



HM Treasury

# Information requirements in the Payment Accounts Regulations 2015:

## **Consultation response**

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June 2023

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the Payment Accounts  
Regulations 2015:

**Consultation response**

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ISBN: 978-1-916693-20-3

PU: 3338

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# Chapter 1

## Introduction

- 1.1 The Chancellor's Edinburgh Reforms, announced on 9 December 2022, set out a package of changes to drive growth and competitiveness in the financial services sector
- 1.2 As part of these reforms the government published a policy statement on the approach to repealing retained EU law (REUL)<sup>1</sup> on financial services in order to deliver a Smarter Regulatory Framework tailored to the UK. Retained EU law will be repealed and replaced with rules set by our independent and expert regulators, operating within a framework set by government and parliament.
- 1.3 The Payment Accounts Regulations 2015 (PARs) are derived from The Payment Accounts Directive (PAD) which set common regulatory standards that EU Member States are required to meet in order to (1) improve the transparency and comparability of payment account fees; (2) facilitate switching of those accounts; and (3) ensure the provision of basic bank accounts. It was published in August 2014 and the PARs transposed the PAD into domestic law and came into effect in 2016.
- 1.4 The government's consultation<sup>2</sup> on Information requirements in the Payment Accounts Regulations 2015 was launched in December 2022 as part of the Edinburgh Reforms and ran for 10 weeks.
- 1.5 The consultation asked questions to seek stakeholder views on the requirements under Part 2 and Schedules 1 and 2 of the PARs which relate to the requirements on UK payment service providers who offer payment accounts (i.e. bank accounts, or e-money accounts which operate in a similar way to bank accounts) to provide their personal customers with certain documents related to their account fees. These requirements were intended to improve the transparency and comparability of payment account fees.
- 1.6 Pursuant to Part 2, payment service providers are required to provide customers with a fee information document (FID), which sets out the fees associated with a payment account, and a

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<sup>1</sup> <https://www.gov.uk/government/publications/building-a-smarter-financial-services-framework-for-the-uk>

<sup>2</sup> <https://www.gov.uk/government/consultations/consultation-on-customer-information-requirements-in-the-payment-accounts-regulations-pars-2015>

statement of fees (SoFs), setting out the fees incurred on a payment account in a given period. Schedules 1 and 2 set out a list of mandatory requirements as to the content and presentational format of FIDs and SoFs.

- 1.7 Both documents are required to be presented in clear English of readable size, to cover a list of mandatory information, to include a title and common symbol on the first page and to use the terms featured in the linked services list, which was published by the Financial Conduct Authority (FCA) in April 2018. Payment service providers are also required to provide customers with a glossary of at least the linked services list and the related definitions.
- 1.8 Where a payment account is offered as part of a packaged account, payment service providers are also required to inform customers of whether it is possible to purchase the account separately. The payment service provider must additionally provide the consumer with separate information regarding the costs and fees associated with each of the other products and services offered in the package.
- 1.9 Finally, the Money and Pensions Service (MaPS) is required to provide consumers with access to a website comparing fees charged by payment service providers for at least the services featured in the linked services list.
- 1.10 The consultation asked questions on five key areas:
  - Whether the fee information requirements had either positive or negative impacts.
  - Whether the prescriptive presentational requirements were required.
  - What impact the Money and Pensions Service (MaPS) comparison website has had.
  - What costs firms have in adhering to the requirements.
  - If there had been any unintended consequences.
- 1.11 The consultation received 8 responses including 2 major banking groups, 3 industry organisations, 1 charity, 1 specialised charity bank and 1 consumer-focused public body. All responses were considered in the development of policy and this government response. This publication recaps the proposals in the HMT consultation and summarises the responses received. It also sets out government's intention and next steps.

# Chapter 2

## Summary of Consultation Responses

- 2.1 This chapter provides a review of the consultation responses that were submitted to HM Treasury.

**Q1** Do you consider the requirement for payment service providers to provide consumers with Fee Information Documents (FIDs) to have any positive impacts (e.g. towards supporting transparency and comparability of fee information related to payment accounts)? If so, please specify.

**Q2** Do you consider the requirement for payment service providers to provide consumers with FIDs to have any negative impacts (e.g. administration costs or duplication of information already provided to consumers)? If so, please specify.

- 2.2 All responses to questions 1 and 2 recognised the importance of the principle of transparency of fee information that the PARs were established to support.
- 2.3 However, the responses differed in views of how successful or necessary the PARs were in achieving this aim. Banks and industry bodies highlighted the cost of producing the Fee Information Documents (FIDs) and noted the duplication of information in the FIDs which was available elsewhere in potentially more customer-friendly formats.
- 2.4 Industry further noted that similar fee information requirements are also covered under different legislation such as the Payment Services Regulations 2017 (PSRs) which requires payment service providers to provide or make available information on applicable charges.
- 2.5 Banks and industry bodies were generally critical of the presentational requirements and expressed a desire for them to be less rigid and allow firms to communicate with customers in a tone of voice that was more meaningful and in-line with brand language. They also highlighted that the length, content and format of document makes comparing more than 2-3 FIDs overwhelming for customers, reducing its usability as a means of comparison.
- 2.6 One specialised charity bank did not think that the requirements were overly complicated and thought removing them could lead

to a lack of transparency and impact on customer understanding. This was a view shared by a charity who urged the PARs to go further in prescribing details such as font size and type, and in covering alternate formats such as audio and braille.

- 2.7 There was a general desire amongst banks, industry bodies and some consumer groups to understand how the forthcoming Financial Conduct Authority (FCA) Consumer Duty would interact with the current requirements of the PARs. A consumer group and a specialised charity bank were of the view that the PARs helped fulfil the Consumer Duty principle of ensuring customer understanding. On the other hand, firms argued that the prescriptiveness of the terminology mandated by the PARs hindered implementation of the Consumer Duty and were in conflict with it. In those cases, the responses argued that the Consumer Duty was a sufficient replacement for the regulations' intent to provide transparency to customers and allow them a clear understanding of their banking products.

**Q3** Do you consider the requirement for payment service providers to provide consumers with a Statement of Fees (SoFs) to have any positive impacts (e.g. towards supporting transparency and comparability of fee information related to payment accounts)? If so, please specify.

**Q4** Do you consider the requirement for payment service providers to provide consumers with SOFs to have any negative impacts (e.g. administration costs or duplication of information already provided to consumers)? If so, please specify.

- 2.8 There was recognition from some of the respondents that the Statement of Fees had helped with transparency of fees and charges, and improved competition. However, industry respondents questioned the value of the documents themselves and noted that the same information is available to customers elsewhere. They noted the cost of delivering to this requirement, given the duplication, and also noted that this may be confusing for customers.
- 2.9 Consumer-focused organisations noted the potential value for vulnerable customers and the value of providing documentation in alternative formats.
- 2.10 There were concerns from both the banks and consumer groups that the Statement of Fees did not include packaged retail investment and insurance products or other rewards that discount the fees but are based on fluctuating criteria.



**Q5** Do you consider the presentational requirements under Schedules 1 and 2 of the PARs to be necessary? Could consumers be provided with the same or equivalent information by simpler or alternative means? Please specify.

- 2.11 The majority of respondents considered the presentational requirements to be unnecessary and suggested simplifying these requirements. It was stated that the requirements were too rigid and had little justification. Examples given included stylistic requirements of font colour, layout, logo placement and line spacing.
- 2.12 Industry bodies in particular stated that the requirements in fact hindered communication to customers as they detracted from the core purpose of the document. Respondents argued that the highly prescriptive nature of the documents meant they are unable to present the information in a clear manner suited to their customers. One firm argued that it cannot apply these requirements consistently across paper/online/mobile displays.
- 2.13 However, one charity considered that the presentational requirements were not overly complicated and did not require simplification. They suggested that the removal of these requirements may lead to a lack of transparency and customer understanding. Another stated that the requirements do not go far enough in specifying details for formatting for those with visual impairments. They also highlighted that the requirements currently do not cover alternate accessible formats.

**Q6** Do you consider the requirements for the FCA to maintain a linked services list, and for payment service providers to provide customers with a glossary of related definitions, to have any positive impacts (e.g., towards supporting transparency and comparability of fee information)?

**Q7** Do you consider the requirement for the FCA to maintain a linked services list, and for payment service providers to provide customers with a glossary of related definitions, to have any negative impacts? If so, please specify

- 2.14 Though there were generally positive comments on the Linked Services List and glossary of terms, there was mixed response for maintaining these requirements.
- 2.15 Several respondents considered that whilst the glossary was initially a useful aid to customer understanding, overall it has had

limited success. It was noted that the glossary and linked services list have not been updated since 2018 but any requirement to change it would be costly and without clear benefit.

- 2.16 Some industry respondents stated the standardised terms and consistency of definitions were useful, but industry bodies noted that the standardised definitions and terms were not consumer-friendly and were overcomplicated. Several noted that the list and glossary also prevented firms having the flexibility to use simpler and clearer language.
- 2.17 One charity raised concerns that the removal of the list and glossary could lead to a lack of consumer understanding.

**Q8** Do you consider the requirements for the Money and Pensions Service (MaPS) to provide consumers with access to a website comparing fees charges by payment service providers to have any positive impacts towards supporting transparency and comparability of fee information beyond private sector providers? Or could the same objectives be fulfilled without these specific requirements?

- 2.18 There was general support for the MaPS comparison website across some respondents, with banks and consumer groups stating that MaPS' comprehensiveness was useful for comparing between different accounts. One bank highlighted the lack of ranking as a positive, along with the fact that it is unbiased and uses consistent metrics.
- 2.19 Some respondents believed more evidence was needed on how many consumers actually used the MaPS comparison website and how HMT intended to direct people towards it in order to make a thorough assessment.
- 2.20 Others stated that commercial comparison websites nevertheless offered a more consumer friendly service. Two industry respondents suggested that a similar, unbiased, services could alternatively be provided through Open Banking. However, there was concern from a consumer group, who provides their own comparison site, that Open Banking data wasn't always up to date.

**Q9** Where relevant, what are the costs to your organisation of adhering to Part 2 and Schedules 1 and 2 of the PARs? Please be as specific as possible and quantify.

**Q10** Can you foresee any potential unintended consequences or negative impacts of removing any requirements under Part 2 and Schedules 1 and 2 of the PARs?

- 2.21 Industry respondents generally noted high costs for firms to provide SoFs and FIDs, particularly given limited use. Costs are incurred in printing, design, postage, destruction of outdated copies, data storage, system maintenance, internal deployment, change, testing and issue management.
- 2.22 However, a more specialised charity bank noted that for them the extra cost of providing the FIDs in a way that is consistent with the regulations was minimal, as they regularly had to provide fee information in a similar way.
- 2.23 One consumer group noted that they would expect a reduction in the costs associated with their helpline, should the PARs be strengthened to include alternate formats such as braille and audio. They noted a significant proportion of their calls were from blind and partially sighted people receiving inaccessible financial information.

**Q11** Do you have any other views on Part 2 and Schedules 1 and 2 of the PARs that you wish to share?

- 2.24 One consumer group was concerned that there was not enough regional or behavioural data on how consumers made decisions to switch current accounts.
- 2.25 This consumer group also asserted that the Terms and Conditions on accounts were only checked by consumers when they have an issue, meaning that a lack of clear accessible documentation could cause issues.
- 2.26 One bank raised a concern regarding section 13(2)'s impact on a firm's ability to offer products or services on a stand-alone basis for customers where those products are also sold as part of a package with a payment account (packaged bank accounts). They asserted that the price disclosure requirement had the unintended consequence of preventing them from offering choice to customers who may prefer to purchase products on a stand-alone basis.
- 2.27 As previously highlighted in 1.14, there was some interest in how the Consumer Duty would or would not cover any gaps left should Schedules 1 and 2 of the PARs be removed or weakened.

# Chapter 3

## Government Response

- 3.1 The government continues to support measures to enable clear, transparent and comparable fee information for banking customers.
- 3.2 However, it is clear that many of the requirements under Part 2 and Schedules 1 and 2 of the PARs are unnecessary and duplicated by other requirements on firms. For example:
- Regulations 53 and 54, and Schedule 4, of the Payment Services Regulations require firms to provide customers with monthly transaction statements, including fees charged on the account.
  - The FCA's BCOBS4 rules contain requirements on firms on bank statements and require firms to provide customers with appropriate information about retail banking services in good time, in an appropriate medium and in clear, easily understandable language.
  - The FCA's Consumer Duty contains a consumer understanding outcome with various requirements, including that firms must support a retail customer's understanding so that its communications: (a) meet the information needs of retail customers; (b) are likely to be understood by retail customers; and (c) equip retail customers to make decisions that are effective, timely and properly informed.
- 3.3 It should be noted that the measures set out in section 3.2 do not require firms to provide fee information in a standardised format and provide an annual statement on fees charged like the PARs do.
- 3.4 Though respondents noted the value of clear fee information for customers, the government did not receive strong evidence that customers found the specific communication documents required under the PARs to be particularly useful, or that they did not receive this information in other formats. The government does not believe that removing these requirements would compromise customers receiving clear and transparent fee information. Equally, it is clear from consultation responses that removing these requirements would reduce regulatory burdens on industry and will help firms innovate how they provide fee information to give customers better experience.
- 3.5 The government has considered the risk that removing the requirement for a standardised format may mean that fee

information may be less comparable for customers. However, this risk is mitigated as the other rules and requirements as noted in section 3.2 would still require that firms use clear terms when describing services, if not the exact same terminology or the same standardised format.

- 3.6 One charity repeatedly highlighted its views on the importance of ensuring the relevant fee information was provided in accessible formats (e.g., Braille, audio). However, the PARs themselves does not require this. Instead, firms have a legal duty under the Equality Act 2010 to anticipate the needs of disabled customers and provide reasonable adjustments to enable them to use a service. This can include providing information in an accessible format. Similarly, under the Consumer Duty and the FCA's guidance for firms on the fair treatment of vulnerable customers, firms are expected to respond flexibly to the needs of customers with characteristics of vulnerability (which can include those with disabilities).
- 3.7 Regarding the requirement for MaPS to provide a comparison website, the government acknowledges the potential value of this requirement, and some support from consultation respondents. However, this is balanced against the fact that the service is not used by many customers (low tens of thousands annually), and the costs of delivery are relatively high. Furthermore, private sector current account comparison services are likely to be more appealing to customers as they have more flexibility to rank accounts by key drivers of their decision to open an account (e.g., customer service ratings, overdraft costs etc.). By comparison, the MaPS service is required to present around 175 accounts in an unranked, randomised order.
- 3.8 Given the arguments set out above, it is the government's view that there is limited negative impact of removing the requirements under Part 2 and Schedules 1 and 2 of the PARs, and potential risks are mitigated by other rules on industry. More broadly, this aligns with the government's wider approach to delivering a smarter regulatory framework, under which the independent and expert regulators, in this case the FCA, generally take responsibility for setting detailed firm-facing requirements, within a framework set by government and Parliament.
- 3.9 The government therefore intends to revoke Part 2, Schedules 1 and 2 and the Binding Technical Standards of the PARs and hand over responsibility for detailed firm-facing requirements on customer information requirements to the FCA. It is the government's understanding that the FCA is not planning to make rule changes in this area but will continue to hold firms to account on the standards that it sets through its supervision of firms.

3.10 The changes set out will be implemented through secondary legislation. The government published the commencement order on 10 July with the changes taking effect on 1 January 2024

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