

H&T Group plc

("H&T" or "the Group" or "the Company")

Update in respect of regulatory review into high-cost short term lending

H&T Group plc announced on 18 November 2019 that it was working closely with the Financial Conduct Authority (FCA) to undertake via a skilled person, a review of the lending processes, credit worthiness and affordability assessments within its unsecured high-cost short term (HCST) loans business between April 2014 and October 2019 ("the review").

A methodology for conducting the required past book review was developed in close collaboration with the skilled person. Following an initial review by the FCA, "outcomes testing" was undertaken by the skilled person. After further review by the FCA and subsequent development of the methodology, the FCA has confirmed that H&T may now proceed to implementation of the past book review and the resulting customer redress arrangements.

Following application of the review methodology, it is considered that a total of c.9,800 HCST loans to c.8,000 customers should not have been granted. This represents 11.5% of HCST loans and 12.6 % of HCST customers during the period. Redress will be paid in respect of these loans in accordance with the methodology, including statutory interest up to 31 March 2022, taking account of any withholding tax.

In total, the cost of the redress will amount to £2.1m, of which £1.6m will be paid directly to customers and £0.5m will be by way of an adjustment to the balance of current outstanding loans. On average, eligible customers will receive redress amounting to £264.

Customers who are eligible to receive redress either in the form of cash or balance adjustment will be contacted directly, beginning in April 2022. The process is expected to be completed within 12 months.

A provision of £2.1m was raised in the Group's financial statements for the year ending 31 December 2021, to cover the cost of this redress. In addition, it is anticipated that professional, operational and implementation costs relating to the review and the redress programme will amount to approximately £0.6m. This has been fully provided for in previous accounting periods.

Chris Gillespie, chief executive of H&T said:

"The Board of H&T is very aware of the concerns and uncertainty that this review has caused for all stakeholders. We are pleased that the review is now concluded and that the majority of HCST loans granted by H&T are considered to have been lent responsibly.

"Customers whose loan should not have been granted and who are due redress, will be contacted directly and we will endeavour to complete the redress programme as quickly as we can, so as not to prolong the uncertainty further.

"H&T is committed to providing services which maintain the highest standards of customer care and regulatory compliance, and we have co-operated fully and constructively with the FCA throughout this review. High cost short term unsecured lending no longer forms part of the Group's product offering."

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