



The Consumer Council

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30 January 2014

### **Balance of Competences Review**

HM Treasury

1 Horse Guards Road

Westminster

London

SW1A 2HQ

### **Single Market: Financial Services and the Free Movement of Capital Consumer Council Response to the Call for Evidence**

Following our telephone conversation on 8 January 2014, please find below information on the Northern Ireland financial landscape which we hope will be useful for the ongoing consultation.

#### **Level of Harmonisation**

Maximum harmonisation for every aspect of EU legislation in Financial Services competences may mean that some members lose elements of their consumer protection, if they are currently set at a higher standard of that provided by EU directives. There are also potentially concerns that maximum harmonisation throughout the EU may make it more difficult to address specific national developments and/or 'innovative' financial products.

#### **Credit Unions**

Credit unions in Northern Ireland date back to the early 1960s. There are currently 176 registered credit unions, with over 450,000 members, almost



50% of the adult population. The main trade bodies are the Ulster Federation of Credit Unions (UFCU) and the Irish League of Credit Unions (ILCU).

The Tyrone Federation and several other independent credit unions complete the total, with affiliations as follows:

- a. Irish League of Credit Unions - 103
- b. Ulster Federation of Credit Unions - 51
- c. Tyrone Federation - 10
- d. Unaffiliated – 12

Housing Rights Service undertook research in May 2013 into how credit unions serve low-income communities in Northern Ireland. Their research highlighted the variety of credit unions in terms of membership and asset size. For example, of the 42 credit unions responding to their research, ten had less than 1,000 members and four had over 10,000 members, seven had less than £0.5 million in assets and three had over £50 million<sup>1</sup>.

### **The Banking System of Northern Ireland**

The Northern Ireland Affairs Committee launched an inquiry in July 2013 into the banking structure in Northern Ireland. The inquiry was raised to gather evidence on a wide range of issues (for example, whether banks that operate in both GB and NI operate differently in NI than in the rest of the UK). The Consumer Council has recently provided both oral and written evidence to the committee, outlining the key issues from a consumer perspective. For more information see <http://www.parliament.uk/business/committees/committees-a-z/commons-select/northern-ireland-affairs-committee>

### **IT Infrastructure of Banks in Northern Ireland**

The Consumer Council released 'Payment Pending' in December 2012. This report highlighted consumers' stories and experiences of the Ulster Bank payments crisis, how they coped and what they believed should have been done differently. We also set out a number of recommendations on behalf of consumers to demonstrate to service providers and the financial regulator what consumers expect in the handling of a crisis and the assurances required to restore trust. The report can be found on our website:

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<sup>1</sup> <http://www.housingrights.org.uk/policy-archive/201304>

[http://www.consumercouncil.org.uk/filestore/documents/Ulster Bank Report .pdf](http://www.consumercouncil.org.uk/filestore/documents/Ulster_Bank_Report.pdf)

### **The Northern Ireland Car Insurance Market**

A recent report from the Competition Commission has warned that car insurance premiums are too high and should be reduced through far-reaching reforms across the UK. The Competition Commission make specific reference to the market in Northern Ireland. Please refer to <http://www.competition-commission.org.uk/our-work/directory-of-all-inquiries/private-motor-insurance-market-investigation> for more information.

### **Complaints across Jurisdictions**

Please see Annex A, which outlines an example of the paperwork involved when a policyholder in Northern Ireland wishes to make a complaint to their insurance company based in Dublin. policyholders are contracting with a company based in Dublin and according to the policy booklets the policyholders who are unhappy with their policy must make a complaint to the Financial Ombudsman in the Republic of Ireland. However, as you will see in the attached example, when a policyholder wishes to make a complaint they are faced with a problem over which legal jurisdiction should cover the contract of insurance. This can be confusing for consumers who would have no prior knowledge of what the differences in the legal system would mean for their rights and their specific complaint.

I hope you find this a useful summary of our discussion, if you have any further queries please let me know.

Yours sincerely

**AODHAN O'DONNELL**  
Interim Chief Executive

