

HSBC UK Bank plc

From: Colin Garland
*Director, Remedies, Business and
Financial Analysis*

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HSBC’s breaches of the Retail Banking Market Investigation Order 2017 in relation to the Monthly Maximum Charge and the Publication of rates for SME lending products

I am writing to you on behalf of the Competition and Markets Authority (CMA) concerning breaches by HSBC UK Bank plc (HSBC) of Part 7 and Part 8 of the [Retail Banking Market Investigation Order 2017](#).

Part 7 of the Order requires all providers of personal current accounts (PCAs) in the UK to set a Monthly Maximum Charge (MMC) in relation to unarranged overdraft charges. Providers cannot charge customers more than the MMC in any given month. Providers must say what their MMC is each time they mention unarranged overdraft charges in product literature.

Part 8 of the Order requires providers of business overdrafts to small and medium-sized businesses (SMEs) to publish a representative effective annual rate (EAR) for those products. The representative EAR must be set at a rate that the bank reasonably expects that a majority of SMEs would be offered at the date of publication. Rates published must be displayed prominently and kept accurate and up to date.

The breaches

HSBC breached Part 7, Article 29.1 of the Order by:

- Failing, for the HSBC UK Premier account and First Direct’s 1st Account website homepages, to mention the MMC for unarranged overdrafts.
- Failing, in its Statement of Fees document sent to its customers, to include a sentence that disclosed the value of the MMC, from September 2021 to April 2022.
- Failing to include in a pop-up, accessible via some of HSBC’s product pages and the “Legal” footer at the bottom of its website, the value of the MMC. The

pop-up contains references to unarranged overdraft borrowing, so should have contained reference to the MMC.

HSBC breached Part 8, Article 30.3.2 of the Order between 25 February 2020 and 5 May 2022 when an operational error meant that one of the pages of its public website displayed out of date information about the representative EAR for its Unsecured Business Overdrafts. The rate that should have been published was 11.46% instead of 9.9%.

HSBC first notified the CMA of the breach of Part 7 on 2 February 2022 and of the breach of Part 8 on 19 May 2022.

The CMA's concerns

The requirements to provide the correct and complete information to customers on both the MMC and rates for overdrafts are important elements of our remedies to address the concerns found in the Retail Banking [Market Investigation](#). These measures, in combination with other remedies, were designed to make it easier for consumers or small businesses to choose the best current account for them. If published material is not available or wrong, consumers or SMEs might miss out on important information.

The failure to disclose the MMC in some product literature may have led customers or potential customers of HSBC PCAs to not understand the maximum amount they could be charged in a month for using an unarranged overdraft. While HSBC explains that the missing information was available elsewhere, the Order requires that it should be available each time they mention unarranged overdraft charges in product literature.

The failure to ensure the public website displayed up-to-date rates for its Unsecured Business Overdraft may have led to SMEs not making a fully informed decision as to whether HSBC's product was right for them. It is important that all information published to SMEs is correct. While HSBC explains that up-to-date information was available elsewhere, SMEs should not be required to work out which information is up-to-date and which is not.

HSBC has taken action to put things right

I note that these breaches were self-reported by HSBC and that it has taken proactive steps to end the breaches and to prevent a recurrence.

In relation to Part 7 HSBC has said that it will:

- Introduce checklists for webpage changes, with clear guidance that relevant overdraft and current account pages are subject to Order requirements such as the standardised MMC wording that needs to be displayed.
- Enhance its sign-off process for webpage changes – ensuring appropriate second line of defence teams are involved with all website updates relating to overdrafts.

- Send reminders about, and deliver refresher sessions on, the requirements of Part 7 of the Order to relevant teams.
- Incorporate an additional checklist into its existing quarterly compliance review.

In relation to Part 8 HSBC has said that it will:

- Upgrade the webpage system to remove duplicate/linked pages and amend its configuration such that there will only be one landing page for each product going forward.
- Send reminders about, and deliver refresher sessions on, the requirements of Part 8 of the Order to relevant teams.

CMA assessment and next steps

Given the action that is being taken by HSBC the CMA does not consider it appropriate to take further formal enforcement action in relation to these breaches at present. However, the CMA will consider such action in the event of any further failures. The CMA will monitor HSBC's future compliance closely.

The public version of this letter has been copied to the Financial Conduct Authority.

Yours sincerely

Colin Garland

Director, Remedies, Business and Financial Analysis