

Head of Distribution
AIB Group (UK) plc

From: Colin Garland, Director
Remedies, Business and Financial
Analysis

5 October 2020

AIB Group (UK) plc t/a AIB (NI) has breached the Directions given to it under the Small and Medium-sized Enterprise (SME) Banking Behavioural Undertakings 2002

I am writing to you on behalf of the CMA because AIB Group (UK) plc t/a AIB (NI) (AIB NI) has breached the above [Directions](#).

The breach

In 2002, AIB NI, along with eight other banks, undertook not to require customers to open and maintain a Business Current Account (BCA) as a condition of receiving, servicing or maintaining a loan or savings account, a process known as bundling. This was recorded in Clause 17 of the Undertakings.

Following an investigation in 2014, the CMA concluded that AIB NI had breached the undertakings by bundling products for eleven SME customers. As a result, the CMA issued it with written directions¹ designed to improve its compliance with the undertakings. One of the Directions (Direction 6) required AIB NI to “incorporate (and properly maintain) the requirements of Clause 17 of the undertakings into First Trust Bank’s Business Lending Policy”.

AIB NI reported to the CMA on 31 July 2020 that between December 2019 and August 2020 it had failed to comply with Direction 6. This is because between those dates the Business Lending Policy did not include the warning to AIB NI staff not to require SME customers to open or maintain a BCA in order to open or maintain a business loan or business savings account.

¹ The Directions were issued to AIB Group (UK) Plc which was at that time trading under the name ‘First Trust Bank’ in Northern Ireland.

The CMA's concerns

I recognise that this breach of the Directions did not lead to any product bundling, due to the other compliance procedures AIB NI had in place.

Despite this, I am concerned that AIB NI has failed to adhere to the Directions which were put in place due to the previous failures of AIB NI to comply with the Undertakings. This is a notable failure on AIB NI to invest in sufficiently robust procedures to maintain full compliance with both the Directions and the Undertakings.

AIB NI has taken action to end the breach

AIB NI ended the breach when the required information was re-included in its Business Lending Policy from 4th August 2020. AIB NI will ensure that a similar breach will not happen again through undertaking a review of its credit policies to ensure all relevant regulatory obligations are properly captured.

CMA assessment and next steps

Given the prompt action to fix the breach taken by AIB NI and the lack of harm to consumers caused by the breach, the CMA does not consider it appropriate to take further formal enforcement action at this time. However, we will continue to monitor AIB NI's compliance with both the Directions and the Undertakings closely.

Yours sincerely,

Colin Garland

Director
Remedies, Business and Financial Analysis