



Motor finance commission compensation claims: A guide for consumers

Updated 17 November 2025

If you have entered into an agreement with a law firm to represent you in pursuing a compensation claim in relation to motor finance commission arrangements, it is important that you understand how a [decision made by the UK Supreme Court \[https://supremecourt.uk/cases/judgments/uksc-2024-01571\]](https://supremecourt.uk/cases/judgments/uksc-2024-01571) in August 2025 may impact you.

The court decided that, in certain specific circumstances, motor finance companies may have entered unfair relationships with consumers, meaning that commission was repayable. It also decided that car dealers did not have to prioritise consumers' interests over their own.

What this means for motor finance claims

The Supreme Court's decision means that, in some circumstances, motor finance lenders may have to pay compensation to consumers who were treated unfairly. Whether there was an unfair relationship will depend on the facts of each claim.

However, in other cases, some motor finance consumers with 'commission disclosure' claims will not be entitled to compensation.

FCA consultation on proposed motor finance redress scheme

On [7 October the FCA published its consultation \[https://www.fca.org.uk/publications/consultation-papers/cp25-27-motor-finance-consumer-redress-scheme\]](https://www.fca.org.uk/publications/consultation-papers/cp25-27-motor-finance-consumer-redress-scheme) on an industry-wide scheme to compensate motor finance customers who were treated unfairly between 2007 and 2024. The consultation has been extended and will now remain open until 12 December 2025. The FCA has also consulted on extending the deadline for firms to send a response to certain motor finance complaints. This consultation closed on 4 November 2025.

What you can expect from the solicitor or law firm representing you

If a solicitor or law firm is representing you for a motor finance commission claim, they must now:

- work out what the Supreme Court ruling and FCA's decision to consult on a consumer compensation scheme means for you and



- your claim
- get in touch to let you know. They must do this in a way that you understand what it means for you and your case. Some law firms may have a lot of claims and people to contact, so they may not be in touch with you straight away
- advise you of any other way you may be able to claim compensation in the future, such as through any FCA free-to-access consumer compensation ('redress') scheme.

Charges from your law firm if you terminate a contract or no longer have a claim

We expect law firms regulated by us to act in their clients' best interests and make sure you have all the necessary information to be able to make an informed decision about your claim.

If you have a valid motor finance commission claim and decide you no longer want a law firm to represent you:

- You may choose to terminate the agreement you had with them.
- If there is a termination fee, this must have been clearly stated up-front in your agreement.
- The law firm can only bill reasonable charges for work they can show they have done on your case, and to which you agreed, in line with the agreement.

If you no longer have a motor finance commission claim because of the Supreme Court decision:

- The law firm must tell you.
- We expect most motor finance commission cases are on a 'no win, no fee' agreement, 'contingent' (based on) the outcome of a case. Conditional Fee Arrangement (CFA) and Damages Based Agreement (DBA) are two examples of 'contingent' agreements.
- Where 'no win, no fee' motor finance commission claims are not successful, or the claim no longer exists, we expect no charges will be due.

Further information about the rules law firms regulated by us must comply with can be found in our [Standards and Regulations](https://upgrade.sra.org.uk/solicitors/standards-regulations/index/) [https://upgrade.sra.org.uk/solicitors/standards-regulations/index/] and Guidance. This includes our [claims management activity guidance](https://upgrade.sra.org.uk/solicitors/guidance/claims-management-activity/) [https://upgrade.sra.org.uk/solicitors/guidance/claims-management-activity/] and [representing clients for claims for financial services or products guidance](https://upgrade.sra.org.uk/solicitors/guidance/representing-clients-for-financial-services-or-products/) [https://upgrade.sra.org.uk/solicitors/guidance/representing-clients-for-financial-services-or-products/]. Where we find evidence of non-compliance, we will act.



Be aware of scams

Beware of scammers who may try and contact you and falsely claim you are owed motor finance commission compensation. They may pretend to be someone they are not – such as a car finance company – to encourage you to hand over personal and financial information. While the FCA is currently consulting on a compensation scheme, it has not yet put this in place or finalised how compensation could be paid, so anyone trying to get this information from you is not genuine. Our scams page has more information about this type of fraud. Visit our [scam alerts](https://upgrade.sra.org.uk/consumers/scam-alerts/) [https://upgrade.sra.org.uk/consumers/scam-alerts/] for details of recent and ongoing scams.

FAQs

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How do I know if the firm representing me is regulated by the SRA?

You can [use our register](https://upgrade.sra.org.uk/consumers/register/) [https://upgrade.sra.org.uk/consumers/register/] to check that your law firm or solicitor in England and Wales is SRA regulated.

What is a 'commission disclosure' claim and what is a discretionary commission arrangement (DCA) claim?

Commission disclosure claim

A commission disclosure claim can refer to where motor finance lenders did not tell consumers all the commission details. The Supreme Court decided this was only unfair and unlawful in some circumstances, but legal in many other cases. This means some motor finance consumers with commission disclosure claims will not be entitled to compensation. Whether there was an unfair relationship will depend on the facts of each claim.

Discretionary Commission Arrangement claim

A discretionary Commission Arrangement claim is where the motor finance lender would adjust the interest rate offered to the consumer. There could be a claim if you were not told about this adjustment.

How do I know if I have a 'commission disclosure' and/or discretionary commission arrangement (DCA) motor finance claim?



If you are represented by a solicitor or law firm, they should have found this out as part of taking on your claim. They must let you know what the Supreme Court decision means for you and your claim. Some law firms may have a lot of claims and people to contact, so they may not get in touch with you straight away. If you don't hear from them after a reasonable time, you could contact them to ask.

There is otherwise no simple way to know which type of claim you have, although free guides and tools on the market can help you find out.

I used social media to check if I was entitled to make a claim related to motor finance commission. Does that mean a law firm is representing me?

We have seen law firms and other organisations known as claims management companies (CMCs) take out adverts on social media. These adverts may encourage you to fill in your details to see if you have a claim. Some law firms use CMCs as 'referrers', meaning the CMC may have taken information you provided and passed it onto a law firm.

If a law firm is representing you, it must have confirmed with you directly that you are happy to be represented (also known as 'retained') by them. They must be able to provide a record of this.

Could I be represented by more than one law firm?

Yes, it is possible you started more than one claims process and could be represented by more than one law firm, for example:

- You bought one vehicle and signed up with more than one law firm for the same claim. Only one firm can take your claim forward. We would expect the law firms involved to resolve this, so you are only represented by one firm for each claim.
- You bought more than one vehicle and signed up with a different law firm for each vehicle.

In all cases, the law firm or firms must have confirmed with you directly that you are happy to be represented (also known as 'retained') by them. They must be able to provide a record of this.

What do I do if I signed up with more than one law firm for the same claim?

The law firms must have confirmed with you directly that you are happy to be represented (also known as 'retained') by them. They must be able to provide a record of this. If you don't think you gave this consent, or you feel it was not clear that you were signing up to be represented by them, you should first raise a concern under their complaints procedure.



I no longer want to be represented by a law firm. What do I do?

We expect some consumers may decide to terminate their contract with a law firm because they want to pursue their own claim in the future. In October 2025, the [Financial Conduct Authority \(FCA\)](https://www.fca.org.uk/news/statements/fca-consult-compensation-scheme-motor-finance-customers)

[\[https://www.fca.org.uk/news/statements/fca-consult-compensation-scheme-motor-finance-customers\]](https://www.fca.org.uk/news/statements/fca-consult-compensation-scheme-motor-finance-customers) published a [consultation on a free-to-access consumer compensation \('redress'\) scheme for consumers](https://www.fca.org.uk/publications/consultation-papers/cp25-27-motor-finance-consumer-redress-scheme) [\[https://www.fca.org.uk/publications/consultation-papers/cp25-27-motor-finance-consumer-redress-scheme\]](https://www.fca.org.uk/publications/consultation-papers/cp25-27-motor-finance-consumer-redress-scheme). The consultation is open until 18 November 2025.

If there is a termination fee, this must have been clearly stated up-front in your agreement.

The law firm representing you can only bill reasonable charges for work they can show they have done on your case, and to which you agreed, in line with the agreement you have with them.

The law firm representing me says they have done a lot of work on my claim and are trying to charge me a lot of money. What can I do?

The law firm representing you can only bill reasonable charges for work they can show they have done on your case, and to which you agreed, in line with the agreement you have with them. If you decided to end your contract with the law firm, you could be charged a termination fee.

If you believe you have been unfairly charged, contact your law firm and ask them to explain the charges to you. If things don't get sorted out and you still think the bill is wrong, you can make a formal complaint to the law firm through their complaints procedure. If that is unsuccessful, there are then two further options to take your complaint forward. Both are subject to time limits:

1. Complain to the Legal Ombudsman (LeO). This service is free to consumers. LeO publish [guidance](https://www.legalombudsman.org.uk/how-to-complain/) [\[https://www.legalombudsman.org.uk/how-to-complain/\]](https://www.legalombudsman.org.uk/how-to-complain/) on how to make a complaint, and [information](https://www.legalombudsman.org.uk/for-legal-service-providers/learning-resources/guidance-scheme-rules/#1Whocancomplainaboutwhat) [\[https://www.legalombudsman.org.uk/for-legal-service-providers/learning-resources/guidance-scheme-rules/#1Whocancomplainaboutwhat\]](https://www.legalombudsman.org.uk/for-legal-service-providers/learning-resources/guidance-scheme-rules/#1Whocancomplainaboutwhat) about the time limits that apply.
2. Challenge your solicitor's bill through a court application. Read information on how to: [Challenge your solicitor's bill: Overview - GOV.UK](https://www.gov.uk/challenge-solicitors-bill) [\[https://www.gov.uk/challenge-solicitors-bill\]](https://www.gov.uk/challenge-solicitors-bill). You may wish to take independent legal advice before starting this process.

Where can I go for more help or advice?

There are online resources which can help you find cost-effective legal support:



- [Thinking of using legal services](https://upgrade.sra.org.uk/consumers/choosing/)
[<https://upgrade.sra.org.uk/consumers/choosing/>]
- [Legal Choices](https://www.legalchoices.org.uk/) [<https://www.legalchoices.org.uk/>]
- [Citizens Advice](https://www.citizensadvice.org.uk/consumer/get-more-help/if-you-need-more-help-about-a-consumer-issue/) [<https://www.citizensadvice.org.uk/consumer/get-more-help/if-you-need-more-help-about-a-consumer-issue/>] may also be able to provide advice through their Consumer Helpline.