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Ann Sanders
Financial Conduct Authority
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By email: cp19-18@fca.org.uk

Dear Ann,

CP 19/18 - Overdraft Pricing Remedies and Competition Remedies

This is the Financial Services Consumer Panel's response to CP 19/18 - Overdraft Pricing Remedies and Competition Remedies.

The Panel has welcomed the FCA's work on overdrafts, supporting its proposed interventions which are intended to address the longstanding detriment suffered by consumers and to improve the way the market works.

The Panel supports the FCA proposal to require firms to publish the range of overdraft prices charged made in this supplementary consultation. Our comments are confined to this question.

Q1: Do you agree with our proposals for firms to publish pricing information alongside the information about current account services?

Yes. The Panel agrees with the proposal to require firms to publish a range of overdraft prices and fees alongside their quarterly service metrics. This proposal will increase transparency about how firms are responding to the FCA's overdraft proposals, and highlight moves to risk-based pricing.

Mandating firms to publish only representative APRs for their overdrafts masks the actual rates which many consumers end up paying, since publication of a representative APR need apply to only 51% of applicants. The publication of this information, and the increased transparency about firms' pricing practices, is likely to benefit switching sites, consumer groups, and consumers themselves.

As part of the FCA's wider work on repeat usage of overdrafts, the Panel encourages the FCA to carefully monitor how firms might re-price overdraft rates once a customer has entered into an overdraft.

Q2: Do you agree that we should amend the definition of Private Bank used in BCOBS 7 and 8 to align with that used in CONC 5C and 5D?

No comment.

Q3: Do you agree that we should exempt foreign currency accounts from competition remedy rules?

No comment.

Q4: Do you agree that we should amend our rules to allow firms not to automatically enrol customers who have previously opted out of unarranged or refused payment alerts into arranged overdraft alerts?

No comment.

Q5: Do you agree with our cost benefit analysis?

No comment.

Q6: Do you have any views on our equality and diversity assessment?

No comment.

Yours sincerely,

Wanda Goldwag
Chair, Financial Services Consumer Panel