

Chapter 4

Information to be communicated to banking customers

4.4 Further information to be provided about personal current accounts

4.4.1

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- (1) The *rules* in this section apply to a *firm* that offers personal current accounts, unless all personal current accounts offered by the *firm* are excluded accounts.
- (2) In this section, a “personal current account” means an account, other than a current account mortgage, which is a payment account within the meaning of the *Payment Accounts Regulations* (see ■ BCOBS 4.4.2G(1)).
- (3) In this section, an “excluded account” is a personal current account that is offered on terms that:
 - (a) an agreement which provides authorisation in advance for the *banking customer* to overdraw on the account cannot arise; and
 - (b) either:
 - (i) the account cannot become overdrawn without prior arrangement; or
 - (ii) no charge is payable (by way of interest or otherwise) if the account becomes overdrawn without prior arrangement; and
 - (c) no charge is payable where the *firm* refuses a payment due to lack of funds.

4.4.2

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The definition of “personal current account” refers to the definition of a “payment account” under the *Payment Accounts Regulations*, that is: “an account held in the name of one or more consumers through which consumers are able to place funds, withdraw cash and execute and receive payment transactions to and from third parties, including the execution of credit transfers, but does not include any of the following types of account provided that the account is not used for day-to-day payment transactions: savings accounts; credit card accounts where funds are usually paid in for the sole purpose of repaying a credit card debt; current account mortgages or e-money accounts”. The *FCA* has issued guidance on this definition: see ‘FG16/6 – Payment Accounts Regulations 2015’.

[**Note:** <https://www.fca.org.uk/publications/finalised-guidance/fg16-6-payment-accounts-regulations-2015-definition-payment-account>

The definition of “excluded account” captures personal current accounts where there cannot be a pre-arranged overdraft facility, there cannot be an unarranged overdraft to which interest or

charges apply and charges for refusing a payment due to lack of funds cannot arise.

Firms are reminded that additional requirements apply in relation to *consumer credit lending* under ■ CONC 4 (Pre-contractual requirements).

Further information to be communicated to applicants for a personal current account

4.4.3

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A *firm* that this section applies to must communicate to a *banking customer* who applies for a personal current account that is not an excluded account:

- (1) general information about overdrafts consisting of, so far as relevant to the account applied for:
 - (a) an explanation that an overdraft is a borrowing or credit facility;
 - (b) a general description of the nature and principal features of arranged and unarranged overdrafts associated with the personal current accounts offered by the *firm*;
 - (c) a general explanation of the principal risks associated with:
 - (i) overdrawing without prior arrangement; and
 - (ii) opting out of an unarranged overdraft facility (if the *firm's* terms and conditions permit this).
 - (d) a general explanation of what may happen when a customer attempts to exceed an arranged overdraft limit or to overdraw in the absence of an arranged overdraft;
 - (e) a general explanation of how the use of an arranged or unarranged overdraft might impact the *banking customer's* credit file;
- (2) information about the availability of the following tools and how the *banking customer* can access them:
 - (a) the overdraft cost calculator required by ■ BCOBS 8.2; and
 - (b) (if ■ BCOBS 8.3 applies to the *firm* in relation to the personal current account) the overdraft eligibility tool required by ■ BCOBS 8.3; and
- (3) general information about reductions in arranged overdraft limits including:
 - (a) whether the *banking customer* can request the reduction or removal of their arranged overdraft facility after the personal current account has been opened;
 - (b) how the *banking customer* can do this; and
 - (c) any limitations or conditions on the *banking customer's* ability to do this.

4.4.4

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A *firm* that is required to provide alerts relating to the personal current account or chooses to do so must communicate to a *banking customer* who applies for a personal current account:

a description of any alerts that the *banking customer* will automatically receive, including any alerts required under the *rules* in ■ BCOBS 8.4;

a description of any (or any additional) alerts the *banking customer* may choose to receive;

an explanation of how alerts can assist the *banking customer* to manage overdraft use and associated costs; and

information about the availability of any options to customise the alerts the *banking customer* receives to suit the *banking customer's* needs, and the methods available for doing so.

4.4.5 **R** Where the *banking customer* applies for a personal current account without at the same time applying for a pre-arranged overdraft, a *firm* need not communicate the information set out in ■ BCOBS 4.4.3R(2)(b) and (3).

4.4.6 **R** A *firm* must communicate the information required by ■ BCOBS 4.4.3R and ■ BCOBS 4.4.4R to a *banking customer* who already holds a personal current account with a *firm* and who subsequently applies for a pre-arranged overdraft as though they were a *banking customer* applying for a personal current account.

4.4.7 **G** A *firm* may consider including the following in the information communicated to comply with ■ BCOBS 4.4.3R(1):

- (a) that overdrafts are primarily intended for short-term borrowing and are not generally suitable for longer-term borrowing;
- (b) an explanation of what an arranged overdraft is and how to request one;
- (c) an explanation of what an unarranged overdraft is and how it might arise;
- (d) that use of an overdraft will or may give rise to interest or other charges (as applicable) and how the *banking customer* can find out more; and
- (e) that attempting to exceed a credit limit or become overdrawn without a pre-arranged overdraft may result in items not being paid and that this will or may incur charges.

Where the nature and features of arranged and unarranged overdrafts associated with the personal current accounts offered by the *firm* differ significantly between accounts, the *firm* may either set out the ways in which they differ or communicate only the information specific to the type of account the *banking customer* has applied for or is eligible for (if known).

The information communicated under this section should be general in nature, but a *firm* may indicate where additional or more detailed information can be found.

Method and timing of communication

4.4.8

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- (1) Except as otherwise provided in this *rule*, a *firm* must communicate the information required under ■ BCOBS 4.4.3R to ■ BCOBS 4.4.6R by providing it to the *banking customer* before the conclusion of the agreement for the personal current account, except and in so far as the information has been made available to the *banking customer* in accordance with (2).
- (2) Information is made available to a *banking customer* in accordance with this paragraph if it is presented in such a way that it must have been viewed by the *banking customer* before making an application.
- (3) A *firm* must consider the point during the application at which the information will be most relevant and useful to a *banking customer* and provide the information at that time where practicable.
- (4) Where the personal current account is opened using a means of distance communication which prevents the *firm* from complying with (1), for example by voice telephony, a *firm* may instead provide the information as soon as practicable after the agreement for the personal current account is concluded.

4.4.9

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The effect of ■ BCOBS 4.4.8R is that all *banking customers* who open a personal current account other than an excluded account will receive the information required by ■ BCOBS 4.4.3R to ■ 4.4.6R either before, during or immediately after the account opening process.

Where the *firm's* website or mobile application constitutes or includes a *direct offer financial promotion* in relation to the personal current account, the information required by ■ BCOBS 4.4.3R(1) and (2) should have been included in this material in accordance with ■ BCOBS 2.2B. If that material is published in such a way that a potential *banking customer* will view it before they commence their application, the *firm* need not communicate it again.

The provision of an application form to a *banking customer* is an opportunity to provide the information required by this section. A *firm* that provides paper application forms for its personal current accounts to *banking customers* should consider whether to supply the information required by ■ BCOBS 4.4.3R to ■ 4.4.6R alongside the application form, or whether a more appropriate opportunity to supply some or all of it will arise before the account being opened.

The following are examples of appropriately-timed disclosures during an application process:

providing the information required by ■ BCOBS 4.4.3R(2) (about available calculators) at an early stage in the process to allow the *banking customer* to assess the suitability of the personal current account before completing the application;

where a *firm* allows a *banking customer* to customise alerts during the application process, providing the information in ■ BCOBS 4.4.4R when offering that opportunity; and

where a *firm* allows a *banking customer* to select whether to apply for an arranged overdraft during the application process,

providing the information in ■ BCOBS 4.4.3R(3) when offering that opportunity.

4.4.10 **R**

- (1) The information required to be communicated under ■ BCOBS 4.4.3R to ■ 4.4.6R must be communicated in writing and be:
 - (a) concise;
 - (b) in clear, simple language; and
 - (c) presented prominently.
- (2) The information required to be communicated under ■ BCOBS 4.4.3R(1) must be presented together.

4.4.11 **G**

Information will not be treated as presented prominently unless it is presented, having regard to other content it is presented alongside, in such a way that it is likely that the attention of the average *banking customer* would be drawn to it.

When providing information electronically, information is unlikely to be presented prominently if all that is provided is a link to a separate webpage where it can be viewed, or the option to download and open a separate file containing it.

Although the information is required to be in writing, it is not required to be in a *durable medium*.

Information about overdrafts to be made generally available

4.4.12 **R**

- (1) A *firm* must make available general information about overdrafts covering the information required to be communicated under ■ BCOBS 4.4.3R(1) for each of the trading names under which it offers personal current accounts other than excluded accounts in either or both of the following ways:
 - (a) by publishing it in writing in an easily accessible place on the website of the brand; and
 - (b) by publishing it in writing in an easily accessible way through a mobile banking application associated with the brand.
- (2) A *firm* should choose how and where to make available the general information required under this *rule* so as to be consistent with how it ordinarily communicates with its *customers*. It should select a method most likely to come to the attention of its *customers* and potential *customers*.
- (3) A *firm* that makes the information required under this *rule* available only through a mobile telephone application must refer on the website of the brand to the availability of such information through that application.
- (4) ■ BCOBS 4.4.7G, ■ BCOBS 4.4.10R and ■ BCOBS 4.4.11G(1) apply to information required to be published under this *rule* as they apply to information required to be communicated under ■ BCOBS 4.4.3R(1).

4.4.13

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Where the *firm* is subject to ■ BCOBS 8.2 (Cost calculator) or ■ BCOBS 8.3 (Eligibility calculator) it will be required to make these tools available, or publish a reference to their availability, alongside the information required to be published under ■ BCOBS 4.4.12R (see ■ BCOBS 8.2.3R and ■ BCOBS 8.3.3R).