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Dear Ms Langford,

CP17/24 – Information about current account services

This is the Financial Services Consumer Panel's response to CP17/24 – Information about current account services.

The Panel supports the FCA's work to implement the recommendations of the Competition and Market Authority's (CMA) investigation into retail banking. We are grateful to the FCA for inviting Panel members to participate in the Stakeholder Expert Group, and for the FCA's open and collaborative approach.

We note that the FCA's discretion was limited by the terms set by the CMA. The FCA's proposed metrics are an improvement on basic measures such as Net Promoter Score (NPS), which is a poor measure of customer service. However, we have reservations about the proposed measures. We also observe that a narrow set of customer service metrics will focus firms' efforts on improving performance against these measures, rather than seeking to improve their overall treatment of customers.

The Panel also has some other comments:

SMEs - In the FCA response to the CMA's final report into competition in retail banking¹, the FCA stated unequivocally that "*The FCA's actions in relation to the publication of service quality information and prompts will cover both personal and business banking customers.*" The Panel has some reservations about whether the FCA has considered adequately issues relating to Business Current Accounts (BCAs) in their own right, rather than as an adjunct to the work conducted on Personal Current Accounts (PCAs).

Evolution of metrics – The FCA should review the impact of the metrics, taking account of consumer feedback and market changes which may affect what customers want to know about current account service providers.

Competition - It is important to recognise that not all consumers will use the metrics. Even those who rely on them to switch providers will not necessarily get a better deal. The measures are partial, and do not solve issues like price opacity. The impact on competition is likely to be very limited. We continue to urge the FCA to consider supply-side remedies.²

¹ <https://www.fca.org.uk/publication/corporate/response-cma-final-report-competition-retail-banking-market.pdf>

² https://www.fs-cp.org.uk/sites/default/files/fscp_consumers_and_competition_position_paper.pdf

I hope these comments are useful. We would be happy to discuss the issues raised in our response.

Yours sincerely

Sue Lewis
Chair, Financial Services Consumer Panel

Responses to questions

Q1: Do you agree with our analysis that we should require publication of service information?

Yes.

Q2: Do you agree that firms should publish service information related to the areas of service outlined? Are there any other areas we should consider (bearing in mind our discussion of metrics we are not pursuing in Chapter 5)?

The Panel supports the proposed measures on:

- Service reliability
- The time to open an account and access an overdraft
- Access outside of normal working hours
- Time taken to replace a lost, stolen or stopped debit card

However, we do not think that the FCA should introduce a measure of 'time taken to organise third party access to a PCA under a power of attorney'.

On power of attorney, speed is not the critical factor, and may lead to a greater risk of fraud or abuse. Banks should check transactions rigorously. The focus should be on raising the standards of banks' performance.

The Panel is disappointed that the FCA has failed to take greater account of the Panel's previous suggestions, including:

1. **Complaints** - In the Panel's work on 'consumers as co-regulators'³ the Panel recommended that information about complaints should be given greater prominence. It is not sufficient to say it is published elsewhere. Consumers shouldn't have to do all the hard work – the information they need should be in one place.
2. **Wrongdoing** - the Panel has previously recommend that the FCA should do much more to publicise and disseminate information about the misbehaviour of firms, and the penalties and fines imposed on them. This information should be part of the current account service metrics so that consumers can decide which firms are likely to treat them well, and encourage firms to take reputational risk more seriously.
3. **Firms' response to payments fraud** – The FCA's own research revealed that people were concerned about fraud and they expected firms' investigations and reinstatement of accounts to be fast. The FCA needs to be creative here. It could publish, for example, the length of time it takes for a sending bank (ie the fraud victim's bank) to contact the receiving bank, and for the receiving bank to act on this information.
4. **Culture/professionalism** – the Panel encourages the FCA to consider including a measure of a bank's commitment to the professionalism of its employees. This would help engender cultural change, and tell consumers about the banks at which they were more likely to deal with bank staff who were knowledgeable.

³ https://edit.fs-cp.org.uk/sites/default/files/consumers_as_co-regulators_final.pdf

Q3: Do you agree with PCAs and BCAs being defined by reference to the definition of “payment account” in the Payment Accounts Regulations 2015?

Yes.

Q4: Do you agree that ‘premium service accounts’ should be excluded from PCA service information?

The Panel recognises that the primary aim is to allow customers to compare similar current accounts held by the majority of each bank’s customers.

However, in seeking to exclude ‘premium service accounts’, the FCA should consider how such accounts are defined. Banks could adopt a broader definition and side-step the requirement to publish this information for large numbers of accounts. In addition, the definition should anticipate future changes to the current account market, which could result in changes to the number of customers who pay a fee for a current account.

Q5: Do you agree with the proposed application of the rules? In particular do you agree with the providers, customers and products in scope of the rules?

Yes.

Q6: Do you agree with the proposed threshold? Do you agree that providers below the threshold which choose to publish the same or similar service metrics must comply with the relevant rules?

We agree with the principle, though do not have sufficient information to support a particular threshold.

It is important that smaller suppliers should be able to publish service metrics voluntarily. If they do so, they should follow the same rules to ensure that data is comparable

Q7: Do you agree that our proposals will make service information easily accessible to customers?

Yes. However, we would welcome the FCA’s views on how it expects digitally excluded customers or those who are not confident users of technology to make use of the proposed metrics.

In addition, we recommend that the FCA work closely with the Money Advice Service (MAS), and its successor body, as this is an important independent channel to disseminate information about financial services.

Q8: Do you agree that comparison services are an important route through which customers will access and assess the service information we propose to prescribe?

Yes in principle. However, the FCA should prescribe how comparison services present and describe the information to ensure it is not mis-represented, skewed or affected by opaque commercial relationships. Consumers must be able to rely on the information as independent and authoritative.

Q9: Do you agree with the proposals to require publication via an API, initially for those firms required to be part of Open Banking and subsequently for those firms that will use an API to for the purposes of PSD2?

Yes. Both the CMA Remedies and Open Banking rely on APIs. Given this increasing reliance on APIs, the Panel agrees that the information about current account services proposed by the FCA should also be accessible by API. This should help to facilitate both usage and longevity.

Q10: Do you agree that we should specify the language firms use to describe the service information, but not its presentational format?

Yes.

Q11: Do you agree with our plans for the timing and frequency of publication? In particular, do you agree that the first publication of service information under the rules that we are proposing should be in August 2018, to coincide with the first of the CMA's service quality indicators?

Yes, we strongly support the proposal that the publication of these service metrics should coincide with the publication of the CMA service quality indicators. This should help to maximise the impact of the publication of the information.

Q12: Do you agree with the proposed standing data and metrics for the account opening process?

Yes.

Q13: Do you agree that firms should publish separate metrics related to the opening of an account, provision of a debit card, online banking, and an overdraft?

Yes. Breaking the information down in this way will help to ensure it is more accessible and that consumers can consider the elements which are of particular importance to them.

Q14: Do you agree with our proposal not to require firms to publish separate metrics for each channel through which a customer can open an account?

Yes, we agree that channel is unlikely to affect significantly the time taken to open an account.

The Panel welcomes the FCA's proposal to publish other metrics by channel (e.g. service availability and number of major incidents) as this will allow people to make decisions about their bank based on the way that they will access it, and to be aware if a bank offers customers a poor service in a specific channel.

Q15: Do you agree with our proposed metrics related to time taken to replace a debit card?

Yes. The FCA's research found that both PCA and BCA customers would value information about responsiveness, and this measure is intended to give an indication of the level of service that firms offer. The time taken to replace a lost, stolen or stopped debit card is particularly important for people who have only one card/account and no other means to access cash.

Q16: Do you agree with our proposed metrics related to providing access under power of attorney? In particular, do you agree that firms should publish

separate metrics related to each stage of the process for giving a third party access to a PCA under power of attorney?

No. We have some reservations about these metrics. While we can understand that delays can prove frustrating for consumers who are arranging power of attorney, it is important that banks have sufficient time to arrange this and to check transactions rigorously.

Rather than measuring speed, we think this is an area where the focus should be on raising standards and improving the quality of the service provided by banks. Focusing solely on speed may place unhelpful incentives on banks to prioritise a quick response over a more measured assessment.

The Panel is aware that there are other initiatives which seek to raise standards in this area, and it may be that they would deliver better outcomes for consumers.

Q17: Do you agree with our proposed requirements for service availability information?

Yes.

Q18: Do you agree that the service descriptions we have chosen will be clear to users? Could some of these categories be combined to reduce the amount of information published and make it easier to use? Should any be omitted? Should any others be added?

Yes.

Q19: Do you agree with our proposed major incident metrics?

Yes.

Q20: Do you agree that we should not pursue publication of service information for these aspects discussed in Chapter 5 at this time?

No. See Q2.

Q21: Do you have any comments on our CBA?

No.