

LLOYDS  
BANKING  
GROUP



**LLOYDS BANKING GROUP PLC**  
**CMA RETAIL BANKING MARKET INVESTIGATION**  
**LBG submission in relation to the standardised**  
**description of the MMC**

19 JANUARY 2017

**LLOYDS BANKING GROUP PLC**

**LBG submission in relation to the standardised description of the MMC**

- 1.1 This submission sets out LBG's observations in relation to the standardised description of the MMC as set out in Schedule 2 to the Draft Order:
- "1. Each current account will set a monthly maximum charge for:
- (a) going overdrawn when you have not arranged an overdraft; or
  - (b) going over/past your arranged overdraft limit (if you have one).
2. This cap covers any:
- (a) interest and fees for going over/past your arranged overdraft limit;
  - (b) fees for each payment your bank allows despite lack of funds; and
  - (c) fees for each payment your bank refuses due to lack of funds."

1.2 As explained on a call with the CMA on 18 January 2017, LBG agrees with the consultation responses of other providers that it would be clearer to customers and reduce potential confusion if Providers had some flexibility in how the MMC is described in communications. For example:

    - (a) LBG's consistently refers to "planned" and "unplanned" overdrafts and not to "arranged" and "unarranged" overdrafts. This terminology is used in all terms and conditions, marketing materials and customer communications; and
    - (b) it would be misleading to customers to require all of the elements in Schedule 2 to be listed, when some of these elements are not relevant to certain Providers or products. For example:
      - (i) none of LBG's products charges fees for payments made while a customer is overdrawn. It should therefore be permissible for LBG to remove the reference to element 2(b) in its MMC communications to customers;
      - (ii) Halifax full facility PCAs do not charge interest, so it should therefore be permissible to remove the reference to "interest" in element 2(a) in its communications relating to these products; and
      - (iii) Halifax full facility PCAs do not charge for payments refused due to lack of funds, so it should therefore be permissible to remove the reference to element 2(c) in its communications relating to these products.

1.3 LBG also supports the submissions of other parties (including Nationwide, Tesco, Danske and TSB) that the Order should allow flexibility for providers to shorten the standardised description of the MMC in certain contexts to avoid "crowding-out" other important messages to customers. Whilst the full wording may be appropriate for marketing materials and on the website, a shorter version would be equally effective for account-specific communications, such as fee pre-notifications, statements and account summaries. Moreover, a requirement to use the full wording may have unintended consequences as it may prevent or disincentivise providers from keeping customers informed of their use of unarranged overdrafts. For example, SMS or push alerts may be valuable methods of increasing customer engagement, but both are suited to a shortened version of the full wording.