



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

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Re: Review of Implementation of the Consumer Protection Code 2012

Dear

The Central Bank of Ireland (Central Bank) recently carried out a review of the full implementation of the Consumer Protection Code 2012 (2012 Code) by a selection of regulated firms, with a concentration on credit institutions and insurance undertakings.

The purpose of this letter is to provide you with feedback in relation to the findings of our review and to outline areas for improvement. We expect that each firm will consider the issues set out below and their relevance to the firm. The Central Bank expects that the content of this letter will be brought to the attention of the firm's Board and / or any other relevant committee of the Board.

As part of this review, the Central Bank reviewed project plans from twenty two firms, including progress reports and conducted on-site inspections at twelve firms. The review of project plans included the following areas:

1. key project personnel;
2. governance structure and project controls;
3. IT implementation plans and pre-rollout testing;
4. training and staff communication plans;
5. anticipated difficulties or risks to the project.

The on-site inspections considered the implementation of 2012 Code requirements relating to provision of information, complaints handling, suitability and personal visits.



The findings of this review:

1. The Central Bank is encouraged to find that, in the main, firms had comprehensive plans in place to implement the 2012 Code, had appointed dedicated project managers, and had adequate project controls and governance structures in place. The Compliance function within firms had significant involvement in the implementation project.
2. It is noted positively that many firms indicated that a review of their 2012 Code implementation project will be conducted by Internal Audit or other independent unit once the project has been completed. All firms should consider reviewing their implementation project by year-end to ensure that the 2012 Code has been implemented fully.

Areas for improvement:

1. The Central Bank noted that inspected firms were implementing provision 3.1, identifying and dealing with vulnerable consumers, in a variety of ways. Firms are reminded of the three categories of vulnerable consumers included in the 2012 Code Guidance document. In addition, firms should note the following:
 - a. Firms should have procedures in place which ensure that a vulnerable consumer is afforded such reasonable arrangements and / or assistance as is necessary to facilitate that consumer in their dealings with the regulated entity. Attention should be given to all three categories of vulnerable consumer and existing procedures should be updated to include all categories.
 - b. Staff awareness and understanding are key to the success of implementing this provision effectively, and it is expected that firms will actively engage with their staff on this issue, in particular around the subject of identifying and dealing with less common / obvious vulnerabilities. To improve staff awareness, firms should consider creating a means of sharing case studies amongst staff in a confidential and sensitive manner.
2. Firms are reminded of the requirement (provision 4.1) to provide information to consumers that is clear, accurate, up to date and written in plain English, and that key information must



be brought to the attention of the consumer. Also information must not be presented in such a way as to disguise, diminish, or obscure important information. It was noted that while all firms reviewed under this theme stated a commitment to ensuring that clear, easy to understand information is provided to consumers, the actions taken to develop such information varied across the sample. Firms should work towards embedding plain English communication into their culture.

- a. A small number of firms have trained their staff in providing information in plain English to consumers. One firm in particular trained a significant number of its customer services staff in communicating with consumers in plain English. The Central Bank recommends that, at a minimum, staff with a responsibility for creating and / or editing written consumer information should be trained in the use of plain English.
- b. Many firms stated that a third party was engaged to review consumer information documents and materials. Where qualified / trained expertise does not exist within a firm that firm should seek such expertise externally.
- c. It was disappointing to note that few firms seek the views of their customers on the information that they provide to them and that none do so on an on-going basis. While it is acknowledged that a firm's complaints log is a useful source of intelligence on areas of customer dissatisfaction, firms are encouraged to actively engage with their existing and potential customers, e.g. through conducting research, to establish the level of satisfaction with and understanding of information materials and documentation.
- d. Firms are requested to consider how the use of acronyms, initialisms and jargon generally in their internal engagements can filter into their external interactions with consumers, in particular where such terms become an accepted part of the "language" of that firm.



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Firms are reminded that the effective date of the 2012 Code was 1 January 2012 and that after 30 June 2012 the Central Bank will no longer be cognisant of issues relating to systems development or other technical difficulties and required staff training when monitoring compliance with the 2012 Code.

Where issues with individual firms have been identified, these will be addressed in separate correspondence with the relevant firms. This letter will be published on the Central Bank's website, www.centralbank.ie

Regulated financial service providers should note that the Central Bank will have regard to the guidance set out in this letter, or any other guidance issued by the Central Bank in relation to the application of the 2006 and 2012 Codes, in assessing Regulated Financial Service Provider's compliance with the provisions of these Codes.

Guidance on the 2012 Code is available on the Central Bank's website and any queries or clarifications on the 2012 Code can be referred to code@centralbank.ie

Should you have any queries in relation to the contents of this letter, please contact Denise Delaney at codeimplementation@centralbank.ie

Yours sincerely

Adrian O'Brien
Deputy Head of
Consumer Protection: Insurance, Investment and Intermediaries Division