



# The **Business Banking Code**

Setting the Standards  
of Banking Practice

**Guidance Notes  
for Subscribers**

**March 2002**

# THE BUSINESS BANKING CODE 10 MARCH 2002 EDITION

## Guidance for Subscribers

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**THE BUSINESS BANKING CODE 2002 EDITION**  
**10 March 2002**

**Guidance for Subscribers**

**Preface**

The Business Banking Code comes into force on 31 March 2002. This first edition of the Business Banking Code marks the extension of the principles of the January 2001 personal Banking Code, following a wide-ranging consultation exercise. Organisations involved in the consultation include the British Chambers of Commerce, CBI, Federation of Small Businesses, Forum of Private Business, HM Treasury, Institute of Directors, the Financial Ombudsman Service, and the Small Business Service.

This guidance is primarily aimed at bank staff and is intended to be an aid to understanding and implementing the new Code. It will be made available on request to all interested parties, including members of the public. Subscribers remain free to interpret the Code, but should be aware that the guidance represents a general interpretation of the Code, which may be used by the Banking Code Standards Board, the Financial Ombudsman Service and others in determining industry standards.

**The Banking Code Standards Board**

The BCSB was established in October 1999 and is responsible for monitoring compliance with the Code. The BCSB has reviewed this guide and agrees with its interpretation of the Code. The BCSB also publishes an annual report and bulletins to subscribers, which may contain additional information on how it interprets various provisions of the Code. The BCSB has undertaken to consult subscribers through the Associations on significant interpretational advice that it proposes to publish. Once such advice has been issued in a Bulletin following consultation, the BCSB will expect subscribers to treat it with the same level of importance as this guidance.

**The Code's Origins**

For over a decade the banks involved in the small business market have been producing their own individual codes, reaffirming their commitment to the small business sector, following difficulties experienced during the recession of the early 1990s. The decision to extend the principles of the personal Banking Code to business customers follows discussion within the industry and representations from external groups on the potential benefits of a single document, setting out minimum service standards for smaller businesses.

The decision to base the Business Banking Code on the personal Code was taken with smaller businesses in mind, where the decision-maker is often one individual with similar needs to banks' personal customers. The existence of two broadly similar Codes will also help to ease understanding by bank staff and promote greater consistency of interpretation within the personal and business sectors.

The Code has also been extended beyond the core business banking relationship, at the request of business representative organisations, the BCSB and FOS, to include merchant

services – the provision of card acceptance facilities to businesses. These guidance notes explain the application of the Code to merchant services and point out where different treatment is appropriate. It is feasible that a customer’s merchant services and core banking services are provided by separate banks.

### **Interpretation of the Code**

The Code is not intended to be read as a rigorous legal document. It has been written for practitioners and customers, not for lawyers, and this guide should help to aid interpretation without prejudice to any legislation which applies in the business banking market.

**Subscribers should ensure that they abide by the spirit, as encompassed by the key commitments, as well as the letter of the Code.** Common sense should be used in interpreting the Code.

In the Code, certain words are in **bold**. These words are described in the glossary of terms at the back of the Code. Other sections have been highlighted. These represent areas which ask the customer to do something (for example, to take care of cards, PINs and other security information).

The words “*give*”, “*tell*” are used frequently. The words are used almost interchangeably, but generally “*give*” should be interpreted to mean that the customer should have or see something in a durable form, whether in writing or on-screen or displayed in a branch. “*Tell*” means either orally or as for the definition of “*give*”. The Code also requires that certain information be given to customers “direct”. This means that some form of notification is given or sent to them, rather than told by a general notice or advertisement. For example, this could be by letter, or e-mail alerting them to the fact that they should check a specific area of the website. There may be one or more individuals within the business with whom the bank corresponds. “Notify” is also used throughout - this could mean “*give*” or “*tell*” - it is up to each subscriber to determine.

In this Guidance, the text of the Code is reproduced in full in *italics*.

British Bankers’ Association  
Association for Payment Clearing Services

## **THE BUSINESS BANKING CODE**

### **Guidance for Subscribers**

#### **1. INTRODUCTION**

*1.1 This is a voluntary code which sets standards of good banking practice for banks to follow when they are dealing with **business customers** in the United Kingdom. Other institutions, such as building societies, may also choose to follow the code.*

***Business customers** include sole traders, partnerships, limited liability partnerships, and limited companies with an annual turnover of under £1million, as well as associations, charities and clubs with an annual income of under £1million. As a voluntary code, it allows competition and market forces to work to encourage higher standards for the benefit of customers.*

*This code does not apply to personal customers. The Banking Code and The Mortgage Code set out standards of good banking practice for personal customers.*

It is open to subscribers to adopt higher standards than those set out by the Code, but once an institution has been registered as a subscriber it must adhere to Code standards as a minimum in all respects relevant to its business.

“Business customers” includes sole traders, partnerships, limited liability partnerships, clubs, associations, charities, churches, societies and limited companies with trading turnover or income of under £1m per annum, as evidenced by their most recent annual accounts or tax return, providing they are running a designated business (ie non-personal) account. The definition of business customer is intended to be broadly consistent with that used by the Financial Ombudsman Service. Whilst Trusts are not specifically included in the code, a business operated within a Trust is covered.

As far as groups of businesses are concerned, the turnover threshold applies to the combined turnover of a group of limited companies and not individual companies within the group. Where a company director also runs a ‘sole trader’ business, this business will fall within the scope of the Code, providing that annual turnover of this business remains under £1m, and notwithstanding the annual turnover of the related company.

Subscribers may choose to give the Code wider application to a broader range of business customers as an internal statement of good practice. Where customers run their business affairs through a personal bank account, they will be deemed to be personal customers, and covered by the prevailing Banking Code for personal customers.

Whilst the Code refers it to banks, other institutions such as Building Societies are free to subscribe to the Code, if it is appropriate for their business. The provisions of the Code apply with equal effect to all subscribers.

*1.2 Within the code, ‘you’ means the customer and ‘we’ and ‘us’ mean the bank the customer deals with.*

- 1.3 *In this code, ‘customer’ includes people dealing with us on behalf of a business, with the authority of the business’s owners. For example, this may include office staff who talk to us about payments into and out of the account, processing bank statements and so on. It does not include people talking to us about their own personal finances.*
- 1.4 *The relationship with us involves responsibilities on both sides. This code will help you understand how banks are expected to deal with you day-to-day, and when you experience financial difficulty. It provides valuable protection for you.*
- 1.5 *You can check which banks follow the code by contacting the Banking Code Standards Board, the independent organisation which monitors how well banks are meeting the code. (Their address is on page 24.)*

Following the Code should be a mark of quality and customers should be encouraged to check if their bank, building society, card issuer or merchant service provider subscribes.

- 1.6 *The standards of the code are covered by the 10 key commitments found on page 5. These apply to the following products and services provided to **business customers**.*
- *Current accounts;*
  - *Deposit accounts;*
  - ***Card services and cash machines;***
  - *Business loans and overdrafts;*
  - *Payment systems, including direct debits and standing orders;*
  - *Foreign exchange transactions and international payments;*
  - ***Electronic purses;***
  - ***Merchant services** (unless otherwise shown – see 1.7 below).*
- 1.7 *The shaded sections in this code do not apply to **merchant services**. Elsewhere in the code we make it clear where different standards apply to **merchant services**.*
- 1.8 *This code does not apply to factoring, leasing, asset finance or hire purchase.*
- 1.9 *Not all banks offer all the products and services listed.*

The specific products and services covered by the Code are listed in the introduction to the Code. If subscribers are in any doubt as to whether a particular product or service is covered, they should consult the Banking Code Standards Board.

Certain provisions of the Code will not apply to merchant services, due to the fundamentally different nature of this business. Such clauses are identified by shading. There are also specific clauses which relate ONLY to merchant services and which take precedence over other provisions, as far as merchant services are concerned. These clauses make explicit reference to merchant services.

Copies of the Code must be available to customers. Subscribers should display a notice in branches, and ‘business centres’ if customers are likely to visit these (ie any outlet which customers are expected to visit in the normal course of business), and on websites stating that copies of the Code are available on request. It is not sufficient for staff in branches

and business centres to tell customers “how” to get a copy – they must be available in branches and business centres. They must also be made available on websites, whether on the subscriber’s own site or via a link to the BBA, BSA or BCSB sites which all include full copies of the Code and this guidance. Other customers, such as those with telephone banking relationships, or merchant services facilities should be made aware of the existence of the Code and told that copies are available. For example, this information could be included in an account-opening pack.

*1.10 Unless it says otherwise, all parts of this code apply to all the products and services listed above, whether they are provided by branches, over the phone, through interactive TV, on the internet or by any other method.*

It is important that, when considering how the Code will affect products and services, **all** delivery channels are catered for. The Code applies regardless of how a product or service is delivered.

*1.11 Throughout this code, any words which are shown in bold print are defined in the glossary at the end of the code.*

*1.12 This code is effective from 31 March 2002 unless otherwise shown.*

## **2. KEY COMMITMENTS**

The ten key commitments are drawn directly from the Banking Code and should be interpreted similarly, underlining the strong links between the two Codes. The commitments underpin the whole subscriber/customer relationship. If there is any doubt about the meaning of a particular provision in the Code, the key commitments should provide clarification as to the spirit of the Code. The key commitments should be considered carefully as they may introduce obligations which could be implied into the subscriber/customer relationship.

*2.1 We promise that we will:*

*(a) act fairly and reasonably in all our dealings with you;*

The concepts of “fairness” and “reasonableness” should be considered in accordance with relevant legislation, their normal dictionary meanings and how Office of Fair Trading and the Financial Ombudsman Service may interpret them.

*(b) make sure that all the products and services listed above meet this code, even if they have their own terms and conditions;*

This reinforces the basic position that **all** products listed in the Code must comply with the Code. This includes products run or sold on a subscriber’s behalf by an agent, for example, an affinity credit card or a branch agency. It therefore applies to all products which are “badged” or “branded” as those of the subscriber but processed by a third party. The Code also applies to products of non-subscribers which are sold by a subscriber. Specific terms and conditions of products must not seek to override or exclude the effectiveness of the Code.

- (c) *give you information about our products and services in plain language, and offer help if there is anything you do not understand;*

The information given to customers must be clear and transparent. This commitment applies whether the information is given in writing, on-screen or orally etc. Information must be sufficiently clear and easily comprehensible so that customers can make informed choices about products.

- (d) *help you to understand the financial implications of our products and services, how they work, and help you to choose the one that meets your needs;*

This requires subscribers to provide assistance to customers but not specific advice. A formal fact find need not be completed. However, it does require some basic awareness of a customer's needs. Customers should be given a balanced view of products so that they have an accurate understanding of the financial implications. This is especially important for long term financial commitments (for example, the costs of withdrawing early from a fixed term loan or savings bond where allowed). This also links with the later Code provisions on terms and conditions, interest, charges etc and reinforces the basic principle of transparency. Customer literature should explain how products work and staff may need to offer help. This requires that staff are properly trained in the products and services being offered.

- (e) *have secure and reliable banking and payment systems;*

This is self-evident and is as much for the protection of subscribers as for customers.

- (f) *make sure that the procedures our staff follow reflect the commitments set out in this code;*

The need for staff to be aware of the existence and main purpose of the Code is fundamental, especially as copies of the Code should be held in branches and available on request. Staff dealing with customers by telephone and e-mail etc should also be aware of the Code. It links with the earlier key commitments that help should be offered. However, individual members of staff do not necessarily need to be aware of the detail of the Code if the Code's requirements are reflected in the procedures they follow.

- (g) *consider cases of financial difficulty sympathetically and positively;*

This is covered in more detail in section 15 of the Code and is self-explanatory. However, this does not prevent legitimate recovery of debts.

- (h) *if things go wrong, correct mistakes, tell you how to make a complaint, and handle your complaints quickly;*

This is linked with later paragraphs in the Code sections 9.6, 14.3 to 14.12 and section 17. Quick, effective and positive handling of errors and complaints can improve customer service. "Quickly" means that complaints should be dealt with as soon as they arise and as swiftly as possible, in accordance with the standards set by the Financial Services Authority.

- (i) *make sure that all products and services meet relevant laws and regulations including those relating to discrimination; and*

This is self-evident and reinforces the need for compliance issues to be considered before new products are launched. Discrimination is specified to underline subscribers' commitment to non-discrimination. Subscribers should have procedures in place to ensure non-discrimination in all aspects of customer diversity, including race, disability, marital status, age, gender, and sexual orientation.

Subscribers should also comply, where appropriate, with various other industry standards and codes of practice, for example:

- BBA/BSA Code of Practice on the Advertising of Interest Bearing Accounts;
- BBA Guide to Bankers' References;
- BSA Code of Practice on Linking of Services;
- British Codes of Advertising and Sales Promotion;
- Independent Television Commission Code of Advertising Practice;
- Radio Authority Code;
- The Guide to Credit Scoring 2000;
- BBA Statement of Principles;
- BBA Guidance: Implementing Part III of the Disability Discrimination Act;
- BBA/RNIB Guidance: Accessible E-banking.

However, if the provisions of any code conflict with the Banking Code, the code with the highest standards should prevail.

- (j) *tell you if we offer products and services in more than one way (for example, on the internet, over the phone, or in branches and so on) and tell you how to find out more.*

This provision is intended to ensure that customers are made aware of different delivery channels within their bank or building society, so that they are able to choose the most appropriate type of service. The provision applies **where these channels are operated under the same generic brand name** or where the parent brand is being used in an obvious way to sell the subsidiary brand (it is recognised that, in some cases, this will be a subjective decision).

For example, ABC plc would have to tell customers about ABC Direct - but not 123.com unless it was being advertised as "123.com from ABC plc"(ie where the parent brand is being used to advertise the other brand, for example, on posters or in advertising literature). It is not envisaged that staff would need to give information on products or the merits of alternative channels. But generic notices, should be posted for example, in branches and on the internet, and information on the existence of other channels given to customers in account opening information. It does not require notification on a product-by-product basis.

### 3. ***HELPING YOU TO CHOOSE PRODUCTS AND SERVICES THAT MEET YOUR NEEDS***

#### 3.1 *Before you become a customer, we will:*

This section requires certain information to be given to customers to help them choose a product or service. It should be given to them **before** they choose a particular product or service or open an account. As well as new customers, the section also applies to existing customers who enquire about a product they do not currently have. For the latter, there is no need to duplicate the provision of **all** the information each time the customer opens a new account. The underlying principle behind this section is that of transparency of information.

- *give you clear information explaining the key features of the services and products you tell us you are interested in;*

For example, if the customer wants “a deposit account”, they should be given information on the range of deposit products available (unless they specify a particular product – see below). This may be in the form of a summary provided in a leaflet, oral description over the phone, letter or on-screen etc. The information is important to ensure that customers can make an informed choice of which product or service best fits their needs, and the emphasis is on “informed choice” rather than advice offered by the bank or building society. The “key features” should include information on additional charges or loss of interest on early withdrawal or cancellation, any restrictions on withdrawals etc. Specific product information is covered in more detail in the guidance on section 3.2 below.

- *give you information on a single product or service, if you have already made up your mind;*

To ensure that the selling of non-regulated products and services remains simple and uncomplicated, this “execution only” provision ensures that, if a customer knows what he or she wants, there is no obligation on the subscriber to provide the full information required in the first bullet above.

- *tell you what options are available to help you run your account as efficiently as possible;*

To help customers contain the cost and maximise the convenience of running their account, information provided to customers at this stage might outline how, for example, automated services may offer a cost advantage over manual transactions and the relative merits of branch-based and internet-based accounts. While this is a statement of good practice and not intended to be prescriptive, failure to point out (or deliberate omission of information on) an obvious way of improving cost-effectiveness for the customer would represent a breach of this provision.

- *tell you what information we need from you to prove your identity (by law, we have to check your identity).*

Under the Money Laundering Regulations 1993, all banks, building societies and other providers of financial services have had to put procedures in place to prevent money laundering. Detailed procedures are contained in the Joint Money Laundering Steering Group (JMLSG) Guidance Notes for the Financial Sector. The procedures require institutions to verify a potential customer's identity and address, using separate checks. More checks are needed (up to four) in the case of account opening where the customer is not physically present as, for example, with telephone and internet banking.

Examples of checks which **may** be acceptable can be found in the Annex at the end of this guidance. All of the examples are currently used by one or more UK financial institutions. Individual subscribers to the Code should tell customers which documents they accept. The same check/document cannot be used for verifying both identity and address.

Customers should be told why this information is needed, what types of documents are acceptable and what checks may be carried out. Subscribers are encouraged to adopt a flexible approach (within the Regulations and the Guidelines) and put in place procedures to deal with exceptional cases where applicants may not have the usual documents. In such cases, the customer should be asked what evidence of their identity/address they can produce and the case may be referred to a more senior person or special unit which can decide on the acceptability of the evidence that the applicant can provide.

Subscribers may find it useful to give the BBA/BSA leaflet "Proving Your Identity" to potential customers who query the need for these checks or who have difficulties in producing usually acceptable documents. This explains the requirements, shows that they are industry-wide and helps customers to understand what they can do to help you to verify their identity and address.

The Financial Services Authority money laundering rules refer institutions to the JMLSG Guidance Notes, which should be consulted for detailed advice on verification of identity. The Guidance Notes are subject to ongoing review.

3.2 *Once you have chosen an account or service, we will tell you how it works. For example, for a current account, this will include information on:*

- *stopping a cheque or other types of payment;*
- *direct debits (including the **Direct Debit Guarantee**) and standing orders;*
- *how the clearing cycle works (see 9.10);*
- ***unpaid cheques;***
- ***out-of-date cheques;*** and
- *when we may pass your account details to **credit reference agencies** and the checks we may make with them (see also 13.2).*

This provision requires tailored information regarding the operation of a product or service to be given to customers. By way of example, the minimum information that a customer opening a current account should be given is listed. Subscribers may feel that it is appropriate for some or all of this information to be included in the pre-sale "key features" information provided under section 3.1 above. However, it will also be appropriate for this type of detailed information to be included within an account opening pack or booklet given to the customer after the account is opened. It is recommended that, wherever possible, the information should be given in writing or other durable/printable form.

From 31 March 2002 all new Business customers should receive a copy of the Business Banking Code ‘flyer’ when they open their account. The flyer sets out the main features of the Business Banking Code and tells customers where they can obtain a copy of the Code. Copies of the flyer should be ordered from the BBA’s Publications Unit, Pinners Hall, 105-108 Old Broad Street, London EC2N 1EX.

The list of information specified for current accounts is not comprehensive, but a minimum, and has been included to give customers an idea of the information they can expect. Therefore, examples of information that should be provided as a minimum include:

### **Current accounts**

- product features and any other information that might be necessary to operate the account, for example:
  - the availability of overdrafts;
  - how standing orders and direct debits work;
  - why an entire balance may not be available for withdrawal (for example, due to uncleared funds or an earmarked direct debit);
  - if a card is provided, a warning of the implications of continuous payment authorities (see guidance on paragraph 14.6 below);
  - if a card & PIN are provided, information that the PIN can be changed, and how to do it;
- when information (both positive/‘white’ – non-default, and adverse – delinquent/default) will be passed to credit reference agencies (this was added at the specific request of the Data Protection Registrar in 1997, and see also section 13.3 of the Code)
- (when applying to open an account), whether a check will be made with credit reference agencies and what that involves. For example, customers should be told if a record of the search is kept at the credit reference agency and, if so, that this could impact on the customer’s ability to obtain credit elsewhere within a short period of time.

### **Deposit accounts**

- information on the clearing cycle and withdrawals (including, for example, any charges that have to be paid to withdraw early from a fixed term product);
- information on direct debits/standing orders if appropriate;
- where customers can find out information about interest rates and interest rate changes.

### **Credit cards**

- an explanation of how interest is calculated and charged, for example, whether it is charged on the full statement balance or only on any balance remaining after the customer has made the monthly payment;
- how monthly payments are applied to any outstanding balance, ie – are they applied first to new borrowing or old borrowing (this is important where different rates of interest are applied);
- sufficient details to enable customers to pay on time. Subscribers should also ensure that, where customers are offered the facility to pay by cheque by post, sufficient time is given to enable payments to be made in time, taking account of the postal delivery system and the length of the cheque clearing cycle;

- a warning of the implications of giving continuous payment authorities (recurring transactions) (see the guidance on section 14.6 below).

3.3 *If we provide you with **merchant services** facilities, we will tell you how to run your account if your card-processing equipment does not work.*

Business representative organisations have pointed to the fact that businesses can experience difficulties in switching between standard electronic procedures and manual back-up systems. Guidance on the operation of contingency arrangements should be included in account opening packs and help should be made available on request from customers.

3.4 *When you open a business account, we will ask you to tell us who can sign on your account and who you have given us permission to deal with. We will explain your rights and responsibilities including, if it applies to you, **joint and several liability** when you open an account with others.*

When a business account is opened it is possible that the bank will need to deal with people in the business, other than just the business owner(s). Clearly the bank must also respect the business owner's right to confidentiality. To avoid doubt concerning whether or not the bank has authority to discuss matters with particular individuals it will be appropriate to ask customers for this authority at the outset. There is no obligation to confirm thereafter that the authority remains valid, although subscribers may wish to do so.

Partners in a partnership (and other joint signatories) should be properly informed of their joint rights and duties and the concept of joint and several liability. Specifically, what this means if the relationship with the other partner ends. They should be told for example, would the account be closed or would one name simply be removed? What would happen in the case of an overdraft or loan? In what circumstances might it be necessary to freeze an account?

Customers should be made aware that, unless the account mandate provides otherwise, in most cases one party to a partnership account can withdraw the entire balance of the account alone, or, in the case of a loan or overdraft, that each partner is themselves responsible for repayment of the entire balance, and not just a share of it. If requested, subscribers should tell all parties whether statements can be sent to each party to a partnership account at a different address, and whether there is a charge for doing this.

#### 4. **INTEREST RATES**

**This section does not apply to merchant services**

4.1 *When you become a customer we will give you information on the interest rates that apply to your accounts, and when we will deduct interest or pay it to you. We will also tell you our website address, helpline number and, where relevant, the newspapers we usually use to tell you about changes in interest rates.*

This is broadly self-explanatory. Customers should be given information on how interest will be calculated, ie when calculated, compounded and charged. When quoted in the same

document, debit and credit interest should also be shown on a consistent basis, (for example, monthly or annually) so as to make it easier for customers to compare and choose whether to save or to repay debts.

Customers should be given the information on where interest rate details are available when they become a customer, for example, in an account opening or welcome pack. Where newspapers are used, it is understood that, occasionally, it may not be possible to use the normal newspapers, hence the use of “usually”. However, subscribers should try, as far as possible, to use the same newspapers each time and ensure that the newspapers used reflect the readership of their customers. This does not mean undertaking a detailed survey, merely that subscribers should be generally confident that the newspapers are appropriate. Generally, advertisements should be carried in 2 newspapers as a minimum.

As far as ‘helplines’ are concerned, the requirement is to give the customer a number to ring at which they will be given details of interest rates. It need not be a line dedicated solely to the provision of interest rate information.

In relation to credit cards, see also the guidance relating to section 9.1 & 9.2.

Discretion should be used in relation to specialist products such as currency deposit and money market accounts. As these products are not generally available to all customers, it may not be appropriate to tell customers about the website, helpline and newspapers – consistent with 4.2 below.

Where a negotiated margin or discount is included in the interest rate only the underlying reference rate (for example, the subscriber’s base rate) needs to be publicly available.

*4.2 You can also find out about our interest rates by:*

- *phoning our helpline; or*
- *looking on our website; or*
- *asking our staff.*

The telephone helpline could be a dedicated helpline, or could be as simple as an operator knowing who to put a customer through to on the main switchboard number. Subscribers should also consider how best to make customers aware of the telephone number and website address, for example, by notes on statements or stickers on passbooks etc. There is no need to include details of specialist or non-mainline products, such as currency accounts or money market accounts – just those which are generally available to customers. Similarly, it is not appropriate for the individually negotiated element of rates to be published, although customers should be able to access this information through bank staff.

*4.3 If you ask us, we will also give you a full explanation of how we work out interest.*

This is to enable customers to check the interest charged or credited to their accounts, regardless of how difficult it may be to explain. Customers should be given a worked example or the methodology used, although this may be mathematically complex, so that they have all the information necessary to re-calculate the interest themselves. It is not necessary for the subscriber to provide full workings of past interest charges unless there is reason to suspect an error (see 5.8). Customers should not be charged for this explanation.

### ***Changes in interest rates***

*4.4 When we change the interest rates on your accounts, we will update the information on our telephone helpline and our website within three working days. To help you compare rates, the old rate will also be available on our website and helpline.*

Previous rates should be available on websites for comparison purposes and should also be available on interest rate helplines, should the customer ask what their previous rate was. If an automatic telephone system is used, there should be an option for the customer to be able to get details of the previous rates, for example, by calling another number. The BCSB's view is that the previous rates should be displayed on websites for one month as a minimum.

This section (including the provisions in 4.5 and 4.6 below) does not apply to interest rate movements on money market accounts (where the interest rate is linked to movements in the money markets). Neither do these sections apply on an account where the rate of interest is shown as a margin/discount to another index, for example, BBA LIBOR or the subscriber's base rate, where changes in the underlying rate normally track changes in the Bank of England repo rate, and providing changes in the underlying rate are already advertised. However, it would apply where there was a change in the relationship between the interest rate (margin) and the underlying reference rate. Similarly, this section (including the provisions in 4.5 and 4.6 below) does not apply to changes in interest rates on currency accounts.

*4.5 For types of account which we mainly run through branches, we will either:*

- contact you direct within thirty days of the change; or*
- within three working days of the change, put notices in our branches and in the newspapers we usually use (to help you compare rates more easily, our newspaper notices will show clearly the old and new rates).*

Subscribers should follow the BBA/BSA Code of Conduct for the Advertising of Interest Bearing Accounts in advertising the changes. Direct notification can include post (for example, letter or statement notice), e-mail etc. The notices in branches etc should be clear, prominent and read easily.

*4.6 For types of account which we do not mainly run through branches, such as postal, internet and telephone accounts, we will contact you direct within thirty days of the change.*

This applies to accounts which are not normally operated through branches (for example, accounts **designated** as postal accounts, telephone accounts, internet accounts etc). Customers with these accounts must be given direct notification of the changes, for example, by letter, statement notice, e-mail etc. It is not enough for the changes to be available on the telephone or on the website, should the customer decide to telephone or log-in to the site. Customers must be sent something, for example, an e-mail alerting them that a change has been made and advising them to check the website for the latest rates. As published in BCSB Bulletin No. 6, the old rate, or the amount and direction of the change, should be shown in all direct notifications of interest rate changes.

“*Within thirty days*” should be interpreted sensibly - if the best way of providing the information was by a message on a monthly statement, if the statement went out on say the 1<sup>st</sup> of every month and that month happened to have 31 days, it would be acceptable under the Code.

Because customers are personally notified of the changes, there is no need for this to be advertised in the press, although subscribers may of course choose to do so.

Generally, credit cards should be treated as “not mainly run through branches”.

### ***Interest on deposit accounts***

4.7 *To help you compare interest rates on all our deposit accounts more easily, at least once a year we will send you a summary of these products and their current interest rates unless your account has less than £100 in it.*

*This summary will also include:*

- ***superseded accounts*** clearly marked;
- *the names of the newspapers we usually use to tell you about changes in interest rates;*
- *our helpline numbers; and*
- *our website address.*

This is an additional safeguard which applies to all deposit accounts (it does not apply to current accounts with credit balances), except for those with less than £100 in them. The effective date for the £100 cut-off should be the same across the account range. It relates to a point in time balance and not an average balance.

This provision applies to **all** accounts, with the exception of those outlined below.

There is no need to send the summary to holders of fixed rate fixed term accounts, as such accounts cannot be broken. Similarly, there is no need to include information about closed fixed rate fixed term account issues on the summary: because they are closed accounts customers are not able to transfer to them.

Products offered under a different brand, or through a branded channel using a different method of distribution, need not be included in the annual mailing.

This section does not oblige banks to send a summary of currency and money-market accounts to customers, or include details of currency and money-market accounts in the annual summary of all accounts, as these products are not generally available to all customers.

4.8 *Unless your account has less than £100 in it, we will also tell you the different interest rates which have applied to your account during the year (unless we have already contacted you direct about these as they have happened).*

It is up to subscribers to decide how to do this. For example, the information could be individually tailored to a customer's account or a schedule of rates and rate tiers could be sent to customers for them to compare the schedule with their statements or passbook. There is no need to send this information to customers with currency accounts or money market accounts, where changes are due solely to market movements. Like the previous paragraph, this does not include accounts with less than £100 in them.

### ***Superseded deposit accounts***

4.9 *If you have a deposit account, other than a fixed-rate account, which has been 'superseded' because we no longer open new accounts or we do not actively promote the account, we will either:*

- *keep the interest rate on the **superseded account** at the same level as an account with similar features from our current range; or*
- *switch the **superseded account** to an account with similar features from our current range.*

4.10 *Examples of similar features include notice periods, types of withdrawals, numbers of free withdrawals, and how money is paid into and drawn out of the account.*

4.11 *If there is no account with similar features we will contact you, within thirty days of your account being superseded, to:*

- *tell you that the account is superseded;*
- *tell you about our other accounts; and*
- *help you to switch to one of these accounts without any notice period and without any extra charges.*

'Superseded' accounts are those which are no longer opened or which are not actively promoted. The Code addresses public concern about situations where accounts carrying uncompetitive and low interest rates have been superseded by more attractive accounts, about which customers are not necessarily fully aware. The Code applies to all obsolete savings accounts, regardless of when they first became obsolete and not only those that have been specifically superseded through the introduction of a replacement product. "Actively" promoted means pro-actively marketed to customers.

Examples of "similar features" include notice periods, minimum balances, numbers of withdrawals, how withdrawals are made etc. This is intended to give subscribers some flexibility to manage their businesses. However, subscribers must ensure that they work within the spirit of the Code. They should, therefore, be able to justify why an account classified as superseded is so different from others in the current range that it does not pay a rate of interest equivalent to any rate in the current range. It would not be sufficient, for example, to claim that, as the superseded savings account allowed 3 free withdrawals in a year, it was not sufficiently similar to a new account providing 4 free withdrawals, particularly since the superseded account therefore had more onerous terms and conditions.

If a subscriber is unsure whether or not the account it has selected under the first bullet of section 4.9 has sufficiently similar features, it should send personal notice to affected customers of its decision. Attention should also be paid to the features of the superseded account which were originally promoted and are therefore likely to be the ones which are of particular importance to account holders.

Subscribers should note that the Code is addressed to customers as individuals. Therefore, if groups of customers holding a particular account that has been closed to new business are treated differently, according to some qualifying criterion (e.g. level of balance), then each category of customer must be treated separately under the superseded account provisions.

Fixed rate accounts are not included within the definition of “superseded”. This is because they will often be available and promoted only for a short period of time, and institutions do not have any freedom to vary the rate paid on the account during the period of the fixed rate. Accounts which are linked to the Bank of England base rate, or another rate outside the institution’s control, for example, where there is a guarantee to pay 1% above base rate for a fixed period of time, are included in the definition of “fixed rate”. However, any account reaching the end of the fixed rate period may fall within the definition of “superseded”, depending on how the account/funds are treated, and will need to be dealt with accordingly.

Where it is necessary to contact customers under section 4.11, this should be in the form of a personal written notification that is not subordinate to other material, e.g. marketing messages. The communication should make it clear to customers that they may well need to take action to ensure they are not disadvantaged by their account becoming superseded, and should incorporate an easy response mechanism (for example, a tick box) for those that wish to switch accounts. The rate of interest currently being earned should be clearly drawn to the customer’s attention, preferably being shown on the face of the letter rather than in an accompanying summary.

Subscribers should also bear in mind that they may need to provide evidence to the BCSB that an account is not superseded, including, for example, details on how a product is promoted and the number of new accounts opened in a period.

## 5. CHARGES

5.1 *When you become a customer, we will give you details of any charges for the day-to-day running of the account you have chosen and explain the terms that we use to describe our services.*

5.2 *You can also find out about these charges by:*

- *phoning our helpline; or*
- *looking on our website; or*
- *asking our staff.*

Customers should be given, before they open an account and at any time they ask, details of the main charges which apply to their particular account, including what is included and excluded during any ‘free banking’ period. For example, on a current account this would include charges for processing cheques, credits, counter transactions, ATM withdrawals, regular payments including standing orders and direct debits, unauthorised borrowing letters and any other account maintenance charges.

The requirement to explain the terms used to describe services, means that subscribers should make it clear which services are ‘standard account services’ and which are ‘other services’.

The intention underlying these requirements, and that in section 5.7, is that customers should not be surprised at any charge they see appearing on their statement in connection with the basic operation of an account. It would also be advisable to include a warning that the charges may change in the future.

Clearly, it is impractical for individually negotiated charges to be made available on a general helpline or public website. Subscribers should however ensure that staff who are likely to receive enquiries from customers have access to this information, or receive guidance on where the customer should be directed.

There is no need for details of charges for other, non-core services and products provided on a less frequent basis, for example, charges for bankers’ drafts, duplicate statements, stopped cheques to be given at the account-opening stage. However, individual banks may wish to do this – as a minimum the customer should be told the charges for these non-core services **before** the service is given.

5.3 *If you ask us to provide **merchant services**, we will give you details of the merchant **service** charge when you become a customer, and explain the terms we use to describe our services. You can also find out about your charges by contacting our **merchant services** centre.*

This section takes precedence over 5.1 and 5.2, but is intended to underpin an equivalent quality of service for merchant services customers. For example, charges and terminology should be made clear when the relationship is established and customers should be able to find out about their charges thereafter by contacting individuals at their merchant services centre.

5.4 *If we increase any of these charges, we will contact you direct at least thirty days before the increase takes effect.*

Direct notification, as before, can be by any one of a variety of methods, for example, letter, statement insert, e-mail etc. Direct means ‘to the business’ and can include individuals with whom subscribers have the business owner’s permission to correspond. There is no requirement to notify customers of reductions in charges.

5.5 *Before we deduct interest or charges for **standard account services** from your current or deposit account which have built up over a **charging period**, we will give you at least 14 days’ notice of how much we will deduct. We will tell you what your **charging period** is.*

Any charge or interest that accumulates to the account, ie that is rolled up to be charged at the end of a particular period, should be pre-notified. This would generally include debit interest, and transaction charges.

Charges that are debited at the time a service (for example, a stopped cheque or a duplicate statement) is provided and where the customer has been notified in advance (for example, in the standard tariff) or at the time the service is provided, need not be pre-notified.

The 14 days starts from the date the notification is posted (whether by letter, statement notice or e-mail etc), not from the date the notification is received.

Where normal operation of the account has been suspended (ie ‘standard account services’ have ceased) and the bank is taking formal steps to recover borrowing which is in default, there is no requirement for charges to be pre-notified, although statements should still be sent to the customer.

5.6 *When we tell you how much we will deduct, we will tell you, as a minimum, the amount of interest and charges you must pay, and how much you will have to pay for the services you have used. We will tell you the rates of interest that apply to your account whenever you ask us to and either:*

- *on the pre-notification notice; or*
- *on your statement.*

*This section will apply from 1 October 2002.*

This section sets minimum guaranteed standards for the pre-notification notice. To help customers check that they have been correctly charged the pre-notification notice should contain the information specified, and the interest rate should be provided on request and made available either on the pre-notification notice, or on the customer’s statement. If the interest rate changes during the period, the different rates should be available. There is no requirement to pre-notify credit interest payments, although subscribers may wish to do so.

5.7 *We will tell you the charge for any **other service** or product before we provide that service or product, and at any time you ask.*

This covers those charges not notified to customers when they opened their account, such as CHAPS, foreign exchange services etc. The customer should be notified of the charge before the service is provided, whether orally, by e-mail or some other method.

- 5.8 *We will tell you of any extra charges you may have to pay if:*
- *your account becomes overdrawn without our agreement;*
  - *you go over your overdraft limit*
  - *you are behind with your loan repayments; or*
  - *you change your mind about a **fixed-term** product, decide to repay it early or (where this is allowed) withdraw money from it.*

This information should be advised to the customer at the outset for the product chosen. Customers should also be told details of extra interest that would be payable in such cases,

### ***Checking your charges and interest***

- 5.9
- *If you believe that we have charged you incorrectly, it will help if you are able to show why you believe this.*
  - *We will acknowledge your enquiry within seven days and deal with all cases as quickly as possible.*
  - *We will explain how we will handle your enquiry and explain our complaints procedure. We will consider each case separately.*
  - *We will explain how we worked out your charges. We will share our calculations with you, and your advisers if you ask us to.*
  - *If you ask us to, we will provide details of charges, interest or cleared balances to help you check your charges. We will tell you if there is a charge for this service.*
  - *We will actively try to settle your query.*
  - *If we agree that you are entitled to a refund, we will pay this straight into your account, unless you ask us to pay it in another way.*
  - *If you use an agency to help you to work out your charges, we may not pay that agency's fees.*

These provisions are included to make it transparent to customers how they should approach the bank if they wish to query their charges, and how their request will be handled. This is in response to public concern that the process is not clear and often becomes protracted.

If necessary, full details of charges and interest, and details of cleared balances, should be provided to help with the accurate calculation of interest. There is no requirement to provide a breakdown of the merchant services charge, although the charge itself should be clear.

If there is a charge for providing any of this information this should be made clear to the customer at the time that they request the information.

The sixth bullet point is intended to demonstrate that subscribers will explore reasonable and proportionate means to reach a conclusion as quickly as possible including, for example, the use of mediation, if appropriate.

The final point is added at the request of the Banking Ombudsman, to warn customers that by using an external agency, they may lose a substantial portion of any refund in fees.

### **Cash machine charges**

5.10 We will give you details of any charges we make for using **cash machines** when we issue the **card**.

Customers should be told, both when they open their account and every time a card is re-issued, whether and what charges are made for ATM withdrawals, including the basis on which charges for withdrawals at ATMs abroad will be made.

5.11 *You will not be charged more than once for using one of our **cash machines**, although we may agree with you a separate **cash-handling fee** for all cash transactions as part of your **standard account services**.*

5.12 *When you use a **cash card** at one of our **cash machines**, a message on the screen will tell you, before you commit to make a withdrawal, the amount (if any) you will be charged for the transaction and who is making the charge. This message will not include the separate **cash-handling fee**.*

5.13 *When you use a **card** other than a **cash card** at one of our **cash machines**, a message on the screen will tell you, before you commit to make a withdrawal, the amount (if any) we will charge you for the transaction. The message will also tell you that your **card** issuer may charge you for the transaction.*

5.14 *We will show **cash machine** charges on your statement of account.*

5.15 *If we have agreed a separate **cash-handling fee** as part of your **standard account services**, this will not be displayed on-screen, but we will give you details whenever you ask us and either:*

- *on the pre-notification notice; or*
- *on your statement.*

These provisions are directed both at customers of the subscriber and others who may choose to use the subscriber's cash machines (if any). Customers must be given full details of all charges to be debited from their account on-screen before they commit to make a withdrawal using a cash card (as defined in the Code glossary – only LINK machines have the requisite functionality to display these charges). Credit cards and charge cards are covered by paragraph 5.13.

In the case of cash cards, this means that details of the charges levied by either the ATM owner (the ATM acquirer) or the card issuer must be displayed so that there is full transparency of charging. “Who” is wide enough to mean either the issuer or the acquirer. The ATM owner cannot, however, be liable for displaying an incorrect charge if it was the result of incorrect information provided by the card issuer. In such cases, the provider of the incorrect information would be in breach of the Code (if a Code subscriber), not the ATM owner. However, the customer must not be charged twice for the same transaction.

Some issuers may wish to absorb the surcharge imposed by the acquirer so that the customer is not charged for the withdrawal.

In the case of credit and charge cards, the same principle - that there should be no double charging - applies. ‘Charges’, in respect of such cards, include any cash handling charge, as well as any ATM-specific charge. The customer should be warned by an on-screen message that the card issuer may make a cash handling charge.

The charge, whether levied by the issuer or the acquirer, should be separately identifiable on the statement. It is for subscribers to decide whether to show a separate debit for the ATM charge, or to include an appropriate message with the cash debit figure. Either is acceptable, provided that the charge is clearly and separately identifiable. In relation to withdrawals made at ATMs abroad, the detail on the statement should show how the final debit figure has been arrived at from the amount of foreign currency withdrawn, for example, by including details of the exchange rate used and/or any charges applied.

It may not be possible for card issuers to separate out a foreign acquirer’s charge from the information received, as it may be included in the exchange rate. However, the rate used or the currency amount should be shown, together with any cash-handling fee taken by the issuer. The “no double charging” provision applies only when subscriber-issued cards are used in the UK.

The charges referred to in this section are those that relate solely to the use of the ATM, at the time it was used. The section does not cover account transaction charges that become payable at a later date: for example, because an account which was in credit at the time of the transaction subsequently becomes overdrawn or because the number of free withdrawals allowed had been exceeded.

Neither do the charges referred to in this section relate to those for cash withdrawals as part of a business customer’s standard account services that is, they relate only to that aspect of the cash withdrawal which involves use of the ATM – see definition of the **cash handling fee**.

## **6. TERMS AND CONDITIONS**

- 6.1 *When you become a customer or accept a product for the first time, we will give you the relevant terms and conditions for the service you have asked us to provide.*
- 6.2 *All written terms and conditions will be fair and will set out your rights and responsibilities clearly and in plain language. We will only use legal or technical language where necessary.*

Section 6 refers to standard Terms and Conditions, ie those which customers are not able to negotiate.

It is important that customers receive Terms and Conditions before they are committed to accepting a new product and that they are encouraged to read them. All Terms and Conditions should be written in clear and intelligible language, and be fair in substance. This reflects the requirements of the Key Commitments and interpretation should be consistent with similar provisions in the (personal) Banking Code.

### ***Changes to Terms and Conditions***

- 6.3 *When you become a customer, we will tell you how we will let you know about changes to terms and conditions.*

“When” customers have to be notified of changes is set out in the following paragraphs. Customers should be told “how” they will be notified when they become a customer. Only where any change is to the customer’s disadvantage does the change have to be notified direct. Therefore, subscribers should tell customers “how” they will be notified of other changes, for example, by press advertisements, branch notices, information on the website etc. The method chosen should be appropriate for the distribution channel. So, for example, a branch notice would not be appropriate to advertise changes in the terms of an internet-only account. Subscribers should remember that, generally, a contract may not be varied unilaterally unless there is a provision in the contract allowing such a variation.

- 6.4 *If the change is to your advantage, we may make the change immediately and tell you about it within thirty days.*

The method of notification used should be that explained to customers under section 6.3 above. An example of a beneficial change would be one to introduce an unlimited number of free withdrawals into a savings account when previously such withdrawals had been restricted.

- 6.5 *If the change is neither to your advantage nor disadvantage, we will always give you at least thirty days’ notice before making the change.*

Again, notification should be by way of the method previously explained to customers under section 6.3 above. An example of a neutral change could be where the institution changed its name, or where there was a consolidation of Terms and Conditions, without any actual changes, except for ordering and the language used.

Subscribers should be prepared to justify why they believe a change is either to the customer's benefit, or has a neutral effect. Discretion should be applied regarding insignificant changes, such as spelling errors etc, for which there is no requirement to notify customers.

6.6 *If the change is to your disadvantage, we will contact you direct at least thirty days before we make the change. At any time up to sixty days from the date of the notice you may, without notice, switch your account or close it without having to pay any extra charges or interest for doing this.*

If Terms and Conditions are changed to the customer's detriment, for example, if the access provisions on a deposit account were reduced, customers must be given at least 30 days' direct notice, for example, by letter, e-mail etc, before the change takes effect. At any time during that 30 days, and for a period of 30 days after the change takes effect, the customer must be free to switch accounts without having to give any notice. Customers should be free to switch accounts without any financial penalty.

Subscribers should also bear in mind the timing of interest rate changes when considering changing Terms and Conditions. For example, if interest rates on a deposit account were reduced radically at the same time as a seemingly beneficial change in Terms and Conditions (for example, changing a 120 day notice account to a 60 day one and halving the interest rate), subscribers could be accused of a lack of transparency as no personal notification of the terms and conditions change or interest rate change would be required. Therefore, timing is an important consideration.

The provision is varied for merchant services, as the nature of the business requires merchants to give notice to cancel an agreement under certain circumstances.

6.7 *If we have made a major change or a lot of minor changes in any one year, we will give you a copy of the new terms and conditions or a summary of the changes.*

It is for each subscriber to determine their own definition of what constitutes a '*major change or a lot of minor changes*', based on what the average customer could expect to receive, bearing in mind that it must stand up to the objective scrutiny of the BCSB. If revised Terms and Conditions have been sent for each change then a further copy is not required. If a summary is provided, it should contain the precise new wording of the changed Terms and Conditions. A revised Terms and Conditions document should always show the date they are issued or become effective.

6.8 *If we provide you with **merchant services**, we may make changes without letting you know beforehand. We will only do this in exceptional circumstances, for example, where we suspect fraud.*

Exceptional circumstances are likely to include measures designed to prevent fraud, for example, the immediate alteration of floor limits.

## 7. **CHANGING YOUR ACCOUNT**

### ***Moving your account***

7.1 *If you decide to move your account to another bank, we will give your new bank information on your standing orders and direct debits within five working days of receiving your request to do this.*

*We will co-operate with your new bank and aim to make sure that your new account is up and running within five weeks (unless you are borrowing from us). If you are borrowing from us, we will agree with you and your new bank the date when your new account will be ready for use.*

*If you ask us to, we will provide details of your credit history with us to your new bank.*

This is largely self-explanatory and is aimed primarily at current accounts and the difficulties experienced by customers in moving direct debits, standing orders etc. Information about standing orders, direct debits and other regular payments should be given, on request, to the customer or to the institution where they are opening their new account.

There is no implication that the old bank will assume responsibility from the new bank for ensuring that the new account is operational within the five week period. The responsibility of the old bank is to be diligent in co-operating with requests for information and in extending the same high levels of service to the customer.

Where a customer is borrowing from the existing bank, transfer of arrangements to the new bank may be complicated by the release of security and completion of new security arrangements with the customer's new bank. Under these circumstances the existing bank should indicate the steps it will take to effect the transfer. Similarly the new bank should also advise on what the process involves and how long it expects to take to complete the inward transfer.

If it is the subscriber's current practice, when transferring an account, to give a cheque for the balance of the account to the customer, this may continue.

This section does not apply to credit card accounts, as credit cards are simple to move and it is impossible for a credit card provider to give details of regular payments (ie continuous payment authorities), as these are set up by customers with the beneficiary/originator.

The existing bank should be able to provide details of the customer's recent credit history to the customer or their new bank, at the customer's request. There is no prescribed format for this credit history and much of the relevant information will be available from statements and loan agreements. Typically, details may be provided on current and historic credit agreements, relevant dates, amounts and arrears. The customer's agreement must be obtained before release of any data to third parties.

### ***Closing your account or merchant agreement***

7.2 *Unless there are exceptional circumstances, such as suspected fraud, we will not close your account or end your **merchant agreement** without giving you at least thirty days' notice.*

This is self-explanatory. A further example of exceptional circumstances (in addition to suspected fraud) would be where the customer was threatening or abusive towards staff. A common-sense approach should be taken in relation to dormant accounts.

## **8. ADVERTISING AND MARKETING**

8.1 *We will make sure that all advertising and promotional material is clear, fair, reasonable and not misleading.*

This is self-explanatory. Subscribers should also ensure that they comply, as appropriate, with the British Codes of Advertising and Sales Promotion, the ITC Code of Practice and the Radio Authority Code of Practice and, of course, relevant legislation such as the Consumer Credit Act 1974.

8.2 *We will take care when sending marketing material to you, particularly if it relates to loans or overdrafts, or if you are under 18.*

This provision discourages casual and random use of marketing approaches and restates the importance of proper controls.

8.3 *Unless you specifically give your consent or ask us to, we will not pass your name and address to any company, including other companies in our group, for marketing purposes. We will not ask you to give your permission in return for **standard account services**.*

This provision restates, in a marketing context, the basic duty of confidentiality that banks and building societies owe to their customers (see section 13 below). It means that a subscriber needs to have a customer's positive consent before passing information across the group, or to companies outside the group, for marketing purposes. The scope of the Code is broader than the Data Protection Act in that it applies to all businesses.

It is up to subscribers to determine how to capture this consent, for example, by way of a clear and unambiguous clause above a signature box on an application form, or a positive "click" on an internet application, or a positive reply to a specific question on the telephone. Any of these methods is acceptable. Subscribers should also be aware of the Information Commissioner's Guidance for Direct Marketers and telecoms licensing requirements.

The provision of standard account services (defined in the glossary) should not be conditional upon the customer giving an express consent.

8.4 *We may tell you about another company's services or products, and if you say you are interested, that company may contact you directly.*

This permits "host mailing". No confidential information about the customer will be passed to the other company – if the customer is interested in the other company's products or services and they respond, then they are themselves releasing confidential information. For example, a subscriber may have a subsidiary, which offers general insurance products. The subscriber could send their customer details of those products. It is only if the customer chooses to respond positively that the subsidiary will learn any details about the customer, or even that the particular customer has been sent the information in the first place.

8.5 *When you become a customer, we will give you the opportunity to say that you do not want to receive marketing approaches from us. At least once every three years, we will remind you that you can ask us not to contact you for marketing purposes.*

Account opening forms, whether paper or internet based, or questions over the telephone, or other "welcome pack" information, should contain a section or question to allow customers to signify that they do not wish to receive "marketing approaches" (for example, literature through the post or telephone calls – the types of approaches could be listed so that the customer can object to some rather than all). This provision does not require an express consent to send the information, but simply that the customer be given a clear opportunity to opt-out from receiving it. Subscribers should, however, be aware (in the case of direct marketing telephone calls) of the Information Commissioner's Guidance in relation to the Telecommunications (Data Protection & Privacy)(Direct Marketing) Regulations 1998.

It will not be sufficient for terms and conditions to state that customers can opt-out by writing to a particular address; however, provided it was clear and unambiguous, a notification could be included in, for example, an account opening pack. In addition, existing customers have to be reminded, at least once every three years, that they can opt-out from receiving this information. This reminder could be by letter, e-mail, telephone or other method, provided it is sent directly to each customer and is clear. Whatever notification method is chosen, subscribers should ensure that they are familiar with the various pieces of guidance issued by the Information Commissioner under the auspices of the Data Protection Act 1998.

"Marketing approaches" means information designed to sell **additional** services and products. This means that if there is a clear intention to sell a product or service which the customer does not already have, it will be caught by this provision, however it is sent, whether by statement insert, e-mail or whatever. However, the provision of information such as product improvements or administrative details, such as new branch or telephone helpline opening hours, are excluded from this provision.

Subscribers should consider carefully whether the purpose of a customer communication is operational or promotional. Where "combined" messages are used, a non-promotional version may be needed for customers who have opted out from receiving marketing material.

The 3 year notice can also be covered by subscribers adopting a more frequent approach, for example, on all statements and/or marketing material.

8.6 *We will not insist that you buy insurance products from us before we will agree to providing a lending product.*

This provision prohibits the bundling of insurance products with lending products in such a way that the customer is forced to buy an insurance product from the lending bank. It is still permissible for a bank to insist that insurance cover is provided in support of the customer's borrowing. However, it should be made clear that the customer is free to obtain a relevant product from their own preferred source. The lending bank's terms for accepting such insurance should not be so disproportionately onerous that the bank's own insurance products appear more attractive.

## **9. RUNNING YOUR ACCOUNT**

### ***Statements***

*To help you manage your account and check entries on it, we will give you regular account statements unless this is not appropriate for the type of account you have (such as an account where you have a passbook).*

9.2 *If we provide you with **merchant services**, we will give you statements for all transactions if you have used your account.*

9.3 *We will normally provide you with a statement every month, every three months or, in any case, at least once a year. You can ask us to provide you with account statements more often than is normally available on your type of account, but there may be a charge for this additional service.*

Statements should continue to be sent even when the account is inactive unless previous statements had been returned. Although customers may ask for more frequent statements, there is no requirement for subscribers to provide such a service and, if they do, a charge may be made.

In the case of merchant services, statements only need to be provided where transactions have actually taken place during the preceding period. The code is not prescriptive on the content of statements for merchant services, but the information given should be sufficient to enable customers to reconcile transactions which they have undertaken.

This provision applies to all accounts, however provided, unless clearly inappropriate. For example, in the case of internet based accounts, customers could be e-mailed regularly to remind them to check their statement of account on-line, and encouraged to save it or print it off. If statements are only available on-line, customers should be told how long they will remain on-line for.

It is also inappropriate for customers with fixed rate, fixed term loans to be sent a statement, although those with variable loans should be sent one. It is also up to the subscriber what form the "statement" takes – it does not necessarily have to be in traditional statement form but could take the form of a letter, for example.

In the case of credit [and charge] cards, it is common practice not to send a monthly statement if the card has not been used. This is acceptable under the Code, although an annual statement at least is desirable to remind the customer of the existence of the account and the credit limit and is required under Section 78 of the Consumer Credit Act 1974.

*9.4 If you have a **card** which allows you to withdraw money from your account, we will provide you with account statements at least every three months if the **card** has been used.*

This provision was added to answer concerns that it was unreasonable for customers with cards on their accounts to wait a year before receiving a statement, if the card had been used. It would make it more difficult to pick up fraudulent transactions on the account. Therefore, if the account is accessible by card, and the card has been used, statements should be sent at least quarterly. This requirement applies to passbook accounts with cards from 31 December 2001. Therefore, on such accounts, customers must be sent a statement by 31 March 2002.

*9.5 We recommend that you check your statement or passbook regularly. If there is an entry which seems to be wrong, you should tell us as soon as possible so that we can sort it out. (See also 5.8.)*

This provision draws customers' attention to the importance of checking their statements and passbooks since, in general, the longer the delay between their notifying the bank or building society of a disputed entry, the more difficult it will be to resolve.

### **Cheques**

*9.6 We will keep original cheques paid from your account or copies for at least six years unless we have already returned these to you.*

The provisions on cheques were added to the Code in 1997 at the specific request of HM Treasury to smooth the passage for cheque truncation and apply only to cheques drawn on the customer's own account. This section does not apply to cheques that are not cleared through the customer's own account when finally presented i.e. managers' payments or branch cheques or drafts, building society cheques etc which are "bought" by customers, drawn on the bank or building society itself. Subscribers should also bear in mind the Limitations Act 1980.

*9.7 If, within a reasonable period after the entry has been made on your statement, there is a dispute with us about a cheque paid from your account, we will give you the cheque or a copy as evidence. If there is an unreasonable delay after you have told us about it, we will add the amount of the cheque to your account until we have sorted the matter out.*

Again, this paragraph refers only to cheques issued on customers' own accounts. A common-sense approach should be taken in regard to what constitutes a 'reasonable period' and an 'unreasonable delay' and, to an extent, the latter is a function of the former. For example, if the cheque requested was 5 months old rather than 5 days, it would take longer to locate.

Similarly, it would likely take longer to respond to a request for ten cheques than a request for one. A copy cheque can be a digital image print.

The dispute referred to is a dispute between the customer and the subscriber, **not** a third party. Therefore, if a customer requests a copy of a cheque to act as a receipt, for example, this provision does not apply. In such cases and in the interests of good customer relations, a subscriber would no doubt wish to accede to the customer's request (and, of course, a charge could be made). But, in such circumstances, there would be no requirement to re-credit the account if there was an unreasonable delay in finding the cheque.

*9.8 If we already return your paid cheques or copies to you, we will continue to do this, and we will tell you our charges for this service.*

This provision will apply only to a small minority of customers. A number of current account providers offer a service to return customers' cheques to them after they have been paid. This provision does not require the service to be offered to customers who do not already take advantage of it and equally it does not prevent a bank negotiating with a customer for withdrawal of the service – although it must not be done unilaterally by the bank. If the charge for providing this service increases, subscribers should give 30 days' notice in accordance with section 5.4 of the Code.

*9.9 If we need to tell you that a cheque you have written or another item has been returned unpaid, we will do this either by letter or in another private and confidential way.*

The overriding duty of confidentiality is covered elsewhere in the Code, so this provision is simply a restatement. Therefore, unless the customer has specifically requested it, details about bounced cheques etc should not be sent, for example, by fax, where the subscriber cannot be sure that someone other than the customer may pick up the information.

This provision does not require customers to be sent a letter or be otherwise informed every time a cheque is returned unpaid; merely that if notification is sent, it is sent by private and confidential means. This would normally be to the customer's mailing address.

### ***Payments into your account***

*9.10 For items you pay into your account we will tell you when we will credit your account for interest purposes and when you can withdraw funds paid into your account. (See also 3.2).*

*Where we provide you with **merchant services** we will tell you when you will receive credit for **card** payments and the circumstances when **chargeback** may apply.*

The bank's policy regarding clearance for fate and interest purposes should be transparent for the customer. This should be made clear in the bank's terms and conditions for operating the account and merchant agreement, if applicable. It is not intended that customers will be advised on every occasion that they pay into their account.

Typical circumstances under which a card payment may be charged back to the merchant should be made clear at the time that the account is opened and periodically thereafter. This will help to address concerns which have been expressed by FOS and business representative organisations that the chargeback process should be made as transparent as possible.

## **10. CARDS AND PINS**

This section applies to cash cards and other cards, as defined in the Code glossary. Some subscribers may offer customers cards, which are actually issued on their behalf by another institution. As far as the customer is concerned, however, the card comes from their bank or building society and is badged and branded as such. In such cases, therefore, subscribers should ensure that their card issuer complies with the provisions of this Code (see guidance in relation to Key Commitments (2)).

*10.1 We will only send you, and other **authorised users**, a **card** if you ask for one or to replace a **card** you already have.*

This prohibits the unsolicited mailing of cards. It does not include “electronic purses” so, if they ever become a widely used product, this section would not prevent the sending of test or sample cards for marketing purposes. Be aware also of section 51 of the Consumer Credit Act 1974 which prohibits the mailing of unsolicited cards.

The provision applies equally to ‘authorised users’ other than the business owner, who may have their own cards as part of a multiple business-card product.

*10.2 We will give you your **PIN** (personal identification number) separately from your **card**. We will not reveal your **PIN** to anyone else.*

This is self-explanatory and is necessary for security reasons.

### **Choosing your own PIN**

*10.3 We will tell you about our systems to allow you to choose your own **PIN**. This should make it easier for you to remember. You should choose your **PIN** carefully.*

*10.4 You can choose not to be issued with a **PIN**.*

All subscribers should have arrangements in place to allow customers to choose or change their PINs. This is normally by way of ATMs, including reciprocal arrangements with ATM owners, but could be by any other secure method.

In offering this facility, subscribers may wish to block certain combinations of numbers, for example “1234”, and encourage customers not to pick, for example, their birthday or another number which could be easily guessed or found out. This provision means that there will be no need for customers to write their PINs down, even in a disguised way. (For the avoidance of doubt, PIN relates only to cards). Subscribers should ensure that they notify customers that they can choose their own PIN, for example, in account opening welcome packs, on card carriers or on PIN notifications etc.

Customers can also ask not to be issued with a PIN. For example, many customers choose not to have a PIN with a credit card. However, with the expected advent of chip cards to replace magnetic stripe cards and the move to PINs at point-of-sale, in due course customers will have to be made aware that they may not be able to use some of the functions of their card without a PIN.

## **11. FINANCIAL ASSESSMENT AND SECURITY**

### ***Financial assessment***

*11.1 Before we lend you any money, we will assess whether we feel you will be able to repay it. Before we provide you with **merchant services**, we will assess whether we are able to meet your card-processing needs. This assessment will probably include looking at the following.*

- *Information you give us, including information to prove your identity and why you want to borrow the money or use **merchant services**.*
- *Your business plan and accounts.*
- *Your business's cashflow, profitability and existing financial commitments.*
- *Any personal financial commitments which may affect the business.*
- *How you have handled your finances in the past.*
- *Information we get from **credit reference agencies** and, with your permission, others, such as other lenders, and your landlord.*
- *Credit assessment techniques, such as **credit scoring**.*
- *Any **security** provided.*

There is no obligation to take all or any of these areas into account when making a lending decision, except an assessment of the customer's ability to repay, something which is, of course, central to any decision to lend. The use of the word 'probably' reflects that this information covers the broad range of information that a bank might wish to see, but that not every measure will be needed in every case and, of course, assessment may include areas not listed. Subscribers should also ensure that they are familiar with and apply the BBA Statement of Principles, the requirements of the credit industry's Guide to Credit Scoring and the explanations that need to be given to customers if credit scoring is used, and also the Information Commissioner's Guidance Notes on Credit Referencing.

*If we are not able to help you, we will explain why, if you ask us to.*

This provision has been included at the request of small-business representative organisations, whose members have indicated that they are not always made aware of why their application has been declined. By providing this information customers will be in a better position to reformulate the application. Clearly there will be occasions where discretion is required, for example where fraud is suspected.

*11.1.1 Before you accept the **facility** we will agree with you what sort of monitoring information we will need and how often you should provide it.*

11.1.2 *We will write to you, setting out our agreement for our and your benefit, and to avoid the possibility of misunderstandings in the future. What is appropriate will vary from case to case and we will make our needs clear.*

*Here are some examples of what information we might need.*

- *A comparison of the forecasts in your business plan with actual results.*
- *Progress on important parts of your business plan such as renewing contracts.*
- *Revised cashflow forecasts.*
- *Major capital spending proposals.*
- *Annual accounts and management accounts.*
- *Details of how much you owe to creditors, and you are owed by debtors, and for how long.*
- *Proof that you are meeting any special terms agreed between us.*

*If your circumstances change, we will discuss any new information we will need from you.*

This section mirrors Principle 1.4 of the BBA Statement of Principles. It should be clear to customers at the outset of the lender/borrower relationship exactly what type of monitoring information the bank requires. Customers should be made aware of how this information is to be used and if the information is to be used to monitor financial covenants, these covenants should form part of the written facility agreement.

11.1.3 *We will recommend that you get independent advice before accepting the **facility**.*

This section follows Principle 1.2 of the BBA Statement of Principles. Independent advice can help the customer make an informed choice about the facility and to understand potential consequences in the event that things go wrong. The Code is not stipulating that customers must obtain independent advice before accepting the facility, nor that this should be legal advice.

## ***Security***

11.2 *If we ask you for **security** to support your borrowing or other liabilities, we will tell you why we need this **security** and we will confirm what we need in writing. We will make sure that any documents are easy to understand by avoiding technical language whenever possible. We will make sure that you have the opportunity to discuss with us anything you are not sure about.*

*You should read the documents carefully and feel free to ask us questions and get independent advice, particularly if you are not sure about your liability. By law, you and we must keep to the responsibilities set out in the documents, and you should only sign them if you understand what you are doing.*

*If you ask us, we will tell you under what circumstances we will agree to release the **security**.*

It should not be taken as read that customers understand why security is required, thus not only should the bank confirm the nature of the security required, but also provide a clear explanation of why the security makes the proposition feasible. There is no requirement to advise customers at the outset of the conditions under which security will be released, however if a customer requests this information it should be made clear that the security will be released once the facility is repaid – unless contrary instructions are received from the customer ie security should not be retained beyond the life of the borrowing without the customer’s express agreement.

### ***Guarantees and other security from another person***

*11.3 We may agree to accept **security** provided by another person to support your business’s liabilities. If you want us to accept a **guarantee** or other **security** from another person for your liabilities, we may ask you for your permission to give confidential information about your finances to the person giving the **guarantee** or other **security**, or to their legal adviser.*

*If the **guarantee** or other **security** is provided by an individual rather than a business, we will also:*

- recommend that the person providing the guarantee takes independent legal advice to make sure that they understand their commitment and the possible consequences of their decision (where appropriate, the documents we ask them to sign will contain this recommendation as a clear and obvious notice);*
- tell them that by giving the **guarantee** or other **security** they may become liable instead of, or as well as, you; and*
- tell them what their liability will be.*

*We will not take an unlimited **guarantee** from individuals, other than to support your liabilities under a **merchant agreement**. We will accept unlimited **guarantees** from companies.*

This provision was included at the suggestion of the Banking Ombudsman who was keen that regular financial information about the person on whose behalf a guarantee or other security is given should always be made available to the guarantor or granters of third party security (‘granters’), so that they would be able to assess the likelihood of being called upon to pay. The Code allows this so long as permission is given and confidence is not breached. If the guarantor or granter requests confidential financial information, for example details of balances, copy statements etc, the customer’s consent should first be obtained (as required by section 13).

It is important that guarantors or granters (including directors providing guarantees in support of their limited companies) receive independent legal advice to help them understand the full nature of their commitment and the potential implications of their decision. Subscribers should encourage, as far as possible, potential guarantors or granters to take independent advice. Subscribers may wish to go further than what is covered in this section and actually get a potential guarantor or granter who refuses to take legal advice to sign a

declaration to that effect. In any case, the recommendation to take independent legal advice and the potential consequences of their decision should be stated clearly on all appropriate documents that the guarantor or granter is asked to sign.

In relation to guarantees, subscribers must also inform guarantors or granters that, by giving the guarantee or other third party security, they may have to pay instead of or as well as the customer. Subscribers must also tell the guarantor what the limit of their liability is and must not take an unlimited guarantee from individuals. This is to ensure that the guarantor does not become liable for a further commitment that he does not know about without a further guarantee being taken.

As far as merchant services are concerned, whilst the Code currently permits unlimited guarantees from individuals, it is preferable for such guarantees to be limited. Where an unlimited guarantee is requested, subscribers must explain why such security is required.

However, other forms of unlimited third party security may still be taken, provided that the limit of the granter's liability is explained in a side letter. This is to avoid the need for the expense and inconvenience to customers in taking fresh security each time a facility changes. "Unlimited" applies to the capital amount of the loan and excludes interest, charges and arrears etc. An explanation of this should be covered in the guarantee or other security documents that the guarantor is asked to sign.

In the case of limited companies, which are part of a group structure, subscribers may continue to take unlimited guarantees from the constituent companies in support of borrowing by other companies in the group.

## **12. FOREIGN EXCHANGE AND INTERNATIONAL PAYMENT SERVICES**

*12.1 We will give you an explanation of the service, details of the exchange rate and an explanation of the charges which apply to foreign exchange transactions which you are about to make. If this is not possible, we will tell you how these will be worked out.*

Foreign exchange services should be explained to customers who are about to use them. Obviously, if the customer has used the service before or is familiar with it, the explanation does not have to be given again. This paragraph also recognises that it will not always be possible to give a customer an exact cost as, for example, the proceeds of a foreign cheque sent for collection may be dependent on the exchange rate at some point in the future. Where this is the case, customers should instead be told how the eventual charge will be worked out.

*12.2 If you want to transfer money abroad, we will tell you how to do this and will give you:*

- a description of the services and how to use them;*
- details of when the money you have sent abroad should get there and the reasons for possible delays;*
- the exchange rate applied when converting to the foreign currency; and*
- details of any commission or charges which you will have to pay.*

*We will ask whether you want the person receiving the money to pay any costs.*

The provisions relating to international payments reflect the requirements of the Cross-Border Credit Transfer Regulations 1999. Although the regulations apply only to transfers made within EEA countries, the Code provisions apply to all transfers, whatever country is involved. Subscribers should refer to the APACS implementation guidelines for further details. However, the provisions of the Code recognise the difficulties inherent in making cross-border payments, especially where a number of agent banks may be involved in the transfer. Customers should, therefore, be given such reasons if there is likely to be a delay and also a warning if additional charges may have to be paid by the recipient of the payment. The exchange rate applied also has to be given – this does not necessarily have to be a specific figure but, if the transaction is carried out on behalf of the subscriber by another institution (for example, a building society may use its bank), the customer should be told the basis of the rate used (ie the rate on a specific day offered by a specific institution).

*12.3 If money is transferred to your bank account from abroad, we will tell you the original amount we have received and any charges. If the sender has agreed to pay all the charges, we will not deduct charges when we pay the money into your account.*

Again, this provision reflects the requirements of the Regulations. This provision refers to payments received directly into an account from abroad. Customers should be told what the original amount received was and the charges deducted by the subscriber, unless the sender of the funds had agreed to pay all charges in which case the customer's account must not be debited with further charges.

Customers should also, when paying in foreign cheques, be told what happens, for example, whether their cheque is to be negotiated or collected, an estimate of the costs involved and, where appropriate, how long it might take the cheque to clear. If the cheque is paid in by post, this explanation should accompany the acknowledgement or receipt. A receipt does not have to be provided.

### **13. CONFIDENTIALITY**

*13.1 We will treat all your personal and business information as private and confidential (even when you are no longer a customer). We will not reveal your name and address or details about your accounts to anyone, including other companies in our group, other than in the following four exceptional cases when we are allowed to do this by law.*

- *If we have to give the information by law.*
- *If there is a duty to the public to reveal the information.*
- *Where it is in our interests to give the information, for example, where we suspect fraud.*

*But we will not use this as a reason for giving information about you or your accounts (including your name and address) to anyone else including other companies in our group for marketing purposes.*

- *If you ask us to reveal the information, or if we have your permission. (See also 8.3.)*

This paragraph reflects the overriding duty of confidentiality that banks and building societies owe to their customers (*Tournier v National Provincial and Union Bank of England (1924) 1KB 461*). A subscriber is not permitted to pass information about a customer's accounts or their names and addresses to anyone (which includes other companies in the group) without the customer's consent (telling the customer), except in the cases stated in the Code. Consent, as a result of the Data Protection Act 1998, should be "explicit" if the data is sensitive ("sensitive" data includes racial or ethnic origin, medical history, criminal convictions etc). Otherwise, consent can be implied, but it must be clear. This paragraph does not prejudice the duty of banks to disclose information under money laundering legislation.

In the case of searches with credit reference agencies or other sources of credit information, customers should be told that searches will be undertaken, based on the information provided – such information may relate to the business and to partners' and directors' personal capacities. This may take the form of a clause in an application form, stating that a search will be undertaken – ie consent is implied. It is permissible for a designated agent inside a partnership or limited company to provide this information to the lender.

This section goes further than the Data Protection Act in that it applies the duty of confidentiality to all customers, including limited companies and to all classes of information concerning a customer's account.

The additional section under the third bullet point is intended to make it clear that the third exception is designed to protect an institution's legitimate interests, where there is potential loss or damage to the institution. The provision does not extend to the transfer of information for marketing purposes unless, of course, the customer has requested or consented to such disclosure (see section 8). Subscribers should take their own legal advice before relying on any of these exceptions in the absence of the customer's consent.

### ***Credit reference agencies***

13.2 *We may give information about the debts you owe us to **credit reference agencies** if:*

- *you have fallen behind with your payments;*
- *the amount owed is not in dispute; and*
- *you have not made proposals we are satisfied with for repaying your debt, following our formal demand.*

13.3 *In these cases, we will give you at least 28 days' notice that we plan to give information about the debts you owe us to **credit reference agencies**. At the same time, we will explain to you the role of **credit reference agencies** and the effect the information they provide can have on your ability to get credit.*

This section refers to the disclosure of default information, and when it can be relayed to credit reference agencies. It is common practice for banks and building societies to obtain the customer's consent to such disclosure before a loan is made, usually by way of a declaration on an application form and, in the past, the first paragraph of this section and the bullet points were intended to apply only to situations where this consent had not been received.

However, 13.3 reflects the higher standards now expected of banks and building societies. Whether or not up-front consent is held, disclosure of adverse data can be made but, in all cases, the customer must be given a further notice of the intention to disclose the information at least 28 days before the disclosure is made, for example, when a notice of default or formal demand is given. At the same time, customers must be given an explanation about how default information registered against them may affect their ability to obtain credit in the future. This notice will mean that customers have 28 days to try to repay or come to some arrangement with the subscriber before default information is passed to the credit reference agencies.

Refer also to the Information Commissioner's Guidance on Credit Referencing and Defaults.

13.4 *We will not give any other information about you to **credit reference agencies** unless we have your permission.*

This section refers to non-default information – commonly known as “white” or “grey” data. This simply restates the legal position, that any other disclosure to credit reference agencies can be made only with the customer's consent, usually by way of a declaration on an application form. The Data Protection Commissioner accepts that such permission may be made a condition of borrowing. See also the Data Protection Commissioner's Guidance on

the Data Protection Act 1998 which requires, in the absence of consent, one of eleven other conditions to be met. Subscribers should bear in mind also that “sensitive” information defined in the 1998 Act requires explicit (not defined in the Act but not necessarily written) consent. The “permission” can be covered in terms and conditions, account opening pack, or obtained at the time the disclosure is made etc.

### ***Data protection***

*13.5 We will explain to you that, under the Data Protection Act, you have the right to see certain personal records we hold about you, including personal records connected with your business. (The Data Protection Act covers information about individuals, but not limited companies or limited liability partnerships).*

Subscribers need to explain to customers their right of access to their personal information, including the fee (whether the specific fee or the fact that a fee may be payable and where the customer can find out, given that it might change), under the Data Protection Act 1998. A notification may be made, for example, on an application form, on the internet or in product literature, including terms and conditions. The customer needs to be told only once.

The same rights of access apply to individuals working in any type of business in respect of any personal information held within a bank’s records for the business. This does not mean that the individual is entitled to all the information on the business, only that which refers to them personally.

*13.6 We will tell you if we record your telephone conversations with us.*

The recording of telephone conversations could be notified to customers in product literature, terms and conditions, at the start of a call or in some other way. It is up to each subscriber, but subscribers should be aware of the Explanatory Guide and Addendum to the Self-Provision Licence and the Telecommunications Service Licence which require that, if banks and building societies wish to record calls, every reasonable effort should be made to inform all parties to the call.

### ***Status enquiries***

*13.7 If we are asked to respond to a **status enquiry** about you, we will make sure we have your written permission before we give it.*

This provision is largely self-explanatory.

Subscribers should also explain to customers, when asked, how a status enquiry works, reflecting the key commitment which states that subscribers should give customers information and explain if there is any aspect which they do not understand. For example, subscribers may wish to explain to customers requesting a status enquiry the limitations of the reliance which can be placed on such references.

## 14. PROTECTING YOUR ACCOUNTS

### Taking care

- 14.1 *The care of your cheques, passbook, **cards, electronic purse, PINs, password** and **other security information** is essential to help prevent fraud and protect your accounts. Please make sure that you follow the advice given below.*
- *Do not keep your cheque book and cards together.*
  - *Do not allow anyone else to use your card, PIN, password or other security information.*
  - *Always learn your PIN, password and other security information as soon as you receive them and then destroy the notification.*
  - *Never write down or record your PIN, password or other security information.*
  - *Always take reasonable steps to keep your card safe and your PIN, password and other security information secret at all times.*

The objective of this provision is to encourage customers to take proper care of their cheque books, passbooks, PINs, cards and other security information (for example, numbers, passwords and personal details that may be used to access telephone or internet accounts). The advice listed in the bullet points represents the most important security requirements and has been highlighted as customer responsibilities.

- 14.2 *If you send a cheque through the post, it will help to prevent fraud if you clearly write the name of the person you are paying the cheque to and put extra information about them on the cheque. For example:*
- *if you are paying a cheque to a large organisation such as the Inland Revenue, write on the cheque the name of the account you want the cheque paid into and the reference number if you have one (Inland Revenue, account – J Jones, reference: xxyyzz); and*
  - *if you are paying a cheque into a bank or building society account, always write on the cheque the name of the account holder (XYZ Bank, account B Brown).*

This provision is designed to prevent, as far as possible, cheques intercepted in the post from being fraudulently cashed by third parties. The more details about the true payee put on the cheque, the less likely it is that it can be tampered with and used fraudulently.

- 14.3 *It is essential that you tell us as soon as you can if you suspect or discover that:*
- *your cheque book, passbook, card or electronic purse has been lost or stolen; or*
  - *someone else knows your PIN, password or other security information.*

The requirement for customers to tell their bank or building society as soon as they can of loss etc, rather than immediately, is to cover situations where the customer is unable to give immediate notice for a good reason, for example, if taken to hospital after a mugging. All of the information in this section should be included in documentation about cards, PINs etc given to customers.

***What to do if you lose your cheque book, passbook, electronic purse or card, or if someone else knows your PIN or password***

*14.4 We will tell you the best way of telling us about the loss. This will usually be by phone, using the numbers we have given you, or by e-mail to the address we have given you for this purpose.*

It is important that subscribers should take proper steps to inform customers of how they can give details of lost/stolen cards, information etc and to give them the appropriate telephone numbers etc. It is up to subscribers to decide which method of notification they require, but it should be easily accessible.

*14.5 Once you have told us that your cheque book, passbook, **card or electronic purse** has been lost or stolen, or that someone else knows your **PIN, password or other security information**, we will take immediate steps to try to prevent these from being used.*

This is self-evident and ensures that a stop will be put on the lost items as soon as possible and a block on PINs, personal information etc that may be known by someone other than the customer.

***Cards***

*14.6 If you ask us about a **card** transaction, we will give you more details of the transaction. In some cases, we will need you to give us confirmation or evidence that you have not authorised a transaction.*

This is designed to cover all circumstances when a customer may query a card transaction – whether a single debit or credit card transaction, an ATM transaction, or a continuing payment authority transaction. Whilst in some cases, for example, a disputed single card transaction or ATM transaction, the subscriber will need to investigate and recover copy vouchers etc, in other cases, particularly recurring transactions, the customer may need to provide evidence that they have in fact cancelled the authority. If a customer has cancelled the authority for a recurring transaction to be taken from their account and can evidence this, no mandate exists for payment to be made. Subscribers should tell customers what evidence, such as copy letters, will be needed. Each subscriber should determine what it needs to prove a claim, but audit trails, systems checks, ATM cameras, and the sending of cards by registered post or courier could all be considered.

*14.7 If we need to investigate the matter further we will need you to co-operate with us and with the police if we need to involve them.*

If a customer refused to co-operate in an investigation, this could be taken into account by an Ombudsman or the courts.

14.8 *Unless we can show that you have acted fraudulently or without reasonable care, your liability for the misuse of your **card** will be limited as follows.*

- *If someone else uses your card before you tell us it has been lost or stolen or that someone else knows your PIN, the most you will have to pay is £50.*
- *If someone else uses your card details without your permission, and your card has not been lost or stolen, you will not have to pay anything.*
- *If your card is used before you receive it, you will not have to pay anything.*

The Code uses the words “without reasonable care” to make them readily understandable to customers, however the standard by which the Ombudsman judges the liability of customers is that of “gross negligence”, which is less readily understandable to consumers. “Without reasonable care” should be interpreted as equivalent to “gross negligence”.

The requirements in this paragraph reflect the provisions of the Consumer Credit Act 1974 but apply to all cards not just credit cards. If card details etc are misused whilst the card is still in the customer’s possession (ie it has not been lost or stolen), the customer cannot be liable, unless they have acted fraudulently or without reasonable care. This would include misuse of card details in the case of distance transactions.

This provision confirms that the burden of proof lies with the subscriber and not with the customer, so the subscriber will have to provide proof if necessary. However, this should be read in conjunction with section 14.7 which requires co-operation by the customer.

### ***Electronic purse***

14.9 *You should treat your **electronic purse** like cash in a wallet. If you lose your **electronic purse** or it is stolen, you will lose any money in it, in just the same way as if you lost your wallet.*

14.10 *However, unless we can show that you have acted fraudulently or without reasonable care, your liability for the misuse of your **electronic purse** will be as follows.*

- *If your **electronic purse** is credited by unauthorised withdrawals from your account before you tell us it has been lost, stolen or misused, the most you will lose is £50.*

14.11 *You will not lose anything if money is transferred from your account to your **electronic purse** after you have told us it has been lost or stolen or that someone else knows your **PIN**.*

Although the electronic purse is not yet a product in common use, the provisions remain in the Code at the request of HM Treasury to comply with EU requirements. If a card is lost or stolen, any credit on that card will be lost. The rest of the paragraph is self-explanatory.

**Fraud**

*14.12 If you act fraudulently you will be responsible for all losses. If you act without reasonable care, and this causes losses, you may be responsible for these losses. This may apply if you do not follow section 14.1.*

This applies to all cards, including electronic purses. Customers cannot take advantage of the £50 limit on liability (in sections 14.8 and 14.10 above) if they have acted fraudulently. Similarly, this paragraph makes it clear that subscribers may also hold a customer liable if they have acted without reasonable care.

Whilst there is reference to the advice to customers in section 14.1, it does not follow that the Ombudsman or the courts would necessarily find that the failure to follow any of the safeguards set out in that paragraph would amount to 'gross negligence' by the customer. See the guidance under section 14.8 above for comment on gross negligence.

**Merchant services**

*14.13 When you become a customer, and whenever you ask us, we will give you information and advice to help protect your business against fraud.*

This refers to businesses as acceptors, rather than users of cards. Card fraud is a major and fast moving problem and fraudsters' methods increasingly sophisticated. Acquirers should ensure that up to date information is readily available to help merchants combat fraud at point of sale.

## **15. FINANCIAL DIFFICULTIES - HOW WE CAN HELP**

*15.1 We will consider cases of financial difficulty sympathetically and positively. You will usually spot problems first and should let us know as soon as possible. If we become aware of problems, we will let you know in writing. If speed seems to be important, we may try to contact you by phone, fax or e-mail.*

This spells out existing good practice and reflects the requirements of Principle 2.1 of the BBA Statement of Principles. The onus is on the customer to let subscribers know if they are experiencing or anticipate difficulties. However, this does not absolve banks of their obligation to monitor customer accounts and alert customers to perceived problems. In alerting customers of possible financial problems, subscribers should pay due regard to the Data Protection Act 1998.

The Statement of Principles relates to the lender/borrower relationship and therefore, strictly speaking, does not apply to merchant services. Nevertheless it may come to the attention of the acquirer that a business is experiencing difficulties and acquirers should consider such circumstances ‘sympathetically and positively’ within the terms of the service which they provide. The same approach should be extended to sections 15.2 to 15.4.

*15.2 This list gives a few examples of what can concern us, particularly if you do not explain what is happening.*

- *If you go overdrawn without our agreement.*
- *If you go over your agreed overdraft limit, especially on more than one occasion.*
- *If there are large increases or decreases in your business’s turnover.*
- *If you are trading at a loss.*
- *If you suddenly lose a key customer or employee.*
- *If you sell a large part of your business.*
- *If you use a **facility** for purposes other than those agreed with us.*
- *If you fail to make a loan repayment.*
- *If you do not keep to conditions set out in the loan agreement.*
- *If you do not supply agreed monitoring information on time.*
- *If another creditor brings a winding-up petition or other legal action against your business.*

This list is not intended to be exhaustive, but is designed to illustrate to the customer common causes of concern for banks. Subscribers should exercise discretion on whether the occurrence of one or more of the above is serious enough for them to contact their customer.

*15.3 We will do all we can to help you to overcome your difficulties. With your co-operation, we will develop a plan with you for dealing with your financial difficulties and we will tell you, in writing, what we have agreed.*

This emphasises to customers that trying to solve financial problems requires two-way communication between customer and subscriber. These requirements do not mean that the commercial judgement of subscribers is compromised, but it does require that subscribers do all they **can** do to help customers. Clearly the solution has to be based on the needs of both subscriber and customer. For the avoidance of doubt, this paragraph **does not** require an institution to “help” a customer by simply writing off a debt or agreeing an inappropriate repayment programme.

This paragraph requires institutions to develop a plan with the customer. The plan can be as simple as an agreement by the customer to cut down on non-essential expenditure, or a more formal arrangement following an independent review of the business. Such an arrangement might set out a detailed restructuring or repayment programme, including new facility agreements and what happens if the agreement is not met by the customer. Principle 2.2 of the BBA Statement of Principles makes it clear that it is the responsibility of the customer to implement any remedial action which is agreed as a result of such discussions.

The provision gives subscribers the discretion to deal with cases as they see fit. However, if the plan includes an agreement to accept smaller loan repayments than stipulated in the original documentation, the subscriber should tell the customer whether this is regarded as “falling behind with repayments” (see section 13.2 above) and what information will be passed to credit reference agencies.

The initial plan should be in writing. There is no need for every small departure from the basic plan to be in writing, for example, an agreement to accept a lower repayment for one week, but any amendments which change the fundamental nature of the plan should also be in writing. A common-sense approach should be taken.

If the customer does not co-operate with the institution, a plan cannot be developed and the institution would proceed with normal debt recovery procedures. Lack of co-operation would include unreasonable demands on the part of the customer (for example, a request that the debt be written off or repaid over a very long period, even though the customer could afford to make reasonable repayments), as well as the customer simply not responding to the subscriber’s attempts to make contact.

*15.4 If you are in difficulties you can also get help from debt counselling and business support organisations. We will tell you where you can get advice, some of which may be free. If you ask us to, we will work with your advisers. You can find details of these organisations in section 20 of this code.*

This provision acknowledges formally the role of recognised organisations in providing debt advice. There is no requirement for subscribers to be pro-active in liaising with such bodies as a matter of course, although some subscribers may wish to give customers time to consult a relevant adviser (but subscribers do remain free to protect their position if necessary). Subscribers should tell customers where they can get advice at an appropriate time (ie when the subscriber thinks the customer is in financial difficulties) and the names of recognised debt counselling and other business support organisations are listed at the back of the Code.

*15.5 We follow the British Bankers' Association's Statement of Principles which explains how we should work together to deal with the problems you are experiencing. We will give you a copy of the Statement of Principles when you open your account. If you need another copy we will give one to you if you ask us. You can also download the document from the British Bankers' Association's website at [www.bba.org.uk](http://www.bba.org.uk)*

The Statement of Principles was originally launched in 1997 in response to difficulties experienced in the relationship between banks and businesses during the recession of the early 1990s. The Principles were revised during 2000 and place a heavy emphasis on a partnership approach and getting things right from the outset of the relationship. Subscribers to the Code should ensure that they are familiar with the Principles.

Whilst the Code suggests that the Principles should be provided to customers at the outset of the relationship, they focus purely on the lender/borrower relationship. Therefore subscribers to the Code may wish to consider providing customers with a further copy of the Principles when they borrow for the first time and/or when the customer first experiences trading difficulties. It is also recommended that subscribers regularly remind staff of the existence and scope of the Principles.

As far as merchant services are concerned, it is not expected that acquirers will subscribe to the Statement of Principles in their own right. As the Principles are intended to inform the relationship between the bank and customers with designated borrowing facilities, rather than merchant agreements, many of the provisions are not relevant. Nevertheless, the standards of communication and partnership approach, which the Statement of Principles espouses, do remain valid where merchant services are concerned.

## **16. BRANCH CLOSURES**

*16.1 If we plan to close or move your branch, we will tell you at least eight weeks beforehand. We will tell you how we will continue to provide banking services to you.*

If a customer is formally attached to a particular branch (ie they have an individual account number and branch, rather than universal, sort code), and that branch is to close, the customer should be given personal notification of at least 8 weeks. In all cases (ie whether customers are formally attached to a branch or not) a prominent notice should be placed in the branch for all customers to see and consideration given to other local advertising and notifying local councils, community groups and business support organisations.

Notifications should provide information on alternative facilities, especially where the subscriber is the last financial institution in the area.

This section also applies to branch agencies, where it is the subscriber which chooses to bring the agency agreement to an end (placing notices in the agency is obviously dependent on the goodwill of the agent, and may not therefore be possible – as this is outside the subscriber’s control, it would not represent a breach of the Code). Obviously, if the agent withdraws from the agreement, at short notice, it may not be possible for the subscriber to give 8 weeks’ notice to customers. However, the arrangements and agreements made with agents should be designed to ensure as far as possible their co-operation in complying with this requirement.

This section does not apply to merchant services, as these are not provided through bank branches.

## **17. COMPLAINTS**

### ***Internal procedures***

- 17.1 *If you want to make a complaint, we will tell you how to do this and what to do if you are not happy with the outcome. Our staff will help you with any questions you have.*
- 17.2 *We will tell you that we have an internal procedure for handling complaints fairly and quickly, when you take up one of our services.*
- 17.3 *We will publish details of our internal complaints procedure and we will give you a copy if you ask us for one.*
- 17.4 *Our procedures meet the standards set out in the Financial Services Authority (FSA) rules. These rules are available to the public. You can see them on the FSA's website at [www.fsa.gov.uk/handbook/](http://www.fsa.gov.uk/handbook/) or you can phone the FSA for a copy. (Please see page 26 for the FSA's phone number).*

Under its statutory powers, the FSA has drawn up rules for complaint handling, the Internal Complaint Procedures (ICPs). The rules and guidance are set out in the DISP section of the FSA's Handbook, and all authorised firms must comply with them.

Each subscriber must base its own practices and procedures on the statutory rules, and procedures must be written down. The availability of the bank's internal complaints procedure must be brought to customers' attention (in writing) at or immediately after the point of sale. The joint BBA/BSA/CML Guidance Notes on ICPs and the Financial Ombudsman Service<sup>1</sup> gives more detail on these points, but they are no substitute for the rules themselves. **If in doubt, you must contact the FSA.**

Staff dealing with customers, whether in branches, on the telephone or on the internet, must know the firm's procedures so that customers can be informed if the need arises.

### ***Financial Ombudsman Service***

- 17.5 *All banks which follow this code must be covered by the Financial Ombudsman Service. The Ombudsman is available to settle certain complaints you make if they cannot be settled through our internal complaints procedures.*

As detailed in the DISP section of the FSA's Handbook, eligible businesses (as defined in this Code) have the right to refer their complaint to the FOS if they are not happy with a subscriber's response, or if the subscriber has not provided a final response within eight weeks of the date of the complaint<sup>2</sup>.

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<sup>1</sup> "**Handling consumer complaints after N2.** The FSA's statutory internal complaint procedures and the Financial Ombudsman Service." (August 2001). Available from the BBA Information Line on 020 7216 8816.

<sup>2</sup> The eight weeks may be extended in certain prescribed circumstances. Check the DISP rules for more information on this point.

The reference to ‘certain’ complaints means that the complaint must fall within the ombudsman’s terms of reference.

*17.6 We will display a notice on our website and in all of our branches giving details of the Financial Ombudsman Service.*

This requirement is to assist in building up customer awareness of the Code and the availability of the Ombudsman to help settle disputes. The FOS rules mean that banks must display ‘in each of its branches or sales offices to which *eligible complainants* have access a notice indicating that it is covered by the Financial Ombudsman Service.’ Subscribers should refer to the FOS rules for the definition of an ‘eligible complainant’. ‘Sales office’ should be interpreted to include business centres which customers visit in the normal course of business.

*17.7 The contact details of the Financial Ombudsman Service are listed below.*

*Financial Ombudsman Service*

*South Quay Plaza*

*183 Marsh Wall*

*London*

*E14 9SR*

*Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)*

*Phone: 0845 080 1800*

## **18. MONITORING**

*18.1 We have a 'Code Compliance Officer' and our internal auditing procedures make sure we meet the code.*

This is an internal issue. Subscribers should appoint a Code Compliance Officer who is likely to be the contact person for co-ordinating the annual statement of compliance, compliance visits and other contact with the Banking Code Standards Board (BCSB). It is not intended that this person should have any public profile or that their names will be published by the BCSB. However, they must have suitable breadth of authority to monitor compliance across all the subscriber's business that is governed by the Code.

### ***Banking Code Standards Board***

*18.2 The code is monitored by the Banking Code Standards Board whose directors include a majority of independent members as well as representatives from the banks and building societies. Their address is:*

*Banking Code Standards Board  
33 St James's Square  
London  
SW1Y 4JS.  
Website: [www.bankingcode.org.uk](http://www.bankingcode.org.uk)  
Phone: 020 7661 9694  
Fax: 020 7661 9784*

This tells customers who actually monitors the Code in practice.

*18.3 You can contact the Banking Code Standards Board if you have any complaint about the general running of the code.*

The Banking Code Standards Board will take complaints about the general running of the Code (for example, that branches of a particular subscriber display notices of interest rates). However, it will not consider individual complaints, as these are a matter for the Financial Ombudsman Service.

## **19. GETTING HELP**

### ***Sponsoring Associations***

19.1 *If you have any enquiries about this code, or if you want extra copies, you should contact the British Bankers' Association or the Association for Payment Clearing Services. The addresses and phone numbers are shown at the front of this booklet.*

### ***Copies of the code***

19.2 *All banks that follow the code will make copies of it available to all their business customers and have notices in all their branches explaining that copies of the code are available.*

19.3 *You can get guidance notes on the way this code is to be followed from the Banking Code Standards Board at the address shown in 18.2, or from the British Bankers' Association at the addresses shown at the front of this code.*

This is self-explanatory: customers who ask for copies of this guidance should be directed to the BCSB, BBA or BSA, although it is of course open to subscribers to choose to stock copies of the guidance to be given to customers free on request.

### ***Further information***

19.4 *You can get more information on a range of banking matters from the British Bankers' Association's (BBA) 'Banks Facts' leaflets and their website ([www.bba.org.uk](http://www.bba.org.uk)). The Association for Payment Clearing Services (APACS) provides information on its website ([www.apacs.org.uk](http://www.apacs.org.uk)) as well. Also the BBA and APACS have customer helplines (the phone numbers are at the front of this code).*

### ***Help us to help you***

19.5 *It will help us to provide you with a high standard of service if you make sure you let us know as soon as possible if you change your:*

- *name;*
- *business name;*
- *address;*
- *phone number; or*
- *e-mail address (if this is how we communicate with you).*

Again, this is self-explanatory and is designed to raise awareness of the importance of keeping contact details etc up-to-date.

## 20. **FINANCIAL ADVICE**

*You may find the following phone numbers useful:*

*Business Debtline 0800 1976026*

*Citizens' Advice Scotland 0131 667 0156*

*Federation of Independent Advice Centres 020 7489 1800*

*Federation of Small Businesses 020 7592 8100*

*Financial Services Authority 0845 606 1234*

*Money Advice Scotland 0141 572 0237*

*National Association of Citizens' Advice Bureaux 020 7833 7121*

*National Federation of Enterprise Agencies 01234 354055*

*Northern Ireland Association of Citizens' Advice Bureaux 028 9023 1120*

*The British Chambers of Commerce 020 7565 2000*

*The Insolvency Service 020 7291 6895*

*The Forum of Private Business 01565 634467*

*The Institute of Directors 020 7451 3100*

*The Small Business Service 08456 045678*

## 21. **GLOSSARY**

*These definitions explain the meaning of words and terms used in the code. They are not meant to be precise legal or technical definitions.*

### **Authorised user**

*Any person who you have asked us to give a **card** to.*

### **Business customer**

*A customer who runs a non-personal account and who has a yearly trading turnover of under £1million (or an income of under £1million in the case of charities and clubs). For groups of limited companies, the turnover figure relates to the overall group turnover and not individual companies within the group.*

### **Card**

*A general term for any plastic card which a customer may use to pay for goods and services or to withdraw cash. In this code, it does not include **electronic purses**.*

### **Cash card**

*A **card**, other than a charge card or credit card, which allows the card holder to withdraw cash from a **cash machine** as part of the LINK network.*

### **Cash-handling fee**

*A fee which we may charge for exchanging, withdrawing or paying in cash. A cash-handling fee is normally agreed as part of the charge for **standard account services**.*

### **Cash machine**

*An automated teller machine (ATM) or free-standing machine at which a customer can use their **card** to get cash, information and **other services**.*

**Chargeback**

*A card payment transaction which there is a dispute about and which may be returned and charged to the **merchant**.*

**Charging period**

*This is the period during which charges for transactions on your account build up before we take them from your account in a single payment, rather than charging you for each individual transaction as it happens. We will tell you what your charging period is.*

**Credit reference agencies**

*Organisations, licensed under the Consumer Credit Act 1974, which hold information about people and businesses that is useful to lenders. Banks and building societies may contact these agencies for information to help them make various decisions, for example, whether or not to open an account or provide loans or credit. Banks and building societies may also give information to the agencies.*

**Credit scoring**

*A system which banks and building societies use to help them make decisions about whether to open an account or lend money. Credit scoring measures the likelihood that a customer will run an account in an acceptable way or repay a loan on time. You can get more information from banks and from **credit reference agencies**.*

**The Direct Debit Guarantee**

*This protects the customer if a direct debit which they have not authorised is taken from their account. For example, if too much is taken, if it is taken too early, if it is taken after the customer has cancelled, or if the customer has not been given enough notice of a change to a direct debit which can vary. If any money is wrongly taken from a customer's account under a direct debit, then, as soon as the bank or building society is told about it, they will refund the customer's account.*

**Electronic purses**

*Any card, or function of a card, which contains real value in the form of electronic money which someone has paid for beforehand. Some cards can be reloaded with more money and can be used for a range of purposes.*

**Facility**

*A general term used to describe a banking service.*

**Fixed rate**

*An interest rate which is guaranteed not to change over a set period of time.*

**Fixed term**

*This applies to products and services which have a set lifetime, or where certain terms are fixed for a set period. The customer may be charged if the bank or building society agrees to alter the product or service before the end of its life, or agrees to vary the terms before the end of the set period.*

**Guarantee**

*A promise given by a person called 'the guarantor' to pay another person's debts if that person does not pay them. Companies, as well as individuals, can give guarantees.*

**Joint and several liability**

*This is when two or more people sign on an account and are each, individually, responsible for the full amount of any borrowing on the account.*

**Merchant**

*The customer of the bank which is providing **merchant services**.*

**Merchant agreement**

*This sets out the terms and conditions on which a customer can accept cards and on which a bank will accept and process **card** transactions.*

**Merchant services**

*This is when a bank provides **facilities** to allow customers to accept debit and credit cards for paying for goods and services.*

**Other security information**

*A selection of facts and information (in an order which only the customer knows) which is used for identification when using accounts. This includes **passwords** and **PINs** for internet, PC and telephone banking.*

**Other services**

*These are services which you may not use regularly and so are not included in **standard account services**. Typical examples are sterling drafts, night-safe **facilities**, stopped cheques and cheques returned unpaid. We usually take charges for these services when you use them.*

**Out-of-date cheque**

*A cheque which has not been paid because the date written on the cheque is too old, normally older than six months.*

**Password**

*A word or an access code which the customer has chosen to allow them to use a telephone, PC or internet banking service. It is also used for identification.*

**PIN (personal identification number)**

*A confidential number which allows customers to withdraw cash and use other services at a **cash machine**.*

**Security**

*Security is a term used to describe valuable assets which are used as support for a loan or other credit **facility**. Under the terms of the security, if the borrower cannot repay the loan, the lender has the right to sell or get rid of the security in order to repay it.*

*Security provided by businesses can include charges over property, life policies and share certificates. In the case of limited companies, security may include **guarantees** from other group companies or from company directors, or a mortgage debenture (this is a form of security which includes a charge on all the assets of the company).*

***Standard account services***

*These will be defined by each bank and generally include opening, maintaining and running accounts for transmitting money (for example, by cheque or debit card). Services which are not part of the day-to-day running of the account are known as **other services** and are defined above.*

***Status enquiry***

*An opinion about a particular customer's ability to enter into, or repay, a financial commitment.*

***Superseded account***

*A deposit (savings) account which is:*

- *no longer opened by customers (this could be because the bank or building society has withdrawn it or for some other reason); or*
- *not actively marketed or promoted to customers; and*
- *not a **fixed-rate** account.*

***Unpaid cheque***

*This is a cheque which, after being paid into the account of the person or business it is written out to, is returned 'unpaid' (bounced) by the bank or building society whose customer issued the cheque. This leaves the person or business the cheque was written out to without the money in their account.*

**ANNEX**

Examples of documents which may be used to prove identity and address:

**Identity**

Current valid full UK passport

Current valid full foreign passport

Current UK full, signed driving licence

Current EC driving licence

Cheque Guarantee Card, Credit Card or Debit Card with inlaid holograph photo

Cheque Guarantee Card, Credit Card or Debit Card (no photo) with original accounts statements less than 3 months old

Armed Forces ID Card

Police Warrant Card

HM Customs & Excise Card

Employer ID card with photo and signature, where the company and the type of card are known to branch staff

Inland Revenue 714 card with photo and signature

Pension Book or other DSS/Benefits Agency payment order book

Personal cheque used to open account if drawn on an account that includes the customer's name

Bank or building society account statement

Confirmation by a member of staff that the applicant has been personally known to them for 12 months

Confirmation by an existing customer over 19 (who is considered to the manager to be a suitable introducer) that the applicant has been personally known to them for at least 12 months (the introducer must be present with the customer)

National Insurance Card, if accompanied by a recent P60 or payslip which also shows the NI number and name

National Insurance Card which bears a signature strip – but only for applicants under 20

A grant letter from an LEA - but only for student accounts

Recognised travel pass bearing photo and signature – but only for students and young people

Medical Card – but only for applicants under 18

Birth certificate – but only for applicants under 18

Reference from a reputable financial institution in the country of residence or from existing bankers

Current firearms or shotgun certificate issued by a UK police force

**Address**

Credit Reference Agency search

Electoral Register search

Telephone Directory/Directory Enquiries search

Current UK full, signed driving licence

Vehicle Registration Document

Motor Insurance certificate

House Insurance certificate

Utility bill dated within last three months, ideally receipted

Council Tax bill for the current year, ideally receipted

Credit Card statement within the last month, ideally receipted

Recent bank or building society account statement

Recent mortgage statement

Recent Inland Revenue notice of coding or tax demand

Home visit

Medical card

Council/Housing Association rent book

Tenancy agreement, if issued by a local council, housing association or reputable letting agency

TV Licence renewal notification if for current licence

Vehicle Licence renewal notification, if recent

Library card – under 18/19 year olds only

Parent/Guardian name and address details can be verified and are the same as applicant – under 18/19 year olds only

# The **Business Banking** Code



**BRITISH BANKERS'  
ASSOCIATION**



**APACS**

Association for Payment  
Clearing Services

The Business Banking Code Guidance Notes for Subscribers  
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