retained value against original MRP (Manufacturers Retail Price) was down a percentage point at 43.1% when compared to 2018.

Dealer part-exchange values continued to rise at BCA, with April 2019 showing a £150 increase year-on-year, equivalent to a 3% uplift. The improved quality of product on offer in this sector is helping to keep values firm, with average age and mileage decreasing compared to the same month in 2018.

Demand continued for nearly-new vehicles at BCA into April, with values at £22,557, up by £3,387 (17.6%) compared to a year ago. Model mix has a significant effect in this low volume sector, with brand specific winners and losers.

CAR PRODUCT SOLD UNIT MARKET PERFORMANCE – APRIL 2018



Source: Manheim Remarketing

> Traditionally a quieter month than March, April was affected by the sunny weather over Easter, which undoubtedly affected consumer demand

76.1%
UK employment rate

3.8%
UK unemployment rate

2%
UK CPI

3%
UK RPI

Base rate
0.75%

-10 (▼1)
May Consumer Confidence Index
(source: Gfk NOP)

+1 (✍)
May Consumer Confidence Index
(Large purchases)
(source: GfK NOP)

EUROPE FOCUS

VEHICLE REGISTRATIONS FROM THE LARGEST EU COUNTRIES BY VOLUME (DATA SUPPLIED BY ACEA)

Country	April 2019	April 2019	% Change	Jan-Apr 2019	Jan-April 2018	% Change
Germany	310,715	314,055	-1.1	1,190,807	1,192,666	-0.2
France	188,196	187,390	+0.4	741,531	744,232	-0.4
Italy	174,412	171,887	+1.5	712,196	746,689	-4.6
UK	161,064	167,911	-4.1	862,100	886,400	-3.7
Spain	119,417	116,433	+2.6	436,328	456,749	-4.5
EU Total	1,303,787	1,308,966	-0.4	5,336,703	5,480,953	-2.6

APRIL PERSONAL LOAN RATES

Supplier	Interest rate	Comments
Clydesdale Bank	2.9%	Applicants must be aged 18 or over.
John Lewis Finance	2.9%	Customers must be a UK resident and have an annual income £10,000.
M&S Bank	2.9%	Applicants must be aged 18 or over and have an annual income £10,000.
Yorkshire Bank	2.9%	Applicants must be aged 18 or over.
Admiral	2.9%	Customers must be aged between 18 and 74 and have an annual income of £10,000.
Tesco Bank	3.0%	Customers must be aged between 18 and 74.
AA	3.2%	Customers must be an existing AA member and a permanent UK resident for three years.
Post Office Money	3.2%	Must be aged between 21 and 70 and have an annual income of £12,000.
AA	3.3%	New customers must be aged between 21 and 70 and have an annual income of £12,000.
HSBC UK	3.3%	Applicants must be aged 18 or over and have an annual income £10,000.

Rates apply to an £8,500 loan, repayable over four years
Source: moneysupermarket.com

FLA VEHICLE RECOVERY SCHEME (WITH HPI CRUSHWATCH)

TOP 5 MARQUES RECOVERED, APRIL

Make	Quantity	Value
Vauxhall	161	£676,600
Mercedes-Benz	114	£1,903,425
Ford	114	£651,155
Volkswagen	105	£877,020
BMW	105	£1,109,415

MOST EXPENSIVE MODELS RECOVERED, APRIL

Make	Model	Police Force	Value
Lamborghini	Huracan	City of London Police	£132,700
Ferrari	488	Lancashire Police	£124,100
Mercedes-Benz	G-Class	Metropolitan Police – Perivale	£116,600
Aston Martin	Vanquish	Surrey Police	£78,100
Rolls Royce	Ghost	Derbyshire Constabulary	£76,700

POLICE FORCE OF THE MONTH

Metropolitan

VALUE OF VEHICLES SEIZED

£2,207,320

APRIL RECOVERY UPDATE

Total HPI Crushwatch enquiries	**9,346**
Total finance hits	**1,181**
Value of finance hits	**£11,830,320**

HPI Crushwatch is an online service that aims to help lenders reclaim vehicles with outstanding finance before they are crushed.

MOTOR FINANCE STATISTICS (FLA)

CARS BOUGHT ON FINANCE BY CONSUMERS THROUGH DEALERSHIPS

	Mar 2019	% change on prev. year	3 months to Mar 2019	% change on prev. year	12 months to Mar 2019	% change on prev. year
NEW CARS						
Value of advances (£m)	3,300	-3	5,546	0	19,416	+4
Number of cars	160,906	-5	274,218	-2	954,073	0
USED CARS						
Value of advances (£m)	1,627	+9	4,763	+7	17,902	+11
Number of cars	130,632	+4	389,275	+2	1,470,442	+6

CARS BOUGHT ON FINANCE BY BUSINESSES

	Mar 2019	% change on prev. year	3 months to Mar 2019	% change on prev. year	12 months to Mar 2019	% change on prev. year
NEW CARS						
Number of cars	43,143	-6	90,184	-7	389,878	-12
USED CARS						
Number of cars	7,630	-6	21,388	+30	64,826	+12

ANALYSIS

New business in the point of sale (POS) consumer car finance market fell 1% by volume in March, compared with the same month in 2018. The corresponding value of new business was at a similar level to March 2018.

Commenting on the figures, Geraldine Kilkelly, Head of Research and Chief Economist at the FLA, said:

"The POS consumer car finance market reported new business volumes stable in the first quarter of 2019, with a fall of 2% in the new car finance market offset by growth of 2% in the used car finance market.

"The Q1 2019 performance reflects our expectations for the year as a whole, with annual new business volumes of around 2.4 million, a similar level to 2018."

90.9% Share of consumer car purchases financed at the dealership in the past 12 months

-0.2 Percentage point change from previous year

MOTOR INDUSTRY STATISTICS (SMMT)

NEW CAR REGISTRATIONS BY VEHICLE TYPE

	Apr 2019	Apr 2018	% Change	Market share Apr 2019 (%)	Market share Apr 2018 (%)
Diesel	46,589	51,400	-9.4	28.9	30.6
Petrol	104,221	107,409	-3.0	64.7	64.0
AFV	10,254	9,102	12.7	6.4	5.4
Private	67,807	75,574	-10.3	42.1	45.0
Fleet	90,016	87,518	2.9	55.9	52.1
Business	3,241	4,819	-32.7	2.0	2.9
Total	**161,064**	**167,911**	**-4.1**		

MARKET SHARES BY BRAND – TOP 10

Brand	April sales	Trend	Market share Apr 2019 (%)	Market share Apr 2018 (%)
Ford	18,074	▼	11.22	11.98
Volkswagen	15,161	▲	9.41	8.70
Audi	12,454	▼	7.73	7.82
Mercedes-Benz	11,739	▼	7.29	7.06
BMW	10,868	▲	6.75	5.41
Vauxhall	10,639	▼	6.61	6.68
Kia	7,472	▲	4.64	4.09
Hyundai	6,468	▼	4.02	4.16
Nissan	6,340	▼	3.94	4.44
Toyota	6,067	▼	3.77	4.00

APRIL BEST SELLING MODELS

Fiesta	5,606
Focus	4,565
Golf	3,953
Qashqai	3,791
A Class	3,584
Kuga	3,455
Polo	3,022
Tiguan	2,822
Corsa	2,728
Tucson	2,702

ANALYSIS

The UK new car market declined by -4.1% in April with 161,064 units registered.

Registrations by private motorists fell last month, down -10.3%, after a rise of more than 26% in April 2018.

Alternatively fuelled vehicle (AFV) registrations grew by 12.7%, but zero emission-capable plug-in hybrids fell.

Mike Hawes, SMMT Chief Executive, said, "While it's great to see buyers respond to the growing range of pure electric cars on offer, they still only represent a tiny fraction of the market and are just one of a number of technologies that will help us on the road to zero. Industry is working hard to deliver on this shared ambition, providing ever cleaner cars to suit every need. We need policies that help get the latest, cleanest vehicles on the road more quickly and support market transition for all drivers. This includes investment in infrastructure and long term incentives to make new technologies as affordable as possible."