

Marion King
Trustee
Open Banking Limited (OBL)

From: Daniel Turnbull
Senior Director, Markets

By email only

3 December 2025

Dear Marion

VRPs for Sweeping Definition – Alternative Forms of Credit that Closely Compete with Overdrafts

Further to your letter of 1 December 2025, the CMA has considered your recommendation with respect to providing additional clarity on the definition of Variable Recurring Payments for Sweeping (VRPs for Sweeping) within the [Retail Banking Market Investigation Order 2017](#) (the Order) and in particular, the use case of alternative forms of credit that closely compete with overdrafts.

The CMA appreciates the constructive dialogue OBL has had with the CMA9 and PISPs on this item and notes from your letter the differing positions raised by these stakeholders at the workshop held on 13 June 2025.

As highlighted in your letter, the CMA published [clarification](#) of the definition of VRPs for Sweeping on 14 March 2022. The CMA's clarification explains that the CMA can only mandate access under the Order for use cases that constitute sweeping as envisaged by the [Retail Banking Market Investigation Final Report](#) (the Final Report), and which address the adverse effects on competition (AECs) and associated consumer detriment identified in the Final Report.¹ The CMA's clarification also states that sweeping was envisaged in the Final Report to facilitate increasing competition for overdraft customers and increasing the choice of credit products available through unbundling credit from the current account. This may be through the development of products which monitor transactions and sweep funds between accounts and provide credit as an alternative to using an overdraft.²

¹ See section 11 of the Final Report.

² The March 2022 clarification also stated that reflecting the objectives of sweeping articulated in the Final Report, the CMA considered the following use cases are clearly within scope of sweeping under

As also noted in your letter, the Final Report highlights that:

- (a) for personal current account customers, personal loans and payday loans were identified as being unlikely to act as a substitute for an overdraft, or to have limited substitutability;³ and
- (b) for small and medium sized enterprises (SMEs), there appears to be stronger evidence that business loans may act as an alternative to an overdraft.⁴

The CMA's response

The CMA agrees with your recommendation that access to VRPs for Sweeping to repay credit may only be mandated for both personal current account customers and SMEs in both the retail and business markets where the destination credit account has similar characteristics to an overdraft.⁵

The CMA agrees with your view that substitutability of overdrafts and loans is not universal in all cases, noting the distinction between personal loans and business loans. The CMA recognises that it would be virtually impossible for ASPSPs to distinguish between out of scope and in-scope loans. The CMA also considers such a delineation would be extremely difficult in practice.

The CMA considers that your recommendation is consistent with the objectives of sweeping as set out in the Final Report and is reasonable and proportionate.

VRPs to unsecured credit products

The CMA notes that VRPs to unsecured credit products are not included in the scope of commercial VRP Wave 1 and that the scope of commercial VRP is a matter for the Transitional MLA Operator when established. The CMA agrees with your proposal to provide to the new operator relevant information to consider whether the scope should include unsecured credit products.

Next steps

The CMA considers that the position outlined in this letter provides the clarity necessary for OBL, ASPSPs, PISPs and ecosystem participants as to which

the Order: (i) sweeping between current account providers, including to move funds between current accounts to avoid falling into overdraft on another current account, (ii) sweeping to destination accounts which are used for unbundling overdrafts from a current account and other alternative forms of credit that closely compete with overdrafts, (iii) sweeping to destination accounts which are used for loan repayments as part of a service that provides alternative forms of credit to an overdraft; and (iv) sweeping to a credit card account.

³ Final Report paragraph 4.30.

⁴ Final Report paragraph 4.66.

⁵ For the avoidance of doubt, that is a revolving credit facility with no fixed repayment schedule.

alternative forms of credit that closely compete with overdrafts are within the bounds of sweeping as defined in the Order.

We look forward to OBL updating its sweeping Q&A guidance to reflect this matter and other use cases that have come to its attention.

Yours sincerely

Daniel Turnbull
Senior Director, Markets