

## Complaints About Discretionary Commission Models

The Financial Conduct Authority (FCA) announced on 11 January 2024 that they would be pausing the 8-week deadline for handling complaints related to discretionary commission models, this is to allow them time to design, consult on and introduce an alternative way of dealing with DCA complaints, such as a consumer redress scheme if the FCA thinks that's appropriate.

This temporary change means that firms don't need to provide Final Response Letters to discretionary commission complaints during the pause period beginning 17 November 2023, which the FCA originally expected would end on 25 September 2024.

On 30 July 2024 the FCA published new proposals to extend the pause period until after 4 December 2025 at the earliest. This means that the 8-week deadline to send you a Final Response Letter does not start until the end of this pause period.

If you feel you have been affected, you can still make a complaint about discretionary commission models, and we will respond to your complaint after the date that the FCA specifies that the pause period should be lifted.

Customers affected by these changes will have 15 months, after receiving the Final Response Letter, to refer their complaint to the Financial Ombudsman Service instead of the usual 6 months.

The FCA's website provides some helpful information about this, please follow the below link to find out more:

<https://www.fca.org.uk/news/statements/update-motor-finance-work>

If you would like to make a complaint, or have any questions regarding commission complaints, we have a dedicated email inbox: [commissioncomplaints@toyota-fs.com](mailto:commissioncomplaints@toyota-fs.com)

You can also speak to us on our Chatbot on the Lexus UK Website: <https://www.lexus.co.uk/>

If you have already sent us a complaint about discretionary commission, we will acknowledge your complaint within our usual timescales (5 working days) and confirm when you should expect to receive a response.

## FAQs

### What is Discretionary Commission?

Prior to January 2021, certain lenders permitted brokers (individuals who arrange loans, such as car dealers) to adjust the interest rates offered for car finance.

The broker's commission was determined by the interest rate (APR) - the lower the interest rate, the lower the commission, and vice versa. This arrangement was referred to as Discretionary Commission. However, as of January 2021, this commission model is no longer allowed.

When it comes to car finance agreements, there are various factors to consider, and the APR agreed is just one of them. These factors may include the car's transaction price, the deposit amount, the agreement term, the trade-in vehicle's value, and the inclusion of optional extras or special equipment.

### I am a Lexus Financial Services customer; do I have an eligible complaint?

You may have an eligible complaint if:

1. You entered into a Lexus Personal Contract Purchase (PCP) or Lexus Hire Purchase (HP) agreement between 6th April 2007 and 27th January 2021.
2. Your agreement included a discretionary commission arrangement.

Personal Contract Hire agreements (PCH) are not impacted.

### When can I expect a response from you?

Lexus Financial Services will provide further details to you once the FCA have had an opportunity to carry out their investigations and reached a conclusion. We have been advised that this is likely to be after 4th December 2025.