

Consultation Response



The Payment Accounts Regulations 2015 Draft Handbook changes and draft guidance

StepChange Debt Charity response to the Financial Conduct Authority

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We are an independent charity dedicated to overcoming problem debt. Our advice and solutions are effective, tailored and importantly, free. Foundation for Credit Counselling. Wade House, Merrion Centre, Leeds LS2 8NG. Company No 2757055. Charity No 1016630. www.stepchange.org

Introduction

StepChange Debt Charity is one of the UK's largest not for profit debt advice and solutions providers. In 2015 we were contacted by over 500,000 individuals in financial difficulty. Our clients, and the wider indebted population of the UK, are vulnerable group of consumers who can require enhanced protection in regulated markets.

We agree with the majority of proposals in the consultation document. However, we believe there are some areas where the FCA could go further to ensure the Payment Accounts Directive works in the best interest of consumers. There are also some aspects of the proposed guidance we would like the FCA to clarify.

Q1: Do you agree with our proposed guidance on the definition of a 'payment account'? If not, please explain why not and suggest amendments.

We broadly agree with the FCA's proposed guidance on the definition of a 'payment account'. However, we question the FCA's guidance that:

'PSPs will need to consider whether the savings account, credit card account, current account mortgage or e-money account in question is used for day-to-day payment transactions.'

PSPs will know if any of these accounts are being used for day-to-day payment transactions, or if they have the functionality to be used as such. If this is the case, then any such account should be considered a payment account.

The FCA should therefore strengthen this guidance to remove references to consideration. Otherwise there is less of an onus of firms to ensure relevant consumers are covered by the Payment Account Regulations (PARs).

We therefore suggest the guidance could be re-written as follows:

*'PSPs will need to **monitor** whether the savings account, credit card account, current account mortgage or e-money account in question is used for day-to-day payment transactions.'*

Q5: Do you agree with our proposed guidance notes on what each individual data item should include? If not, please explain why not and suggest amendments.

We believe the FCA should strengthen its guidance on data reporting in relation to the PARs by requiring firms to provide information on why they have rejected applications for payment accounts with basic features. This will allow the FCA to monitor the actions of firms more closely and allow it to regulate effectively if rules are breached.

At this point we would also like to ask whether the FCA is intending to report publically on the data items it collects from firms due to the PARs?

Q6: Do you agree with our proposal to require PSPs to report the data every two years or would you prefer an annual submission requirement? Please explain your reasons.

We would prefer the FCA to require an annual submission. Again this is because it would make it easier for the FCA to monitor the action of firms more clearly.