

Managing Director
Short term borrowing personal banking
The Royal Bank of Scotland Group

From: Colin Garland
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Financial Analysis

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Letter to RBSG about breaches of the Retail Banking Market Investigation Order 2017

I am writing to you to express the CMA's disappointment that the Royal Bank of Scotland Group (RBSG) has breached Part 6 of the [Retail Banking Market Investigation Order 2017](#) (the Order) in two ways and to summarise the action that RBSG is taking to rectify these breaches.

Firstly, RBSG failed to enrol adult personal current accounts (PCAs) which were previously youth accounts into the Programme of Alerts within 10 working days as required by the Order. This affected approximately 179,000 customers. RBSG's second breach was as a consequence of the first breach, when RBSG charged approximately 36,000 customers for going into or attempting to go into unarranged overdraft without first sending an alert. These customers did not receive an alert as they were not enrolled in the Programme of Alerts.

RBSG has committed to put things right by fully remediating customers as well as providing 8% interest. The offer of refunds, totalling approximately £1.9 million before interest and around £2.2 million after interest, to people who were unfairly charged is welcomed by the CMA. Additionally, we note that RBSG will consider any reasonable claims for extra costs suffered as a result of the charges.

RBSG aims to refund affected customers during Summer 2020.

RBSG has also agreed to keep both the CMA and the Financial Conduct Authority, which took on responsibility for alerts from 18 December 2019, informed of its progress in refunding customers and provide confirmation when this is complete.

The purpose of Part 6 of the Order was to ensure that PCA customers received an Alert about unarranged overdraft charges before incurring them. Under Article 23.3 of the Order, PCA holders whose accounts weren't subject to charges but were

subsequently converted into accounts which are subject to charges must be enrolled into the Programme of Alerts within 10 working days from the point that charges apply. In this case, RBSG had not enrolled customers who held youth PCAs (which did not incur unarranged overdraft charges) into their Programme of Alerts when their account converted into an adult PCA (which did incur such charges) within the required ten working day period. Failure to enrol these customers therefore breached article 23.3 of the Order.

Article 24.1 requires providers to issue an Alert to customers following an Alert Trigger. Of the customers affected by the first breach, approximately 36,000 were subject to a second breach in that they did not receive an Alert following an alert trigger occurring and went on to incur a charge (or charges) as a result of entering into an unarranged overdraft or having a payment returned unpaid.

This letter has been published on our website.

Yours sincerely

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