

City watchdog warns buy-now-pay-later firms to follow rules on social media promotions

The City's main financial [watchdog](#) has warned firms offering buy-now-pay-later services that they could be committing criminal offences if their promotions don't include "fair and prominent warnings" of the risks the products pose to customers.

The [Financial Conduct Authority](#) says it has seen adverts on social media and websites – including posts by "[social media influencers](#)" – which breach the [rules](#), and that such promotions should be approved by an [FCA](#)-authorised firm.

Buy-now-pay-later services, which offer instant credit and repayment in installments, are often popular with young people and are likely to rise in popularity during the cost-of-living crisis as consumers budgets get stretched and spending power comes under pressure.

"Firms need to ensure consumers, particularly those in vulnerable circumstances, are equipped with the right information at the right time, so they can make effective, timely and properly informed decisions," said Sheldon Mills, the FCA's executive director of consumers and competition.

The rules mean any material designed to tout the benefits must also include warnings on the risks of taking on unaffordable debt, the consequences of missed payments and information on when charges become payable.

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The Stratford-based regulator does not yet officially cover buy-now-pay-later products, but it is watching the industry and has warned it will use “criminal and regulatory enforcement powers” if it sees promotions that don’t meet the requirements.