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cc: Sheila Nicoll

Dear Nisha,

Response to Proposed changes to BCOBS, CP11/1

We welcome the intent of the proposed changes to BCOBS but believe that as drafted they will not achieve the desired result of providing consumers with relevant information to assist them making a choice.

In particular, 4.2.2G should provide further specific guidance on how interest rates are both expressed and presented to ensure consistency and that the information is not buried. Allowing firms to decide how to express interest rates is likely to lead to a plethora of approaches that will merely add to the current confusion. Information on interest rates should be provided in an accessible form using standard text on the banking statement, on updating a passbook, or on accessing electronic statements or account history.

The reference to the industry and European principles in 5.1.8G should be strengthened. Given the guidance was part of the resolution of a super-complaint there should be an obligation on firms to comply rather than a suggestion that "firms may find it helpful to take account of the guidance". The OFT's report¹ suggested both a reference to the new guidelines in BCOBS, and, if the new guidelines are not being followed, that the FSA takes action under BCOBS 5.1.5. Enforcement will be difficult if the relevant BCOBS provision is a mere suggestion. Without a requirement to comply it is also unlikely that consumers will be given the tools and information necessary to drive effective competition in the market, which was the intention of the agreement with the OFT to settle (in part) the issues in the super-complaint.

¹ Cash ISAs: Response to super-complaint by Consumer Focus, June 2010, OFT 1246.

We also do not see any reason for excluding passbooks and internet banking from the provisions. The agreement on notification of interest rates for ISAs applies to both paper and electronic statements and they should at least be the same level of coverage for other savings accounts.

Outlining specific expectations for firms in this area provides a good opportunity for the FSA to embrace its new approach and provide leadership by setting clear standards for compliance.

Yours sincerely

Adam Philips
Chairman