

MOTOR FINANCE COMMISSION

04 December 2024

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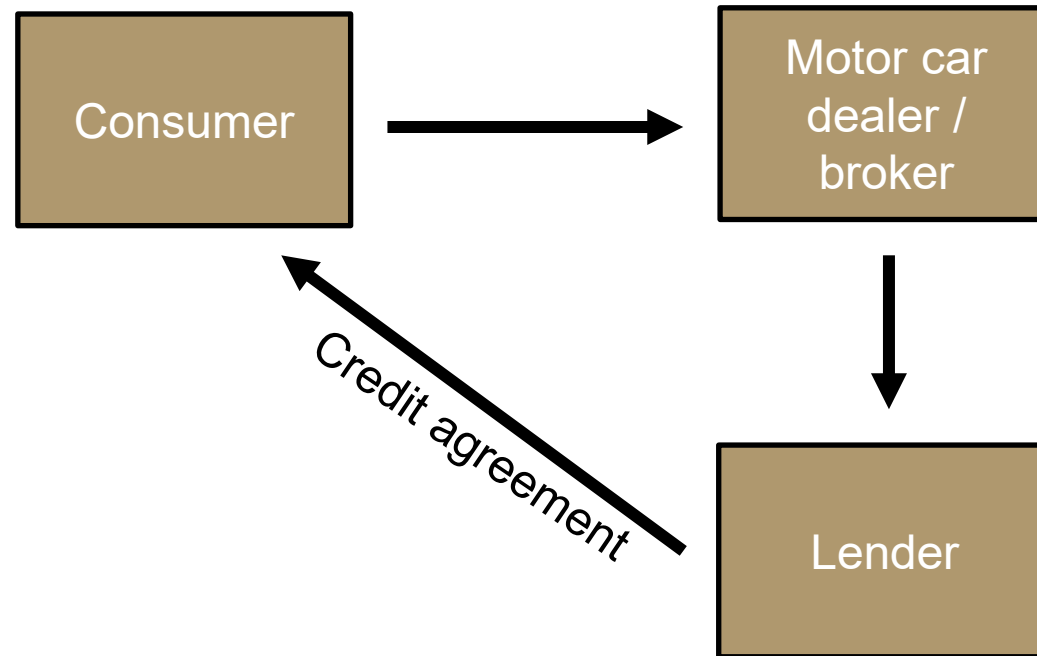
JOHNSON V FIRSTRAND BANK LTD
(T/A MOTONOVO FINANCE)
[2024] EWCA CIV 1282

Three joined cases:

- Johnson v FirstRand Bank Ltd (t/a MotoNovo Finance)
- Wrench v FirstRand Bank Ltd (t/a MotoNovo Finance)
- Hopcraft v Close Brothers Ltd

CoA Judgment 25 October 2024

HOW DOES IT WORK?



ARRANGEMENTS BETWEEN THE BROKER AND THE LENDER:

Structure:

- Prior to 2021, discretionary commission arrangement. Banned by FCA from 28 January 2021

Transparency:

- Half-secret
 - “a commission *may* be payable by us [i.e. the lender] to the broker who introduced the transaction to us.”
 - “...we *may* receive a commission from the product provider”
- Fully secret

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- Duty to give disinterested advice
- Fiduciary duty
- Partial disclosure
- Informed consent
- Accessory liability
- Consumer Credit Act claim

CONSEQUENCES:

FCA investigation

- Announced January 2024
- Extended to December 2025?
- Beyond DCAs?

Appeal to the Supreme Court

(ie, watch this space)