

Dear Colin

Compliance with Part 6 of the CMA Order 2017

Thank you for your letter dated 1st July. Part 6 requires banks to send Alerts to customers where they have exceeded or are attempting to exceed pre-agreed limits. We confirm that LBG remains compliant with the Order.

LBG PCA customers are not charged for exceeding or attempting to exceed limits

As of November 2017 LBG introduced a new structure for overdraft pricing, under which there is no unarranged borrowing. Customers are charged a simple, transparent daily fee that is driven only by the agreed sum borrowed; there are no returned item fees or lump-sum charges.

As a result, Article 23.2.1 of Part 6 applies to LBG PCAs, and LBG does not provide these alerts. Article 23.2.1 states that

“Article 23.1 [enrolment of alerts] does not apply in respect of any PCA customer who only holds a PCA in which there is no charge or any other cost for exceeding or attempting to exceed a Pre-agreed credit limit”

As part of our annual attestation process, and as stated in our 1st February 2019 letter, we will continue to confirm that there is no unarranged borrowing on LBG PCAs.

LBG customers do receive alerts for going overdrawn or reaching their agreed limit

LBG supports the provision of timely information helping customers to engage with their current accounts, so that they can avoid unnecessary charges. Since November 2017 LBG has chosen to offer a suite of (non-mandatory) alerts which all customers are opted into automatically. These include notifications when customers are nearing using their overdraft, and when they are close to exhausting their available agreed funds. We also send customers alerts when they have insufficient funds to cover a scheduled bill payment or standing order.

LBG supports the revocation of Part 6 of the Order

The FCA's High Cost Credit review is putting in place rules on overdraft alerts, which will be implemented on 18th December 2019 and will duplicate the CMA Order. With this in mind, we agree that it is sensible for Part 6 of the Order to be revoked, to avoid complexity and duplication.

Yours sincerely,
Steve Smith