

The Competition Commission remedies
How the personal current account market will change
for consumers
May 2009



The Consumer Council

From the beginning of April 2009, consumers in Northern Ireland can now expect better information from their banks about their current accounts and proper warning if they are going to be charged for slipping into the red. That's because all of the Competition Commission's measures to fix the local Personal Current Account (PCA) market have to be in force by 1 April.

The Competition Commission imposed legally binding measures on nine banks and a building society after their market inquiry, spurred by the Consumer Council's 2004 super-complaint, found that the PCA market was anti-competitive and anti-consumer.

There are seven remedies. The first two had to be in force by 1 July 2008, and the remaining five had to be in place by 1 April 2009. The Competition Commission decided that all banks and building societies with 10,000 or more PCA customers will have to implement the remedies. So if you bank with one of the following, you'll notice the changes:

1. Ulster Bank
2. Northern Bank
3. First Trust Bank
4. Bank of Ireland
5. Halifax
6. Abbey
7. Nationwide
8. Alliance and Leicester
9. Barclays
10. HSBC/First Direct

So what are the Remedies?

From now on these banks and building societies have a duty to:

1. Communicate clearly.

They must make their written communication with customers clear and easy-to-understand. Standard text (standard wording, for instance in a template, that is used over and over again) should be either tested in a consumer focus group or approved by a plain English agency.

2. Provide details of charges and interest rates to customers when choosing a PCA and when opening a PCA.

They must explain charges, telling you how much you will be charged and why. Adverts and written information that promote PCAs have to let you know where you can get more information on the charges and interest rates.

3. Provide details of charges and interest rates on statements.

Information should be provided on the interest rates on credit balances and authorised and unauthorised overdrafts plus any charges applied to the account. They should also tell you on your statement why and when the charges are applied.

4. Provide an annual summary

This is like an annual health-check of how much your account has cost you. The statement must include the total amount of each individual type of charge and interest, the level of the charges and interest, an explanation of why the charges were applied. They must also tell you where you can get more information.

5. Notify a customer of overdraft and debit interest.

From now on, if you are going to be charged for slipping into the red, you must be given at least 14 days' notice. This will allow you time to get money into your account so that the charge will not make you go further into the red.

6. Provide information on how to switch

Every year the bank or building society will remind you that you have a right to switch your PCA. You will also receive a leaflet which explains the switching process, informs you about the bank's switching service and reminds you that you will not be charged for switching.

7. Provide a free to use three month overdraft to switchers

If you switch to another bank or building society you will be given a free to use three month overdraft to remove the hassle and fear from switching. Any charges you might incur during the switching process will be refunded.

If you would like any more information about how these changes will affect you contact your bank or building society. If you are not happy with the information they give you contact the Consumer Council for information on how to make a complaint.

The Consumer Council will be keeping a close watch to ensure that these new measures are working well for consumers. We'd be happy to hear about your experience. You can contact the Consumer Council by telephone on 0800 121 6022 or through our website: www.consumercouncil.org.uk.