

Chapter 8

Tools for personal current account customers

8.1 General and application

Special terms used in this chapter

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- (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 each had throughout the previous financial year net assets with a total value of not less than £250,000. For this purpose:
 - (a) net assets do not include:
 - (i) the value of the personal current account customer’s primary residence or any loan secured on that residence;
 - (ii) any rights of the personal current account customer under a qualifying contract of insurance within the meaning of the *Regulated Activities Order*; and
 - (iii) any benefits (in the form of pensions or otherwise) which are payable on the termination of the service of the personal current account customer or on their retirement and to which the personal current account customer (or the personal current account customer’s dependents are), or may be, entitled; and
 - (b) “previous financial year” means the most recent period of one year ending on 31 March.
- (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.

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- (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

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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?

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- (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.

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- (3) This chapter does not apply to a private bank.
- (4) This chapter does not apply in relation to an account which may be used for a currency other than a currency of the *United Kingdom*.
- (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.

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Where?
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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*.