

## **Response to Provisional Decision from UK Finance received 8 September 2025**

As we highlighted in our submission to the CMA's earlier review, the majority of UK Finance members are either in favour of the LOBP being released or are agnostic on this question. A few non-designated "challenger" banks believe the LOBP should be retained. The designated banks believe the LOBP should be released.

We do not intend to repeat the respective positions of these cohorts of members in this short response, but believe it is important to note the range of views from across our membership.

That said, on balance, we broadly welcome the CMA's Provisional Decision to release the LOBP. As previously stated in our earlier response, the SME banking landscape *has* transformed significantly over the past decade, with enhanced competition, technological innovation, and the rise of alternative banking models offering SMEs greater choice and flexibility. We welcome the CMA's assessment that these changes – which dilute both the likelihood of bundling as a market practice, and the potential anti-competitive risk arising from bundling – mean that the LOBP may no longer be necessary.

Our view is that against this significantly changed market backdrop, there is unlikely to be a drive to reimpose bundling by the bound banks – a factor which is likely to reinforce the limited market impact of the release of the LOBP.

### **Stakeholder concerns**

We recognise that some stakeholders have expressed concern that releasing the LOBP could reduce SME choice or introduce barriers to fair access to finance. We believe that these concerns do not fully reflect today's market realities.

SMEs now have a wide range of providers to choose from, including challenger banks, fintechs, and specialist lenders, meaning no single provider is able to exert the same influence over access to credit as may have been the case prior to the introduction of the LOBP.

Regulatory developments since the Undertakings were first introduced — such as FCA oversight, Consumer Duty, and open banking — mean SMEs are better informed and better protected when making decisions about banking products.

It is also now much easier for SMEs to shop around for lending, current accounts and digital services. Switching costs have reduced substantially, with online onboarding and the Current Account Switching Service making it easier to move providers.

Taken together, these changes suggest that the risks feared by some stakeholders are far less pronounced than they were two decades ago.

### **Next steps**

While we broadly welcome the CMA's Provisional Decision, we likewise recognise that not all market participants and stakeholders will fully agree with the CMA's position on the future of the LOBP. We hope those with concerns will be assuaged by the CMA's continued careful monitoring of the SME finance market for any unintended consequences as a result of the release of the Undertakings.

Please do let us know if it would be helpful to discuss these points in further detail, or if you have any queries.