

**BANKING: CONDUCT OF BUSINESS SOURCEBOOK (AMENDMENT NO 4)  
INSTRUMENT 2015**

**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 (The FCA’s general rules);
  - (2) section 137R (Financial promotion rules);
  - (3) section 137T (General supplementary powers); and
  - (4) section 139A (Power of the FCA to give 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 1 December 2016.

**Amendments to the Handbook**

- D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Conduct of Business sourcebook (COBS)	Annex B
Banking: Conduct of Business sourcebook (BCOBS)	Annex C

**Citation**

- E. This instrument may be cited as the Banking: Conduct of Business Sourcebook (Amendment No 4) Instrument 2015.

By order of the Board  
3 December 2015

**Annex A****Amendments to the Glossary of definitions**

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

*savings account* an account, other than an account relating to a *structured deposit*, held for a *banking customer*:

- (a) on terms that interest or a dividend is to be paid on money standing to the credit of the account; and
- (b) which is not used for the execution of day-to-day payment transactions to third parties.

*fixed-term savings account* a *savings account* where it is agreed that money is to be held in the account for a specified period and the customer is not permitted to withdraw the money before the expiry of that period, is restricted in making withdrawals in that period, or the customer's entitlement to interest is reduced or extinguished if the customer makes such a withdrawal.

## Annex B

### Amendments to the Conduct of Business sourcebook (COBS)

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

#### 4.7 Direct offer financial promotions

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##### Guidance

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4.7.2A G (1) BCOBS 2A contains rules and guidance about the inclusion of a summary box in a direct offer financial promotion relating to a cash deposit ISA or cash deposit CTF provided by a firm other than a credit union.

(2) Where BCOBS 2A applies, COBS 4.7.1R(1)(b) does not require a firm to include information outside a summary box in a direct offer financial promotion to the extent that this would simply repeat information included in a summary box in the same financial promotion.

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## Annex C

### 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.

#### 1.1 General application

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Limitations on the general application rule

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- 1.1.5 R BCOBS 2.2A, BCOBS 4.1.2G(2A) to (2E), (3A), (6A) and (6B), BCOBS 4.1.4AG(2)(a), BCOBS 5.1.3AG, BCOBS 5.1.3BG, BCOBS 5.1.5AR, BCOBS 5.1.5BG and BCOBS 5.1.13R do not apply to a *credit union*.

Insert the following new section after BCOBS 2.2. The text is not underlined.

#### 2.2A Summary box for savings accounts

- 2.2A.1 R (1) A *firm* must ensure that a *direct offer financial promotion* in relation to a *savings account* includes a summary box in the form set out in *BCOBS 2 Annex 1R*.
- (2) 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 a summary box on a separate sheet.
- (3) The summary box must contain, in the sequence of rows set out in the table in *BCOBS 2 Annex 1R*:
- (a) the headings prescribed in the first column in the table in *BCOBS 2 Annex 1R*; and
- (b) the corresponding information described in the second column in the table in *BCOBS 2 Annex 1R*.
- (4) In the case of a *direct offer financial promotion* communicated by voice telephony:
- (a) this *rule* (except for this paragraph) does not apply; and
- (b) the *firm* must provide each of the items of information described in the second column in the table in *BCOBS 2 Annex 1R* (except for the information in the row that

includes the heading “What would the estimated balance be after [x] months based on a £[x] deposit?”) orally in clear, easily understandable language during the telephone communication.

- (5) The *firm* must present the summary box in clear, easily understandable language and in a prominent way.
- (6) In the case of a *direct offer financial promotion* communicated in an electronic medium which is constrained by space, a *firm* may amend the form of the summary box where to do so would make the presentation of the information clearer in that particular electronic medium.
- (7) Where more than one rate of interest may apply to a *savings account*, the summary box must show each rate of interest with equal prominence. In particular, the lowest rate of interest that may apply to the *savings account* must not be given any less prominence in the summary box than the other rate or rates of interest shown in the summary box.
- (8) The summary box must not include any information other than the information described in the table in *BCOBS 2 Annex 1R*.
- (9) The summary box may relate to more than one *savings account* provided that the information in relation to each respective account is presented in a separate column in the summary box and is clearly distinguishable from information in relation to other accounts.

## 2.2A.2

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- (1) The summary box should be completed in accordance with the *guidance* set out in the notes to the summary box in *BCOBS 2 Annex 1R*.
  - (2) The requirement under *BCOBS 2.2A.1R* is to include the rate or rates of interest that apply to the *savings account* in the summary box itself. It is not, therefore, permissible to simply refer in the summary box to a separate webpage or document where the rate or rates of interest can be found.
  - (3) Where the rate of interest that applies to a *savings account* may change depending on the period that has elapsed since it was opened or on whether certain conditions are met, a *firm* should incorporate the table set out in *BCOBS 2 Annex 2G* in the row of the summary box that includes the heading “What is the interest rate?” unless it would be misleading to do so.
  - (4) The effect of *BCOBS 2.2A.1R(1)* is that the summary box 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 summary box. *BCOBS 2.2A.1R(2)* provides a limited exception to this where a *direct offer financial promotion* is on paper, in which case the summary box may accompany the *direct offer financial promotion* as a separate document.

- (5) The effect of *BCOBS 2.2A.1R(8)* is that any additional information in relation to a *savings account* that a *firm* chooses to provide must appear outside the summary box.
- (6) A *firm* may wish to include a statement in close proximity to the summary box that the information provided in it is a summary of the key features of the *savings account* and is not intended to be a substitute for reading the terms and conditions that apply to the account.

Insert the following new annexes after *BCOBS 2.4*. The text is not underlined.

## 2 Annex 1R Form of Summary Box for Savings Accounts

This annex is referred to in *BCOBS 2.2A.1R*.

Summary Box	
Account name	Name of <i>savings account</i>
What is the interest rate?	<p>The rate or rates of interest that apply to the <i>savings account</i> (see note 1).</p> <p>Where different rates of interest apply to the <i>savings account</i> in different circumstances, an explanation of the circumstances in which each of the different rates applies (see note 2).</p> <p>Where an interest rate automatically tracks a reference interest rate (see note 3):</p> <ul style="list-style-type: none"> <li>- a statement that this is the case, identifying the reference interest rate;</li> <li>- an explanation of how the applicable interest rate is calculated on the basis of the reference interest rate;</li> <li>- an explanation of how the customer can access and monitor the level of the reference interest rate from time to time, including a website link to where the latest level of the reference interest rate can be found, where</li> </ul>

	<p>practicable.</p> <p>The times at which interest payments are calculated and credited to the <i>savings account</i>.</p>
<b>Can [name of <i>firm</i>] change the interest rate?</b>	<p>Whether or not the <i>firm</i> has the right to change the rate or rates of interest.</p> <p>Where the <i>firm</i> has the right to change the rate of interest, brief details of the circumstances in which that right may be exercised and how and when notice of the change will be given (see note 4).</p>
<b>What would the estimated balance be after [x] months based on a £[x] deposit?</b>	<p>One or more projections of the future balance of the <i>savings account</i>, which provide a representative illustration of the cash returns that the account will generate (see notes 5 to 9).</p> <p>A statement of the assumptions on which the projection is based.</p>
<b>How do I open and manage my account?</b>	<p>Details of any eligibility criteria that apply to the <i>savings account</i> (see note 10).</p> <p>A brief description of how to open the <i>savings account</i>, including a reference to any service available that enables a <i>banking customer</i> to switch to the <i>savings account</i>.</p> <p>Whether a minimum amount must be deposited to open the <i>savings account</i> and, if so, that amount.</p> <p>Whether a minimum amount must be deposited in the <i>savings account</i> on a regular basis and, if so, that amount, the frequency with which it must be paid, and any consequences of not doing so.</p> <p>Whether a maximum amount may be deposited in the <i>savings account</i> in any specified period of time and, if so, the amount and the period.</p> <p>Whether there is a maximum amount that may be held in the <i>savings account</i> and, if so, that amount (see note 11).</p> <p>A reference to the channels through which the <i>banking customer</i> can communicate with the <i>firm</i> and give instructions in relation to the <i>savings account</i> (see note 12).</p>
<b>Can I withdraw money?</b>	<p>An explanation of how money may be withdrawn from the <i>savings account</i>, including any conditions or consequences for making withdrawals (see note 13).</p> <p>For <i>fixed-term savings accounts</i>, an explanation of what</p>

	happens at the end of the fixed term.
<b>Additional information</b>	Any other information, the inclusion of which is necessary to make the summary box fair, clear and not misleading including, where applicable, information regarding tax deductions or treatment (see note 14).
<b>Notes:</b>	
<b>Note 1:</b> A <i>firm</i> may wish to use the annual equivalent rate of interest and, where it does so, it should take account of the British Bankers' Association/Building Societies Association Code of Conduct for the Advertising of Interest Bearing Accounts.	
<p><b>Note 2:</b> If, for example:</p> <ul style="list-style-type: none"> <li>- an introductory, promotional, or preferential rate of interest applies to the account until a specified future date or the end of a fixed period; or</li> <li>- there are ascending or descending tiers of interest rates that apply to certain increments of the balance of the account, or that are determined by reference to the total balance of the account; or</li> <li>- there are graduated rates of interest, the application of which depends on certain conditions being met or on the <i>banking customer</i> taking or refraining from taking certain action;</li> </ul> <p>the summary box should include details of this.</p>	
<b>Note 3:</b> 'Reference interest rate' has the same meaning as in the <i>Payment Services Regulations</i> .	
<b>Note 4:</b> A <i>firm</i> may wish to direct the <i>banking customer's</i> attention to the relevant clause in the terms and conditions that sets out the reasons for which the <i>firm</i> may change the interest rate and the procedure for doing so.	
<p><b>Note 5:</b></p> <ul style="list-style-type: none"> <li>- In the case of a <i>fixed-term savings account</i>, the <i>firm</i> should include a projection of the balance of the <i>savings account</i> on the date on which the fixed term expires.</li> <li>- Where there is to be a reduction in the rate of interest that applies to the <i>savings account</i> on a specified future date, or at the end of a fixed period, as the result of the expiry of an introductory, promotional or preferential rate of interest, the <i>firm</i> should include a projection of the balance of the <i>savings account</i> on the date of the expiry of that introductory, promotional or preferential rate of interest and a second projection of the balance of the <i>savings account</i> on the first anniversary of that date.</li> <li>- In any other case, the <i>firm</i> should include a projection of the balance of the <i>savings account</i> on the first anniversary of the opening of the account.</li> </ul>	
<b>Note 6:</b> In making the projection, a <i>firm</i> should assume that £1000 is deposited in the account	



at the time it is opened and that no further deposits or withdrawals are made, unless this would make the projection misleading. This may be the case, for example, where a *banking customer* is required to make a minimum deposit in excess of £1000 at the time the account is opened or is not permitted to deposit that sum at that time. Where a *banking customer* is required to make periodic deposits at specified intervals, the projection should be based on a pattern of deposits that is representative of the terms and conditions that apply to the account.

**Note 7:** If different rates of interest apply to the *savings account* in different circumstances, a *firm* should include a number of projections to illustrate the cash returns that the account will generate in those different circumstances. If, for example, there is an uplift in the rate of interest on the condition that the *banking customer* does not make a withdrawal from the *savings account*, a *firm* should include in the summary box both a projection that assumes that the condition is met and a lower projection that assumes that the condition is not met. If different bands of deposit in the *savings account* attract different tiers of interest, a *firm* should include in the summary box several projections that illustrate the cash returns that deposits up to each balance band will generate.

**Note 8:** The *firm* may wish to include in the summary box that the projection is provided for illustrative purposes only and does not take into account the individual circumstances of the *banking customer*.

**Note 9:** Where the rate of interest automatically tracks a reference interest rate, the projection may be based on the level of the reference interest rate as it stands at the time the projection is made. Where this is the case, the summary box should indicate that the projection is based on the reference interest rate as it stood on the relevant date and that it does not take into account that the level of the reference interest rate may fluctuate over the period that the projection covers.

**Note 10:** The summary should, for example, indicate if it is a requirement to open the *savings account* that the *banking customer* holds another account or product with the *firm*.

**Note 11:** If the *banking customer* is not required to deposit a minimum amount to open the *savings account*, the summary box should include a statement to this effect. Similarly, if there is no limit on the amount that may be held in the *savings account*, the *firm* should state this in the summary box.

**Note 12:** The summary box should, for example, indicate if the *banking customer* can give instructions to the *firm* about the *savings account* in branch, over the telephone, by electronic mail or through a website.

**Note 13:** The summary box should indicate if the *banking customer* is required to provide a certain period of notice of an intention to withdraw money from the *savings account*. If interest to which the *banking customer* is entitled is reduced or extinguished, or if a charge is imposed, as a result of withdrawing money from the *savings account*, details of this should be included in the summary box.

**Note 14:** Where appropriate, a *firm* may wish to include information on the tax implications for the *banking customer*, such as a brief explanation of the tax implications of an *individual savings account*.

## 2 Annex 2G Guidance on presentation of interest-rate information in savings account summary box

This annex is referred to in *BCOBS 2.2A.2G(3)*.

What is the interest rate?	Interest rate without bonus	X%
	Interest rate with bonus (includes a bonus of X%)	X%

What is the interest rate?	Interest rate where all conditions are met	X%
	Interest rate where one or more conditions are not met	X%

Amend the following as shown.

### 4 Information to be communicated to banking customers

#### 4.1 Enabling banking customers to make informed decisions

The appropriate information rule

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#### 4.1.2 G ...

- (2A) (a) A firm should provide a summary box in the form set out in BCOBS 2 Annex 1R on paper or in another durable medium in good time before a banking customer is bound by the terms and conditions of a savings account, except where the firm has already provided the summary box to a banking customer on a previous occasion.
- (b) If the contract for the savings account has been concluded at a banking customer's request using a means of distance communication that does not enable the provision of the summary box in that form in good time before the banking customer is bound, the firm should provide the summary box on paper or in another durable medium immediately after the conclusion of the contract.
- (c) In the case of a savings account that is a cash deposit ISA or a cash deposit CTF, the firm may include the summary box in a key features document provided to the banking customer in

line with the *rules and guidance* in COBS 13 and COBS 14.

(d) In preparing the summary box, a *firm* should have regard to the provisions of BCOBS 2.2A.1R as if they were guidance.

(2B) A *firm* should ensure that the rate of interest that applies to a *savings account* is prominently shown alongside, or in close proximity to (or, in the case of (b), on a page accessed directly through a link that appears prominently alongside or in close proximity to) any account balance information included in:

(a) any paper or online statement of account provided or made available by the *firm*;

(b) where the *firm* provides an online banking service to the *banking customer*, the first personalised page of the *firm's* website that the *banking customer* accesses when using this service;

(c) any notification of a material change to a rate of interest provided in accordance with (3)(c);

(d) any notification of the expiry of an introductory, promotional or preferential rate of interest provided in accordance with (5); and

(e) any notification of the expiry of a fixed term of a *fixed term savings account* provided in accordance with (6A).

(2C) For the purposes of (2B):

(a) (i) unless (ii) applies, the *firm* should show the rate of interest that applies to the *savings account* as a numerical figure (and not merely the method for determining the current figure under the terms and conditions);

(ii) where the rate of interest that applies to the *savings account* automatically tracks a reference interest rate (within the meaning of the *Payment Services Regulations*), the *firm* should indicate how the rate of interest is calculated and direct the *banking customer* to where the level of the reference interest rate may be accessed from time to time; and

(b) (i) in the case of account balance information made available online, the *firm* should show the rate of interest that applies to the account at the time the *banking customer* accesses the information; or

(ii) in the case of account balance information provided in a *durable medium*, the *firm* should show the rate of

interest that applies to the account at the time the information is sent.

- (2D) A firm should inform a banking customer of the current rate of interest that applies to a savings account on the telephone or in a branch of the firm at the request of the banking customer.
- (2E) A firm should publish the current rate of interest that applies to each savings account it provides on its website (whether or not the savings account is available to new customers) and ensure that this is kept continuously up to date and is easily accessible by a banking customer.

(3) Where a firm proposes to exercise a power to make:

- (a) a change to any term or condition of the agreement; or
- (b) a change to any charge; or
- (c) a material change to any rate of interest;

that applies to the *retail banking service* and that will be to the disadvantage of a *banking customer*, the firm should provide reasonable notice to the *banking customer* on paper or in another durable medium before the change takes effect, taking into account the period of notice required by the *banking customer* to terminate the contract for the *retail banking service*. ~~Whether a change to a rate of interest is "material" should be determined having regard to the size of the balance of the account and the size of the change in the rate.~~ A change to a rate of interest should always be considered 'material' except where the balance of the account is less than £100 at the time when the firm would provide the notice.

- (3A) When providing a notice under (3)(c), (5) or (6A), a firm should ensure that the heading of the notice clearly indicates the main substance of the change to which the notification relates. When providing a notice under (3)(c) relating to a decrease in the rate of interest, for example, a firm should ensure that the heading of the notice clearly indicates that the rate of interest is decreasing.

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- (5) ~~Where~~ Subject to (5A), where, under a contract for a *retail banking service*, an introductory, promotional or preferential rate of interest applies to the *retail banking service* until a specified future date or the end of a fixed period, a firm should, ~~where appropriate,~~ provide notice of the expiry of the application of that rate of interest to the *banking customer* on paper or in another durable medium within a reasonable period before that rate of interest ceases to apply.

- (5A) Paragraph (5) does not apply where the balance of the account is less than £100 at the time when the firm would otherwise provide the

notice.

(6) ~~In determining whether it is appropriate to provide the notice referred to in (5), a *firm* should consider:~~

~~(a) whether there is a material difference between the introductory or promotional rate of interest and the rate of interest that will apply to the *retail banking service* following the expiry of the introductory or promotional rate of interest;~~

~~(b) the size of the balance of the account; and~~

~~(c) the period of time that has elapsed since the *firm* last provided information to the *banking customer* in relation to the period for which the introductory or promotional rate of interest is applicable and the effect of its expiry. [deleted]~~

(6A) In relation to a *fixed-term savings account*, a *firm* should provide notice of the expiry of the fixed term to the *banking customer* on paper or in another durable medium in good time before the end of the fixed term. This notice should explain, in easily understandable language and in a clear and comprehensible form:

(a) the consequences of the expiry of the fixed term, including whether the *firm* proposes to transfer the balance of the account to another *fixed-term savings account* if the *banking customer* does not provide further instructions to the *firm* while the customer has an opportunity to do so; and

(b) the options available to the *banking customer* for dealing with the balance in the *fixed term savings account*, including when and how these options may be exercised.

(6B) Where a notice under (3)(c), (5) or (6A) is provided by the *firm* more than 14 days before the change to which the notice relates takes effect, a *firm* should also provide a reminder to the *banking customer* within a period beginning 14 days before the relevant change takes effect and ending on the day before it does so. The *firm* may choose the medium in which the reminder is provided. In doing so, the *firm* should take account of any preferences expressed by the *banking customer* about the medium of communication between the *firm* and the *banking customer*, for example, if the *banking customer* has indicated a preference to receive information by mobile telephone text message.

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## 4.2 Statements of account

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- 4.2.2 G A *firm* should indicate the rate or rates of interest that apply to a *retail banking service* in each statement of account provided or made available to a *banking customer* in respect of that *retail banking service* in accordance with *BCOBS 4.2.1R(1)*. Firms are also reminded of the provisions of *BCOBS 4.1.2G(2B)* and *(2C)*.

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## 5.1 Post-sale requirements

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Moving a retail banking service

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- 5.1.5A R A *firm* must provide a prompt and efficient service to enable a *banking customer* to move to another *retail banking service* (including a *payment service*) provided by that *firm*.
- 5.1.5B G (1) In taking steps to ensure a service is prompt and efficient, in line with *BCOBS 5.1.5AR*, a *firm* should make appropriate use of the information and documents it already holds in relation to a *banking customer*.
- (2) Where, for example, an existing customer wishes to move to another account with the same *firm* and the *firm* already holds data and documents in relation to customer due diligence measures, including data and documents to verify the identity of that customer that are suitable for the purposes of anti-money laundering requirements, the *firm* should consider whether it would be unnecessarily duplicative to apply the same account opening procedures in that case as would apply to a new customer (although a *firm* should ensure its policies and procedures are consistent with the requirements of the *Money Laundering Regulations* and other legislation in relation to financial crime).
- (3) Where a *firm* provides an online or mobile telephone banking facility to a *banking customer*, the *firm* may wish to consider how the electronic process for moving to another account provided by that *firm* can be made most simple.

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TP 1 Transitional Provision Provisions

(1)	(2) Materials to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provisions: dates in force	(6) Handbook provisions: coming into force
...					
1A	...				
<u>1B</u>	<u>BCOBS 2.2A, BCOBS 2 Annex 1R and, BCOBS 4.1.2G(2A)</u>	<u>R</u>	<u>This provision applies where a firm has in its possession, as at the date the Banking: Conduct of Business Sourcebook (Amendment No 4) Instrument 2015 is made, a stock of direct offer financial promotions on paper or a stock of pre-sale material on paper that incorporate a summary box that meets the standards in the ‘Industry Guidance for FCA Banking Conduct of Business Sourcebook’ of September 2013, confirmed by the FCA in accordance with PS07/16, as it stood as at 3 December 2015.</u>	<u>1 December 2016 to 31 May 2017</u>	<u>1 December 2016</u>
<u>1C</u>	<u>BCOBS 2.2A, BCOBS 2 Annex 1R and BCOBS 4.1.2G(2A)</u>	<u>R</u>	<u>Where BCOBS TP 1B applies, until 31 May 2017, the direct offer financial promotion or pre-sale material referred to in 1B may be treated by the firm as including a summary box in the form set out in BCOBS 2 Annex 1R that complies with the rules in BCOBS 2.2A.</u>	<u>1 December 2016 to 31 May 2017</u>	<u>1 December 2016</u>
...					