

Overdraft repeat use

Chapter 5D

Overdraft repeat use

5D.1 Purpose and application

Purpose

- 5D.1.1 **R** (1) In this chapter, "repeat use" refers to a pattern of overdraft use where the frequency and depth of use may result in high cumulative charges that are harmful to the *customer* or indicate that the *customer* is experiencing or at risk of financial difficulties.
- (2) The expressions "arranged overdraft", "excluded account", "personal current account", "private bank" and "unarranged overdraft" have the same meaning as set out at ■ CONC 5C.

- 5D.1.2 **G** The purpose of this chapter is to require *firms* to:
- (1) monitor *customers'* patterns of overdraft use;
 - (2) identify *customers* with patterns of repeat use; and
 - (3) take appropriate steps with the aim of changing such patterns of use.

Who and what?

- 5D.1.3 **R** (1) Subject to (2), this chapter applies to a *firm* with respect to *consumer credit lending* and connected activities in relation to arranged overdrafts and unarranged overdrafts associated with personal current accounts.
- (2) This chapter does not apply to:
- (a) a *firm* if all personal current accounts provided or offered by the *firm* are excluded accounts;
 - (b) a *firm* in respect of any personal current account which may be used for a currency other than a currency of the *United Kingdom*;
 - (c) a private bank; or
 - (d) a *credit union*.

Where?

- 5D.1.4 **R** This chapter applies to a *firm* with respect to activities carried on from an establishment maintained by it in the *United Kingdom*.