

The Co-operative Bank p.l.c. (the Bank)

Response to CMA's Provisional Findings and Proposed Remedies

24 November 2015

We refer to the publication of the CMA's Provisional Findings and Proposed Remedies on 22 October 2015. In response to your invitation to submit comments and suggestions, we set out below our key considerations which we would invite you to consider when arriving at your final report and proposals.

We intend to submit feedback on the CMA's account pricing methodology separately.

Triggers (Remedy 1)

Please note that the Bank already adopts a comprehensive suite of communications to notify customers of changes to their account or service offering, each of which are underpinned by various regulations and industry protocols. For example, the British Banking Association's (**BBA**) 'Access to Banking Protocol' was followed in respect of our recent branch closures, and other examples include rules forming part of the FCA's Banking Conduct of Business Sourcebook (**BCOBS**) and BCOBS' Accessibility Protocol. In developing any proposed triggers, it would be beneficial for the CMA to avoid overlap and work within these existing regimes as far as possible – the Bank does not see a need for a prescriptive, new and separate set of requirements.

Further, the proposed remedies suggest an existing bank would identify and suggest specific better value products elsewhere. There is a concern that the inclusion of messages to suggest alternative / more appropriate products could be deemed as the provision of advice without a "needs based" assessment having taken place for the customer. We query who would take responsibility for the advice and whether the further benefit to the customer warrants and is proportionate to the operational expense required to deliver and monitor the provision of tailored advice.

MiData (Remedy 3)

Given the captive audience that pricing comparison websites (**PCWs**) have secured in the market, arguably reliant on branding and significant marketing spend, it is questionable how far a shift in consumer internet traffic from PCWs to MiData could be achieved. This is particularly so given the inevitable perceived security concerns with the transfer of detailed financial information across the internet to MiData.

Further, MiData provides customers with an aggregated financial output rather than providing customers with a clear breakdown of the account behaviours and associated product benefits that have determined the output (e.g., incentives, credit interest, overdraft proposition, fees or rewards), or a comparison of service or customer satisfaction measures, which may also be a key factor. Without such a disaggregated overview, customers will not be given the level of transparency necessary to choose the best product to suit their needs (which may vary, for example, from customers interested in credit interest, overdraft facilities or benefits for certain transaction activity). Customers also need to know which feature of a product is likely to lead to a saving to manage their expectations. The use of standard illustrative examples or summary boxes (e.g., in marketing / pre-contract materials, as were introduced in 2003 to make it easier to understand and compare credit cards) may be much simpler and more effective ways to secure the same aims.