

## Chapter 4

# Pre-contractual requirements

## 4.7 Information to be provided in relation to current account agreements

### Application

4.7.1 **R** This section applies to a *firm* with respect to *consumer credit lending*.

### Information on entering into current account

4.7.2 **R** (1) When a *firm* enters into a current account agreement where:

- (a) there is a possibility that the account-holder may be allowed to overdraw on the current account without a pre-arranged overdraft or exceed a pre-arranged overdraft limit; and
- (b) if the account-holder did so, this would be a *regulated credit agreement*;

the current account agreement must contain the information in (2) and (3).

[Note: section 74A(1) of CCA]

(2) The information required by (1) is:

- (a) the rate of interest charged on the amount by which the account-holder overdraws on the current account or exceeds the pre-arranged overdraft limit;
- (b) any conditions applicable to that rate;
- (c) any reference rate on which that rate is based;
- (d) information on any changes to that rate of interest (including the periods that the rate applies to and any conditions or procedure applicable to changing that rate); and
- (e) any other charges payable by the account holder under the agreement (and the conditions under which those charges may be varied).

[Note: section 74A(2) of CCA]

(3) Where different rates of interest are charged in different circumstances, the *firm* must provide the information in (2)(a) to (d) in respect of each rate.

[Note: section 74A(4) of CCA]

[Note: article 18 of the *Consumer Credit Directive*]

4.7.3

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**Additional requirements in relation to certain current accounts**

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.