

Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

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Payment Services Directive Consultation
Payments and Inclusions Team (Room
3/20)
HM Treasury
1 Horse Guards Road
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12 March 2008

Dear Sir/Madam

Consultation on Implementation of the Payment Services Directive

This is the Financial Services Consumer Panel's response to HM Treasury's Consultation on the Implementation of the Payment Services Directive. We support the proportionate approach to the PSD as detailed and expect that the FSA, as competent authority, will apply its risk- and principles-based approach to supervision.

Whilst the Panel is not in a position to respond in detail to the majority of the issues raised in the consultation paper we have particular interest in any areas which will have a direct impact on consumers. In this regard, there are three particular issues, detailed below, where we have chosen to comment.

Firstly, we feel strongly that users of direct debits should continue to benefit from being granted an unlimited period of time in which they can request a refund if a direct debit has been taken in error by the payee organisation. Under Article 63 of the PSD this time period for claiming a refund is reduced to 8 weeks. We oppose this restriction and believe, along with the Government, that providers should use the overarching provision in Article 86 (3) to grant more favourable terms to their users. Consumers are not always in the position to notice errors of this nature in such a brief time period and so should not be unfairly punished.

Secondly, we also feel that current UK liability requirements on lost or stolen payment cards should be maintained. In cases where payers have lost their cards or have had them stolen or otherwise misused through no obvious negligence of their own there does not appear to be any justification to the Panel of increasing the current liability of £50 to the €150 provision in the PSD. Therefore, the proposed approach as detailed in the consultation would appear to be appropriate.

Finally, we support the Government's policy of avoiding constraining the ability of credit unions to offer payment services to their members. To this end we agree that credit unions should be exempted from the PSD, as to do otherwise would work against the valuable work on financial inclusion.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'J. Howard', with a vertical line extending downwards from the start of the signature.

John Howard
Chairman