

PERSONAL CURRENT ACCOUNTS AND OVERDRAFTS (INFORMATION AND TOOLS FOR CUSTOMERS) INSTRUMENT 2018

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (the “Act”):
- (1) section 137A (General rule-making power);
 - (2) section 137R (Financial promotion rules);
 - (3) section 137T (General supplementary powers); and
 - (4) section 139A (Guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 29 November 2019.

Amendments to the Handbook

- D. The Banking: Conduct of Business sourcebook (BCOBS) is amended in accordance with Annex A to this instrument.
- E. The Consumer Credit sourcebook (CONC) is amended in accordance with Annex B to this instrument.

Notes

- F. In this instrument, notes shown as “**Note:**” are intended for the convenience of the reader and do not form part of the legislative text.

Citation

- G. This instrument may be cited as the Personal Current Accounts and Overdrafts (Information and Tools for Customers) Instrument 2018.

By order of the Board
15 November 2018

Annex A

Amendments to the Banking: Conduct of Business sourcebook (BCOBS)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

1 Application

1.1 General application

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Limitations on the general application rule

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- 1.1.4 R (1) Chapters 2, 2A, 5 and 6 of *BCOBS* (except for *BCOBS* 5.1.10AR to *BCOBS* 5.1.19 R) and *BCOBS* 4.3 and 4.4 apply to payment services where Parts 6 and 7 of the Payment Services Regulations apply.

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- 1.1.5 R *BCOBS* 2.2A, *BCOBS* 2.2B, *BCOBS* 4.1.2G(2A) to (2E), (3A), (6A) and (6B), *BCOBS* 4.1.4AG(2)(a), *BCOBS* 4.4, *BCOBS* 5.1.3AG, *BCOBS* 5.1.3BG, *BCOBS* 5.1.5AR, *BCOBS* 5.1.5BG, *BCOBS* 5.1.13R, ~~and *BCOBS* 7~~ (except as applied by *BCOBS* 7.1.4R) and *BCOBS* 8 do not apply to a *credit union*.

...

2 Communications with banking customers and financial promotions

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2.2 The fair, clear and not misleading rule

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- 2.2.6 G A communication or a *financial promotion* that refers to sums available by way of an *authorised non-business overdraft agreement* should make clear that such sums constitute borrowing or credit.

...

After BCOBS 2.2A (Summary box for savings accounts) insert the following new section, BCOBS 2.2B. The text is not underlined.

2.2B General information about overdrafts for personal current accounts

- 2.2B.1 R (1) A *firm* must ensure that a *direct offer financial promotion* includes the information set out in *BCOBS 2.2B.2R* if:
- (a) it relates to an account, other than a current account mortgage which:
 - (i) is a payment account within the meaning of the *Payment Accounts Regulations*; and
 - (ii) does not fall within paragraph (2); and
 - (b) it is made in writing.
- (2) An account falls within this paragraph if it 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.
- (3) In the case only of a *direct offer financial promotion* on paper, it is sufficient for the purposes of (1) if the *direct offer financial promotion* is accompanied by the required information on a separate sheet.
- 2.2B.2 R The information required by this *rule* is:
- (1) general information about overdrafts consisting of, so far as is relevant to the account or accounts that are the subject of the *direct offer financial promotion*:
 - (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 a *banking customer's* credit file;
- (2) information about the availability of the following tools and how a *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.
- 2.2B.3 R (1) The information required to be included under *BCOBS* 2.2B.2R must be:
- (a) concise;
 - (b) in clear, simple language; and
 - (c) presented prominently.
- (2) The information required to be included under *BCOBS* 2.2B.2R must be presented together.
- 2.2B.4 G (1) A *firm* may consider including the following in the information included to comply with *BCOBS* 2.2B.2R(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 a *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.
- (2) Where the nature and features of arranged and unarranged overdraft facilities associated with the accounts that are the subject of the *direct offer financial promotion* differ significantly between accounts, the *firm* should set out the ways in which they differ.
 - (3) The information provided under this chapter should be general in nature, but a *firm* may indicate where additional or more detailed information can be found.
 - (4) Information will not be treated as included 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.
 - (5) The effect of *BCOBS 2.2B.1R(1)* is that the information must be incorporated in the *direct offer financial promotion* itself. It is not sufficient, for example, to include in a *direct offer financial promotion* that appears on a website a link to a separate page containing the information. *BCOBS 2.2B.1R(3)* provides a limited exception to this where a *direct offer financial promotion* is on paper, in which case the information may accompany the *direct offer financial promotion* as a separate document.

2.2B.5 G *Firms* are reminded that they will also need to comply with the *rules* in *CONC 3* (Financial promotions and communications with customers) where those *rules* apply.

After *BCOBS 2.3.9G* insert the following new provisions. The text is not underlined.

2.3 Other general requirements for communications and financial promotions

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- 2.3.10 R (1) This *rule* applies to the communication of the balance of a payment account within the meaning of the *Payment Accounts Regulations*, other than a current account mortgage.
- (2) The communication must not include a figure described as “available funds”, “balance”, “available balance” or any similar expression that

includes both sums standing to the credit of the account and sums available under an *authorised non-business overdraft agreement* associated with the account.

- 2.3.11 G (1) *BCOBS 2.3.10R* does not prohibit a *firm* from disclosing sums available for drawdown under an *authorised non-business overdraft agreement* alongside a “balance”, “available funds” or “available balance” figure.
- (2) Where an account is overdrawn, *BCOBS 2.3.10R* does not prohibit a *firm* from describing as a “balance” a negative figure that represents the amount by which the account is overdrawn.

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After *BCOBS 4.3* (Information to be provided by a non ring-fenced body to individual account holders) insert the following new section, *BCOBS 4.4*. The text is not underlined.

4 Information to be communicated to banking customers

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4.4 Further information to be provided about personal current accounts

Application

- 4.4.1 R (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 G (1) 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>]
- (2) 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.
 - (3) *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 R 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 R 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:

- (1) a description of any alerts that the *banking customer* will automatically receive, including any alerts required under the *rules* in *BCOBS* 8.4;
- (2) a description of any (or any additional) alerts the *banking customer* may choose to receive;
- (3) an explanation of how alerts can assist the *banking customer* to manage overdraft use and associated costs; and
- (4) 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 (1) 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.
- (2) 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).
- (3) 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 R (1) Except as otherwise provided in this *rule*, a *firm* must communicate the information required under *BCOBS* 4.4.3R to 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 G (1) 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.
- (2) 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* 2.2A. 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.
- (3) 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.
- (4) The following are examples of appropriately-timed disclosures during an application process:
- (a) 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;
- (b) 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
- (c) 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 (1) 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.
- (2) 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.
- (3) 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 G Where the *firm* is subject to *BCOBS 8.2* (Cost calculator) or *BCOBS 8.4* (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*).

After *BCOBS 7* (Information about current account services) insert the following new chapter, *BCOBS 8*. The text is not underlined.

8 Tools for personal current account customers

8.1 General and application

Special terms used in this chapter

- 8.1.1 R (1) 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 8.1.2G(1)*);
- (2) A “private bank” is a *bank* or *building society* or an operationally distinct brand of such a *firm* over half of whose personal current account customers are eligible individuals within the meaning of article 9 of the Financial Services and Markets Act 2000 (Ring-fenced Bodies and Core Activities) Order 2014 (SI 2014/1960) or meet the condition in paragraph (3) of that article (see *BCOBS 7.1.5G(2)*).
- (3) 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) an “arranged overdraft” is the facility provided for in an *authorised non-business overdraft agreement* that is a *regulated credit agreement*.
- (5) an “unarranged overdraft” is a *regulated credit agreement* that arises as a result of:
 - (a) a personal current account becoming overdrawn in the absence of an arranged overdraft; or
 - (b) the *firm* making available to the *banking customer* funds which exceed the limit of an arranged overdraft.

- 8.1.2 G (1) 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>]

- (2) The definition of “personal current account” for the purposes of this chapter is different to that used in *BCOBS 7*, because “premium service accounts” as defined in *BCOBS 7* are not excluded from the definition of a personal current account in this chapter.

Purpose

- 8.1.3 G This chapter requires a *firm* to:
- (1) make available a cost calculator tool on its website or mobile telephone application in accordance with *BCOBS 8.2*;
 - (2) make available an overdraft eligibility tool on its website or mobile telephone application in accordance with *BCOBS 8.3*; and
 - (3) provide alerts to personal current account *banking customers* about their personal current account usage in accordance with *BCOBS 8.4*.

Who and what?

- 8.1.4 R (1) This chapter applies to a *firm* that provides or offers to provide personal current accounts with respect to the provision of *retail banking services*, arranged overdrafts and unarranged overdrafts in connection with those accounts.
- (2) This chapter does not apply to a *firm* if all personal current accounts provided or offered by the *firm* are excluded accounts.
- (3) This chapter does not apply to a private bank.
- 8.1.5 G (1) In accordance with *BCOBS* 1.1.5R this chapter does not apply to a *credit union*.
- (2) *BCOBS* 8.3 (overdraft eligibility tool) applies:
- (a) to a *firm* in relation to a trading name if 70,000 or more personal current accounts are held with the *firm* under that trading name, unless all personal current accounts provided or offered by the *firm* under that trading name are excluded accounts; and
- (b) to any other *firm* to which this chapter applies and that chooses to offer an overdraft eligibility tool.
- (3) *BCOBS* 8.4 (Alerts) applies to a *firm* in relation to a trading name if 70,000 or more personal current accounts are held with the *firm* under that trading name.
- (4) *BCOBS* 8.4 (Alerts) continues to apply to a *firm* in relation to some personal current accounts if the number of personal current accounts held with the *firm* falls below 70,000 but the *firm* has previously informed *customers* they will receive alerts, in accordance with *BCOBS* 8.4.6R.

Where?

- 8.1.6 G *BCOBS* applies only to the activity of *accepting deposits* from *banking customers* carried on from an establishment maintained by a *firm* in the *United Kingdom*, and activities connected with that activity (see *BCOBS* 1.1.1R). This chapter does not therefore apply to activities carried on from *branches* outside the *United Kingdom*.

8.2 Cost calculator

Application

- 8.2.1 R This section applies to a *firm* that provides or offers to provide personal current accounts unless all personal current accounts provided or offered by the *firm* are excluded accounts.

- 8.2.2 G In accordance with *BCOBS* 1.1.5R this chapter does not apply to a *credit union*.

Requirement to provide a cost calculator tool

- 8.2.3 R (1) A *firm* must make publicly available a tool that enables a *banking customer* or potential *banking customer* to easily calculate the cost of overdrawing on personal current accounts other than excluded accounts offered by the *firm* (a “cost calculator”).
- (2) The cost calculator must be made available continuously on the website of each trading name under which the *firm* offers or provides personal current accounts other than excluded accounts in a prominent and easily accessible location, except in the circumstances provided for in (3).
- (3) A *firm* that offers personal current account opening services exclusively through a mobile telephone application may instead make the cost calculator required under this *rule* available through that mobile telephone application, but must refer prominently on its website to the availability of the tool through that application.
- (4) A *firm* should choose how and where to make the cost calculator available so as to be consistent with how it ordinarily communicates with its *customers* and select a method most likely to come to the attention of its *customers* and potential *customers*.
- (5) The cost calculator or the reference to it must be published on the *firm's* website alongside the information required to be published under *BCOBS* 4.4.12R.
- (6) The cost calculator for each trading name must cover the costs of overdrawing on:
- (a) each of the personal current account products offered under that trading name to *banking customers* seeking to open a new current account; and
- (b) any other personal current accounts no longer offered under that trading name but that continue to be held by *banking customers* of the *firm* under that trading name.
- 8.2.4 R (1) The cost calculator must allow the *banking customer* to easily input or select from an appropriate and representative range:
- (a) an amount borrowed;
- (b) a number of days for which the amount is to be borrowed; and
- (c) (where the terms relating to different personal current accounts offered by the *firm* under a particular trading name would result

in different outputs from the cost calculator) the particular type of personal current account the *banking customer* wants to model.

- (2) The cost calculator must allow the *banking customer* to choose to:
 - (a) select whether the amount is to be borrowed under an *authorised non-business overdraft agreement* or without prior arrangement; and
 - (b) alternatively, input an arranged overdraft limit and input an amount borrowed that exceeds that limit.
- (3) The cost calculator must automatically output the following information:
 - (a) confirmation of the amount and duration of borrowing the calculation is based on;
 - (b) the total sum (rounded to the nearest £0.01) of interest and charges that the *banking customer* would incur if they overdraw by the amount selected for the duration selected; and
 - (c) (where the borrowing includes both borrowing under an *authorised non-business overdraft agreement* and borrowing without prior arrangement) the sum of the charges referred to in (b) that relate to borrowing under an unarranged overdraft (rounded to the nearest £0.01).
- (4) A *firm* must not require a *banking customer* to input information other than that set out in (1) and (2) to obtain an output from the cost calculator unless that additional information is necessary to enable the *firm* to calculate the outputs required by (3), having regard to the assumptions required to be made under *BCOBS* 8.2.6R.
- (5) A *firm* whose cost calculator requires additional information in accordance with (4) must provide clear explanations that are readily accessible from the cost calculator about how to ascertain the additional details required.

- 8.2.5 G
- (1) A *firm* should ensure that the range of inputs available to a *banking customer* for the amount borrowed and the length of borrowing is representative of the range of borrowing amounts and durations that arise in practice under arranged overdrafts and unarranged overdrafts on the personal current account product in question.
 - (2) The cost calculator should clearly communicate any limitations to the valid range of inputs.
 - (3) A *firm* is not required to provide a continuous range of inputs for either the amount borrowed or the length of borrowing. If a *firm* chooses not to provide a continuous range of inputs it should ensure

that it makes available sufficiently granular options that are representative of the borrowing amounts and durations that arise in practice under arranged overdrafts and unarranged overdrafts on the personal current account product in question.

- (4) A *firm* has flexibility as to the presentation of the cost calculator and the method or methods of input selected. When designing the cost calculator, a *firm* should have regard to the ease with which a *banking customer* can use the tool. For example, a sliding horizontal bar is likely to be more easily accessible than a drop-down menu holding a large number of options.
- (5) The outputs of the cost calculator should include the amounts of any interest or charges incurred in respect of the period even where those charges do not become due for payment until after the end of the period.
- (6) The outputs of the cost calculator should not include the amounts of any charges payable by the *banking customer* for the operation of the personal current account whether or not the *banking customer* is overdrawn.

Assumptions

- 8.2.6 R (1) For the purpose of arriving at the output of the cost calculator, a *firm* must assume that:
- (a) the amount borrowed is drawn down in full at noon on the date of calculation;
 - (b) the period specified by the user is a continuous period starting at noon on the date of calculation;
 - (c) at the time the borrowing is drawn down, the balance of the personal current account is £0.00;
 - (d) no credits will be made to the account during the period;
 - (e) any charges and interest relating to the borrowing being modelled will be debited from the account in accordance with the terms and conditions of the personal current account and will not be waived;
 - (f) no other debits will be made from the account during the period;
 - (g) the outstanding balance of capital, interest and other charges will be repaid in full at noon on the last day of the period;
 - (h) in the case of an *authorised non-business overdraft agreement* allowing variations in:

- (i) the rate of interest; or
- (ii) any other charge,

unless any variation can be quantified at the time of calculation, it must be assumed that these will remain unchanged during the period; and

- (i) (in so far as the terms of the personal current account allow for a monthly or other periodic charging period that will or may influence the charges required to be calculated):
 - (i) (where the start date of the period may vary between *banking customers*) that the cost calculator is being used on the first day of any such period; or
 - (ii) (in any other case) that the *banking customer* has not previously overdrawn the personal current account during that periodic charging period.
- (2) Where a *firm* determines the rate of interest or level of other charges that apply to an agreement with a *banking customer* on a case-by-case basis by reference to specific features of the individual application, the cost calculator tool is not required to collect or take into account all of the customer-specific information that the *firm* would need to make that determination.
- (3) If, in the circumstances described in (2), the cost calculator does not collect all of the information that the *firm* would need to determine the actual rate of interest or level of other charges that would apply:
 - (a) the *firm* may allow a *banking customer* who is an existing *customer* of the firm to select or input the actual interest rate or level of other charges that applies to their existing agreement if it is for a product that is the same or comparable to the one selected for the purpose of the calculation; and
 - (b) the *firm* must otherwise base the cost calculation on an interest rate or level of other charges that is no more favourable to the customer than the terms the *firm* reasonably expects to offer to 51% of *banking customers* applying for the relevant personal current account.

8.3 Eligibility tool

Application

- 8.3.1 R (1) This section, apart from *BCOBS* 8.3.2R, applies to a *firm* in relation to a trading name if:

- (a) 70,000 or more personal current accounts are held with the *firm* under that trading name; and
 - (b) the *firm* offers personal current accounts other than excluded accounts under that trading name.
- (2) *BCOBS* 8.3.2R applies to a *firm* that this chapter applies to: see *BCOBS* 8.1.4R, *BCOBS* 8.1.5G and *BCOBS* 8.1.6G.

8.3.2 R A *firm* must not publish a tool that purports to perform the function of an eligibility tool as described in *BCOBS* 8.3.3R(1) unless the *firm* complies with the *rules* in this section as though the *firm* were a *firm* to which this section (apart from this *rule*) applied in respect of that tool.

Publishing an eligibility tool for arranged overdrafts

- 8.3.3 R (1) A *firm* must make available a tool that enables a potential *banking customer* to obtain an indication tailored to the individual circumstances of that *banking customer* of the likelihood that the *firm* would offer an arranged overdraft of a particular amount to that *banking customer* if the *banking customer* opened a personal current account with the *firm* (“the eligibility tool”):
- (a) for each trading name to which this section applies; and
 - (b) beginning on the day one year after the first time 70,000 or more personal current accounts are held with the *firm* under that trading name.
- (2) A *firm* must make the eligibility tool available continuously and in an easily accessible location on the website for each trading name in respect of which this section applies except in the circumstances provided for in (3).
- (3) A *firm* that offers personal current account opening services exclusively through a mobile telephone application may instead make the eligibility tool required under this *rule* available through that mobile telephone application, but must refer prominently on its website to the availability of the tool through that application.
- (4) A *firm* should choose how and where to make the eligibility tool available so as to be consistent with how the *firm* ordinarily communicates with its *customers* and select a method most likely to come to the attention of its *customers* and potential *customers*.
- (5) The eligibility calculator or the reference to it must be published on the *firm’s* website alongside the information required to be published under *BCOBS* 4.4.12R.
- (6) A *firm* must either:

- (a) present the eligibility tool together with the cost calculator required under *BCOBS* 8.2; or
- (b) include in close proximity to the eligibility tool a prominent indication of the existence of the cost calculator required under *BCOBS* 8.2 and a link enabling a *banking customer* to access that cost calculator.

8.3.4 R The eligibility tool must be accompanied by a prominent statement that:

- (1) the output of the eligibility tool is dependent on the accuracy of the information input by the *banking customer*;
- (2) the output of the eligibility tool is indicative only and does not guarantee that the *banking customer* will be offered an arranged overdraft of the amount selected or at all;
- (3) any overdraft offered by the *firm* will depend upon a full eligibility assessment that may affect whether the *banking customer* is able to obtain an arranged overdraft and of what amount; and
- (4) use of the eligibility tool will not adversely affect the *banking customer's* credit file.

Inputs to the eligibility tool

- 8.3.5 R
- (1) The eligibility tool must allow the *banking customer* to input or select the level of arranged overdraft that the *banking customer* wants to obtain an indication of likelihood of eligibility for.
 - (2) The eligibility tool may require the *banking customer* to:
 - (a) input such personal details as the *firm* specifies; and
 - (b) consent to the *firm* conducting a *credit reference agency* search in respect of the *banking customer* of a kind that will not leave evidence of an application on the *banking customer's* credit file.
 - (3) The eligibility tool must enable a *banking customer* to assess eligibility for different overdraft amounts on the same occasion without re-entering other information.
 - (4) The eligibility tool may limit the amount that can be entered under
 - (1). Any limit imposed by the tool must be no lower than:
 - (a) £5,000; or
 - (b) (if lower) the largest credit limit that the *firm* is willing to offer to any *banking customer* by way of arranged overdraft associated with a personal current account.

- 8.3.6 G (1) A *firm* is not required to provide a continuous range of inputs for the level of arranged overdraft that the *banking customer* wants to obtain an indication of likelihood of eligibility for. If a *firm* chooses not to provide a continuous range of inputs it should ensure that it makes available sufficiently granular options that are representative of the levels of arranged overdraft that it offers in practice.
- (2) A *firm* that chooses to limit the amount that can be entered under BCOBS 8.3.5R(1) should make clear to *banking customers* whether that amount represents the maximum overdraft they may be eligible for and, if not, whether and how the *banking customer* can find out about their eligibility for a greater overdraft amount.

- 8.3.7 R A *firm* must not, without the *banking customer's* consent, use the information input into the eligibility tool by the *banking customer* for any purpose other than:
- (1) generating the output of the eligibility calculator;
- (2) monitoring the accuracy of the eligibility calculator; or
- (3) monitoring, preventing and detecting financial crime.

Outputs of the eligibility tool

- 8.3.8 R The output of the eligibility tool must be provided promptly and must:
- (1) represent a reasonable estimate by the *firm* of the probability that it would offer the *banking customer* an overdraft of the amount selected if the *banking customer* were to apply for it; and
- (2) be communicated in a clear, fair and not misleading way.
- 8.3.9 G (1) A *firm* may choose how to present the output of the eligibility tool, provided the format chosen is fair, clear and not misleading. For example, the output may be given as a percentage, a qualitative description or graphical representation.
- (2) The output should adequately represent the range of likelihood of approval. In particular any graphical representation suggesting a spectrum of likelihood of approval, such as a dial or an indicator along a bar, should represent the full range of likelihoods of approval ranging from certain refusal to certain acceptance, even if in practice no *banking customer* will fall at either extreme of the scale.
- (3) The probability of a *banking customer* being offered an overdraft should be assessed having regard to the proportion of *banking customers* who are similar to the *banking customer* by reference to the factors assessed by the eligibility tool whom the *firm* reasonably expects would be offered an arranged overdraft of the amount selected.

Design and monitoring of the eligibility tool

- 8.3.10 R (1) A *firm* must have regard to its process for approving an overdraft for a *banking customer* when selecting the factors considered and process used by the eligibility tool to produce its output, but it is not required to duplicate that process.
- (2) A *firm's* eligibility tool must use only factors that:
- (a) could have a significant impact on:
 - (i) the likelihood of the *firm* approving a *banking customer* for an arranged overdraft; or
 - (ii) the amount of arranged overdraft approved;
 - (b) can be assessed in an automatic manner; and
 - (c) can be assessed based on information that:
 - (i) is readily available to the *banking customer* and proportionate to require prior to a full application being made;
 - (ii) is readily available to the *firm*; or
 - (iii) the *firm* can readily obtain by conducting a *credit reference agency* search in respect of the *banking customer* of a kind that does not leave evidence of an application on the *banking customer's* credit file.
- (3) A *firm* should select the information it requires a *banking customer* to provide when using the eligibility tool, and the factors considered and process used by the eligibility tool to produce its output so as to achieve a proportionate balance between:
- (a) the accuracy of the output of the tool; and
 - (b) the amount of information a *banking customer* is required to input.
- (4) A *firm* is not required to verify the accuracy of any information input by the *banking customer* into the eligibility tool.
- 8.3.11 G (1) A *firm* should approach the task of designing the eligibility tool in a proportionate, balanced and practical way so as to maximise the eligibility tool's utility to the *banking customers* who use it. A *firm* is not required to analyse every possible factor to produce the output of the eligibility tool.
- (2) A *firm* should only seek information from the *banking customer* or a *credit reference agency* where this is likely to have a significant

impact on the likelihood of the *banking customer* being offered an arranged overdraft or on the amount of arranged overdraft offered to the *banking customer*.

- (3) A *firm* should have regard to the fact that the *banking customer* may be using the eligibility tool to compare a number of providers and should avoid, where practical, requesting detailed information to an extent that is likely to discourage a *banking customer* from using the eligibility tool. A *firm* should consider whether less comprehensive information would be more appropriate for the purposes of the eligibility tool. For example, a *banking customer* is likely to be able to readily confirm their employment status or total income, but requiring a detailed breakdown of income and expenditure is likely to be disproportionate.

- 8.3.12 R (1) A *firm* must establish a process for monitoring the accuracy of the output of the eligibility tool.
- (2) A *firm* must review the factors considered and process used by the eligibility tool to produce its output whenever:
- (a) there is a material change to the *firm's* policies or processes for approving an overdraft; or
 - (b) the *firm's* monitoring of the eligibility tool reveals that the eligibility tool's outputs deviate to a significant degree from those expected.

- 8.3.13 G Examples of processes a *firm* could use to comply with *BCOBS* 8.3.12R(1) include:
- (1) periodically comparing the outcomes of samples of actual overdraft decisions with the outputs the tool would have generated for those *banking customers*; and
 - (2) periodically sampling *banking customers* who used the tool and subsequently applied for a personal current account to assess whether approval decisions correspond to those expected if the tool was accurate.

8.4 Alerts

Application

- 8.4.1 R (1) Subject to *BCOBS* 8.4.2R this section applies to a *firm* in relation to personal current accounts held with the *firm* under a trading name if 70,000 or more personal current accounts are held with the *firm* under that trading name.

(2) This section does not apply to excluded personal current accounts.

8.4.2 R Where a *firm* has notified a *banking customer* in accordance with *BCOBS* 8.4.6R that they will receive alerts under this section in respect of a personal current account, this section continues to apply to the *firm* in respect of that personal current account, even if it would not apply to the *firm* under *BCOBS* 8.4.1R, until:

- (1) the *firm* has notified the *banking customer* in writing that they will no longer receive the alerts they were previously notified of; and
- (2) 28 *days* have elapsed since the *firm* sent the notification.

Automatic enrolment

8.4.3 R (1) Except as otherwise provided for in *BCOBS* 8.4.5R, a *firm* must ensure that in relation to each personal current account held by a *banking customer*, the *banking customer* is, by the date specified in (2), enrolled to receive:

- (a) arranged overdraft alerts in accordance with *BCOBS* 8.4.12R;
- (b) unarranged overdraft alerts in accordance with *BCOBS* 8.4.13R;
- (c) attempt to overdraw without prior arrangement alerts in accordance with *BCOBS* 8.4.15R; and
- (d) where *BCOBS* 8.4.16R applies, the additional alerts required under that *rule*.

(2) A *banking customer* is enrolled to receive alerts in relation to a personal current account when:

- (a) the *firm* has put in place arrangements that enable it to comply with this section; and
- (b) those arrangements are operational in respect of that personal current account.

(3) Where a personal current account is held by two or more *banking customers* jointly, a *firm* must enrol each *banking customer* in the alerts required under this section.

(4) A *firm* must comply with (1) not later than whichever is the latest of:

- (a) the day one year after the first time that 70,000 or more personal current accounts are held with the *firm* under that trading name;
- (b) three working days after the agreement for the personal current account is concluded;

- (c) where *BCOBS* 8.4.4R(1) applies, ten working days after:
 - (i) the *firm* obtains a mobile telephone number from the *banking customer*; or
 - (ii) if the *firm* provides alerts by push notification from a mobile banking application, the *banking customer* is able to receive alerts in this way; and
- (d) where a personal current account had no arranged overdraft at the time it was opened (and *BCOBS* 8.4.5R(2) therefore applied at that time) and an arranged overdraft was subsequently agreed in relation to that personal current account, three working days after the agreement for the arranged overdraft is concluded.

8.4.4 R (1) Where a *firm* is required to enrol a *banking customer* in alerts under this section but the *firm*:

- (a) does not hold a mobile telephone number for the *banking customer*; or
- (b) has reasonable grounds to believe that the mobile telephone number held in respect of the *banking customer* is no longer used by the *banking customer*;

the *firm* must take reasonable steps to obtain a mobile telephone number to which alerts may be sent to that *banking customer* within a reasonable time.

- (2) Before opening a new personal current account, a *firm* must:
 - (a) take reasonable steps to obtain the *banking customer's* mobile telephone number for the purposes of enrolling them in alerts relating to that personal current account; or
 - (b) where the *firm* already holds a mobile telephone number for the *banking customer*, seek the *banking customer's* confirmation that the mobile telephone number held by the *firm* is the *banking customer's* preferred mobile telephone number for the purposes of receiving alerts relating to that personal current account.
- (3) Where a *banking customer* declines to provide or confirm a mobile telephone number when requested to do so under (1) or (2) the *firm* must warn the *banking customer* that they will not be able to receive alerts about their overdraft use and as a result may incur avoidable charges.
- (4) This *rule* does not apply if:

- (a) the *firm* provides alerts by push notification from a mobile banking application and the *banking customer* is able to receive alerts in this way; or
- (b) the *banking customer* has elected to receive alerts in respect of that personal current account by an alternative means in accordance with *BCOBS* 8.4.8R(3).

Exceptions to automatic enrolment

- 8.4.5 R (1) A *firm* is not required to enrol a *banking customer* to receive alerts under *BCOBS* 8.4.3R in the circumstances set out in (2) to (4).
- (2) A *firm* is not required to enrol a *banking customer* to receive arranged overdraft alerts in accordance with *BCOBS* 8.4.12R in respect of a personal current account that has no arranged overdraft.
- (3) A *firm* is not required to enrol a *banking customer* to receive a particular type of alert in respect of a personal current account if that *banking customer* already receives an alert or alerts that perform at least an equivalent function.
- (4) A *firm* is not required to enrol a *banking customer* to receive a particular alert in respect of a personal current account if that *banking customer* has previously requested not to receive an alert or alerts that perform at least an equivalent function.
- (5) For the purposes of (4), a *banking customer* is not to be treated as having requested not to receive an alert merely because it has been previously offered to them.

Notification of enrolment

- 8.4.6 R (1) A *firm* must notify a *banking customer* who has been (or will be) enrolled to receive alerts that they have been (or will be) so enrolled.
- (2) When giving such notification the *firm* must also inform the *banking customer* of any options available to customise the alerts the *banking customer* receives to suit the *banking customer's* needs and the method or methods available for doing so.

- 8.4.7 G A *firm* that has complied with *BCOBS* 4.4.4R when opening the personal current account will have complied with *BCOBS* 8.4.6R and need not provide a further notification to the *banking customer*.

Method for delivering alerts

- 8.4.8 R A reference in this section to an alert being sent in respect of a personal current account is to the *firm* completing all steps necessary to initiate the sending of an alert:

- (1) by SMS text message to the *banking customer's* mobile telephone number;
- (2) by push notification from a mobile banking application; or
- (3) by an alternative method if:
 - (a) that method provides for secure and reliable receipt by the *banking customer* in a comparable timeframe from the point when the *firm* sends the alert to the methods provided for in (1) or (2); and
 - (b) the *banking customer* has expressly and freely opted to receive alerts by way of such delivery method instead of the methods provided for in (1) or (2).

8.4.9 G An 'opt-out' or pre-filled check box to receive alerts by an alternative method would not satisfy the requirement in *BCOBS* 8.4.8R(3)(b) for the *banking customer* to have expressly and freely opted to receive alerts by an alternative method.

Customising alerts

- 8.4.10 R
- (1) A *firm* must put in place arrangements that allow a *banking customer* to choose not to receive the alerts required by *BCOBS* 8.4.12R, *BCOBS* 8.4.13R and *BCOBS* 8.4.16R.
 - (2) A *firm* may restrict a *banking customer's* ability to choose not to receive the alerts required by *BCOBS* 8.4.13R so that the *banking customer* can choose not to receive those alerts only if they also choose not to receive alerts under *BCOBS* 8.4.15R.
 - (3) A *firm* must ensure that any arrangements put in place for *banking customers* to choose not to receive alerts, or to otherwise customise alerts, are easily accessible free of charge, clear and straightforward.
 - (4) A *firm* must warn a *banking customer* who chooses not to receive some or all alerts that they will not receive alerts about their overdraft use and as a result may incur avoidable charges.
- 8.4.11 G
- (1) *BCOBS* 8.4.10R does not prevent a *firm* from allowing a *banking customer* to customise alerts in additional ways to that required by that *rule*.
 - (2) The effect of *BCOBS* 8.4.10R(1) and (2) is that a *firm*:
 - (a) need not allow a *banking customer* to opt out of receiving attempt to overdraw without prior arrangement alerts; and

- (b) may offer a combined opt out for attempt to overdraw without prior arrangement alerts and unarranged overdraft alerts, and not offer an independent opt out for each of these alerts.

A *banking customer* should be able to opt out of arranged overdraft alerts, or any additional alerts required under *BCOBS* 8.4.16R, regardless of the other alerts the banking customer chooses to receive.

- (3) Nothing in this section prohibits a *firm* from offering alerts additional to those required by this section, such as alerts sent when:
 - (a) the balance of the personal current account is low;
 - (b) the personal current account approaches the applicable overdraft limit; or
 - (c) there are insufficient funds to process a transaction at a particular time but the *firm* will attempt to process the transaction again.
- (4) A *firm* that provides alerts by push notification from a mobile banking application should take reasonable steps to enable it to detect circumstances where a *banking customer* has disabled push notifications, including otherwise than through the banking application, so as to enable it to either:
 - (a) continue to provide alerts by an alternative permitted method; or
 - (b) comply with *BCOBS* 8.4.10R(4).
- (5) A *firm* should continue to send the alerts required by the *rules* in this section unless the *banking customer* chooses not to receive them. If the *firm* is dealing with a *banking customer* who is in financial difficulty, in default, or otherwise vulnerable the *firm* may discuss with the *banking customer* whether they wish to continue receiving alerts under the *rules* in this section, but the choice of whether to do so should remain with the *banking customer*.

Arranged overdraft alerts

- 8.4.12 R (1) A *firm* must send an alert to a *banking customer* if the *firm*:
- (a) knows based on information available to it that the *banking customer's* personal current account is making use of arranged overdraft; or
 - (b) is reasonably able to determine that, taking into account information it has access to on transactions due to be settled, the *banking customer's* personal current account will make use of arranged overdraft that *day* in the absence of:

- (i) action by the *banking customer*; or
 - (ii) a transaction other than those the *firm* is aware of.
- (2) The alert must communicate to the *banking customer* in plain simple language:
- (a) the reason why the alert has been sent;
 - (b) that the *banking customer* will or may incur charges if they become or remain overdrawn, if this is the case.

Unarranged overdraft alerts

- 8.4.13 R (1) A *firm* must send an alert to a *banking customer* if the *firm*:
- (a) knows based on information available to it that the *banking customer's* personal current account has entered unarranged overdraft;
 - (b) is reasonably able to determine that, taking into account information it has access to on transactions due to be settled, the *banking customer's* personal current account will enter unarranged overdraft in the absence of:
 - (i) action by the *banking customer*; or
 - (ii) a transaction other than those the *firm* is aware of.
- (2) The alert must communicate to the *banking customer* in plain simple language:
- (a) the reason why the alert has been sent;
 - (b) that the *banking customer* will or may incur charges if they enter or remain in unarranged overdraft, if this is the case; and
 - (c) that the *banking customer* has a period of time during which they have an opportunity to take action to avoid or reduce charges, and specify:
 - (i) the actions which may be taken; and
 - (ii) the time by which the *customer* must take such action to reduce or avoid the charge or charges.
- 8.4.14 G (1) The period communicated under *BCOBS* 8.2.13R(2)(c) should give the *banking customer* as good an opportunity to take action to avoid or reduce charges as possible, having regard to:
- (a) the time when the alert is required to be sent;

- (b) the terms and conditions applicable to the personal current account; and
 - (c) the *firm's* obligations under:
 - (i) the *Payment Services Regulations*; and
 - (ii) *BCOBS 5.1.1R*.
- (2) *Firms* should keep in mind regulation 89 of the *Payment Services Regulations* (Value date and availability of funds). Where it applies, the alert must reflect that, if a payment is made in response to an alert and credited to the *firm's* account, the *firm* must give value for the payment on the same business day (as defined in the *Payment Services Regulations*) no matter how late in the business day the payment is credited to the *firm's* account.

[**Note:** Guidance on the concept of a business day is available in the FCA's Approach to Payment Services and Electronic Money document: <https://www.fca.org.uk/publication/finalised-guidance/fca-approach-payment-services-electronic-money-2017.pdf>]

Attempt to exceed alerts

- 8.4.15 R (1) A *firm* must send an alert to a *banking customer* if the *firm*:
- (a) knows based on information available to it that the *banking customer* has incurred a charge for attempting to enter unarranged overdraft but has not entered unarranged overdraft because the *firm* declined to process the transaction; or
 - (b) is reasonably able to determine that, taking into account information it has access to on transactions due to be settled, a situation described in (a) will occur that *day* in the absence of:
 - (i) action by the *banking customer*; or
 - (ii) a transaction other than those the *firm* is aware of.
- (2) The alert must communicate to the *banking customer* in plain simple language:
- (a) the reason why the alert has been sent; and
 - (b) that the *banking customer* has incurred or may incur charges, if this is the case.

Additional alerts where there are multiple arranged overdraft limits

- 8.4.16 R (1) This *rule* applies to a *firm* in relation to an *authorised non-business overdraft agreement* where the terms of that agreement provide for very significantly different levels of charge for credit in respect of

different tiers of drawdown under the facility, other than where one of the tiers is free of charge.

- (2) Where this *rule* applies, the *firm* must send an alert to the *banking customer* if the *firm*:
 - (a) knows based on information available to it that the *banking customer's* personal current account has entered a different tier of drawdown under the facility where very significant additional costs are associated with that tier of drawdown; or
 - (b) is reasonably able to determine that, taking into account information it has access to on transactions due to be settled, the circumstances in (a) will occur that *day* in the absence of:
 - (i) action by the *banking customer*; or
 - (ii) a transaction other than those the *firm* is aware of.
- (3) The alert must communicate to the *banking customer* in plain simple language:
 - (a) the reason why the alert has been sent;
 - (b) that the *banking customer* has incurred or may incur charges; and
 - (c) that the *banking customer* has a period of time during which they have an opportunity to take action to avoid or reduce charges, and specify:
 - (i) the actions which may be taken; and
 - (ii) the time by which the *banking customer* must take such action to reduce or avoid the charge or charges.

General provisions about the timing and content of alerts

- 8.4.17 R Where a *firm* has sent an alert under *BCOBS* 8.4.12R to 8.4.16R it is not required to send a further alert in respect of the same personal current account under the same *rule* unless, since the last alert under that *rule* was sent:
- (1) in respect of alerts sent under *BCOBS* 8.4.12R(1)(a), any arranged overdrawing has been repaid;
 - (2) in respect of alerts sent under *BCOBS* 8.4.12R(1)(b), either:
 - (a) the personal current account did not enter arranged overdraft on the *day* the alert was sent; or

- (b) the personal current account entered arranged overdraft but any arranged overdrawing has been repaid;
 - (3) in respect of alerts sent under *BCOBS* 8.4.13R(1)(a), any unarranged overdrawing has been repaid;
 - (4) in respect of alerts sent under *BCOBS* 8.4.13R(1)(b), either:
 - (a) the personal current account did not enter unarranged overdraft on the *day* the alert was sent; or
 - (b) the personal current account entered unarranged overdraft but any unarranged overdrawing has been repaid; or
 - (5) in respect of alerts sent under *BCOBS* 8.4.15R, the obligation to send the alert arises because of a further attempt to enter unarranged overdraft;
 - (6) in respect of alerts sent under *BCOBS* 8.4.16R(2)(a), any arranged overdrawing within the tier of drawdown that significant additional costs are associated with has been repaid; and
 - (7) in respect of alerts sent under *BCOBS* 8.4.16R(2)(b), either:
 - (a) the personal current account did not enter the tier of drawdown that significant additional costs are associated with on the *day* the alert was sent; or
 - (b) the personal current account entered that tier of drawdown but any arranged overdrawing within that tier has been repaid.
- 8.4.18 R (1) Subject to (2) to (4), a *firm* must send an alert required by this section as soon as practicable after the circumstances giving rise to the obligation to send the alert arise.
- (2) Where the obligation to send an alert or alerts is brought about by one or more scheduled payments, the *firm* must:
- (a) where the alert is required under *BCOBS* 8.4.13R or *BCOBS* 8.4.15R, send an alert no later than 10:00 am on the day when the obligation to send the alert arises;
 - (b) where the alert is required under *BCOBS* 8.4.12R or *BCOBS* 8.4.16R, send an alert no later than 12:00 midday on the day when the obligation to send the alert arises; and
 - (c) treat all scheduled payments due to be debited from the personal current account on a single *day* as a single transaction for the purposes of (3).
- (3) Where a transaction would, apart from this paragraph, give rise to an obligation to send multiple alerts under different *rules* in this section,

a *firm* must only send the alert most relevant to the anticipated final balance of the personal current account after the transaction.

- (4) Where a series of transactions that the *firm* becomes aware of in rapid succession would, apart from this paragraph, give rise to an obligation to send multiple alerts under different *rules* in this section, a *firm* may treat them as a single transaction for the purposes of (3).
- (5) Nothing in this section requires a *firm* to send an alert where doing so would be a breach of another regulatory requirement applicable to the *firm*.
- (6) In this *rule*, a “scheduled payment” is a payment where the *firm* has knowledge of both the amount and date of the payment on the *day* before it is to be debited from the personal current account.

- 8.4.19 G (1) The purpose of the alerts in this section is to give *banking customers* notice of potential and actual arranged and unarranged overdraft use to enable them to:
- (a) take informed decisions about their personal current account use; and
 - (b) where possible, take action to avoid such use if it is not in their interests.
- (2) The *rules* in this section leave scope for *firms* to customise alerts to suit the method used to send them, the *firm's* products, brands and customers.
- (3) The content required by the *rules* in this section is minimum content and *firms* may choose to include additional content in the alerts including information about:
- (a) the balance of the personal current account;
 - (b) the *banking customer's* pre-arranged overdraft limit; and
 - (c) the amounts of charges that the *banking customer* will or may incur.
- (4) Certain accounts provide for arranged or unarranged borrowing to be free of charge in limited circumstances, or for certain amounts. This is a situation where the customer ‘may be charged’ for their overdraft use. Where this is the case, a *firm* that is required under the *rules* in this section to inform a *banking customer* that they will or may be charged should take care that the alert is fair, clear, and not misleading. In particular where the borrowing does not give rise to a charge the *firm* may:
- (a) inform the *banking customer* that they may be charged;

- (b) inform the *banking customer* that they will not be charged in the circumstances that have triggered the alert and set out the circumstances in which the *banking customer* may be charged in the future; or
 - (c) where the *firm* has put in place arrangements to provide a further alert to the *banking customer* if a charge arises in the future:
 - (i) make no reference to charges in the alert; or
 - (ii) inform the *banking customer* that they will not be charged based on the usage that has triggered the alert.
- (5) *Firms* should have regard to available evidence about the content and presentation that is most effective at engaging *banking customers* when designing the content and presentation of alerts in compliance with these *rules*.
- (6) The requirement to send alerts as soon as practicable in *BCOBS* 8.4.18R(1) does not preclude a *firm* from grouping alerts due to be sent to *banking customers* in ‘batches’, provided that alerts are sent at reasonable intervals.

...

Annex B

Amendments to the Consumer Credit sourcebook (CONC)

In this Annex, underlining indicates new text and striking through indicates deleted text.

3 Financial promotions and communications with customers

...

3.3 The clear fair and not misleading rule and general requirements

...

Guidance on misleading introductions

3.3.11 G ...

[**Note:** paragraph 3.9p (box) of *CBG*]

Non-business overdraft agreements

3.3.12 G A communication or a *financial promotion* that refers to sums available by way of an *authorised non-business overdraft agreement* should make clear that such sums constitute borrowing or credit.

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3.5 Financial promotions about credit agreements not secured on land

...

Total charge for credit and APR

3.5.13 R ...

Promotions relating to non-business overdraft agreements

3.5.14 G A direct offer *financial promotion* made in writing and relating to a *non-business overdraft agreement* will also need to comply with the *rules in BCOBS 2.2B (General information about overdrafts for personal current accounts)* where those *rules* apply.

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4 Pre-contractual requirements

...

4.7 Information to be provided ~~on entering a~~ in relation to current account agreement agreements

...

Information on entering into current account

4.7.2 R ...

Additional requirements in relation to certain current accounts

4.7.3 G In addition to the *rules* in this section, *BCOBS* contains *rules* about information and tools to be provided to *customers* which may apply to *firms* that engage in *consumer credit lending* in connection with overdrafts on current accounts. In particular:

- (1) *BCOBS 4.4* (Further information to be provided about personal current accounts) contains *rules* requiring certain *firms* that offer personal current accounts to provide information about overdrafts and other matters to applicants for certain types of current account, and to publish such information; and
- (2) *BCOBS 8* (Tools for personal current account customers) contains *rules* requiring certain *firms* to make available tools to enable *banking customers* to:

- (a) calculate the cost of overdrawing on a current account; and
- (b) obtain an indication of the likelihood they will be approved for an *authorised non-business overdraft agreement* of a particular amount.

...

6 Post contractual requirements

...

6.7 Post contract: business practices

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6.7.40 G ...

Authorised non-business overdraft agreements: reductions in credit limits

6.7.41 R A firm must provide an easy, efficient and prompt process by which a borrower under an *authorised non-business overdraft agreement* may request:

- (1) a reduction in the *credit limit* under that agreement; or
- (2) to terminate the *authorised non-business overdraft agreement* but retain the current account that it is associated with, where the terms of the agreement permit this.

6.7.42 G A firm is not required to approve all requests from a borrower to reduce their *credit limit* or to terminate their *authorised non-business overdraft agreement*. When considering such a request, a firm should have regard to its obligation to treat *customers* fairly. In many circumstances it would be unfair to require a borrower to retain an unwanted facility. The following are examples of when it may be fair to refuse a request:

- (1) the current account that the *authorised non-business overdraft agreement* is associated with is offered on terms that it must be associated with an *authorised non-business overdraft agreement*, or with an *authorised non-business overdraft agreement* with a particular credit limit; or
- (2) the borrower's indebtedness exceeds the reduced *credit limit* requested; or
- (3) the borrower has requested termination of an *authorised non-business overdraft agreement* but there are sums outstanding under that agreement.