money.co.uk response to the CMA Retail Banking Market Investigation

6th June 2016

We agree with the vast majority of the measures set out in the Provisional Decision on Remedies and see them as necessary interventions in a market that isn't working in consumers' favour. We look forward to seeing the final response in August and the exciting developments that will take place thereafter.

[ ]

We have responded to the queries we are able to share insight on below:

3.115 While willingness to recommend is undoubtedly a useful metric for assessing quality. Customer satisfaction is more widely used outside of financial services (i.e. Amazon, TripAdvisor, TrustPilot etc). We suggest further consumer research and user testing would be beneficial to investigate the most meaningful metrics to use.

3.155 Further to our response on 3.115 a single star rating comprising willingness to recommend/satisfaction would be preferable. A breakdown of the composite star ratings should also be made available. We suggest metrics relating to dissatisfaction also be considered for instance regarding complaint and query handling.

3.298 We suggest the solution most in consumer interests would be to work with the FCA and engage with the industry to set accreditation standards for PCA and BCA comparisons (as they have done for HCSTC). Private price comparison websites with established user bases and extensive knowledge about user interaction could then create, maintain and market compliant comparisons without need for a separately funded comparison service as suggested.

3.304 Independent consumer information websites such as money.co.uk were identified as a prospective replacement for the information provided by MAS during recent HM Treasury and FCA consultations. We pride ourselves on providing best in market guidance about financial products and financial decisions and believe that we and others in our industry are best placed to fill this gap.

3.92 [ ]

5.3 We agree that emergency borrowing facilities such as that offered by Barclays should be included within the scope of your remedied targeted at unarranged overdrafts.

5.64 We agree in principle with the proposals that:

a) alerts for scheduled payments should be sent as early in the day as reasonably possible

b) alerts for all other payments be sent as soon as reasonably possible but no later than the day after the alert has been triggered.

We also support the proposal that providers should not charge for use of an unarranged overdraft in any day where it has not sent at least one unarranged overdraft alert.

Consideration should also be given to how this proposal will be amended for individuals who do not use online banking nor have mobile phones associated with their bank account. For these customers' sufficient time should be allowed for a letter to be received and acted upon or a telephone call to be received and the message relayed.

5.76 We agree that time is of the essence so 6 months after the date on which the Order is published should be sufficient for PCA providers to implement the changes providing requirements are clearly defined.

5.128 We believe a flexible approach to communicating cut off times is in the best interest of the industry but suggest this be independently reviewed 6 months after implementation to assess whether this freedom is working for consumers. If some models are clearly achieving better results than others this may highlight the need for a more prescriptive approach.

6.50 We broadly agree with the proposals as defined in 6.50 but would add that:

a) We feel that while a Representative APR/EAR is preferable to no information it's also comparatively meaningless if the lender rates for risk but does not publish rates of acceptance or provide soft quote functionality. In the absence of both of these measures Representative APR/EAR would be a step in the right direction providing applicable term and acceptance criteria were also defined.

[ ]

6.55 We agree that lenders should publish an APR/EAR applicable to at least X% of SME customers. However, we feel that 51% is too low a proportion – far greater a percentage should be used to give a representative view. The applicable term and typical acceptance criteria should also be defined. This could be as a Representative Example or prescribed information that lenders can choose how to implement providing they make it prominent.

6.59 We agree that all SME lenders should be required to publish a Representative APR. Initially they should be able to publish an expected Representative APR which should be updated after a defined period with an actual Representative APR.

6.81 We share concerns that including secured lending in an eligibility indicator tool may result in customers' overestimating the availability of finance. If standardised valuation tools were implemented across the industry this may mitigate this risk but this is a future development.

6.85 We feel the process may be more efficient and more rigorously tested if a third party was involved to coordinate the defining of requirements. [ ]

6.186 Providing the panel was sufficiently impartial we don't see CMA inclusion on the judging panel as being mandatory (the panel could notify the CMA if no winner was found). However, given the depth of the research conducted during this consultation and the knowledge gained by involved parties we feel it would be very beneficial were the CMA involved.