
8 December 2020

Statement

Information for customers of UK financial institutions on the end of the Brexit transition period

The United Kingdom (UK) left the European Union (EU) on 31 January 2020. Under the Withdrawal Agreement reached between the EU and UK, EU law applies in the UK during a transition period until 31 December 2020. This means that EU law will stop to apply in the UK as of 1 January 2021, and from that date onwards, UK financial institutions not holding a valid authorisation from the supervisory authorities in the EU will lose the right to provide financial services in the EU.

This statement clarifies previous EBA statements regarding the UK withdrawal from the EU (Brexit) for the benefit of consumers across the EU.

Preparedness of financial institutions

In order to continue to provide financial services in the EU, UK financial institutions will need to ensure that they offer these services through entities that are duly authorised in the EU. Based on the assessment of the supervisory authorities in the EU, most of the UK financial institutions that are actively planning to continue offering their services in the EU have obtained adequate authorisations for their EU-based activities and are in the process of 'ramping up' their EU operations. This includes ensuring that those entities have adequate staff, management and risk management capabilities, and that they move EU customers and their contracts into their EU entities, where relevant. In situations where the authorisation process would not be finalised before the end of the transition period, supervisory authorities in the EU have requested institutions to implement contingency plans setting out alternative actions until they receive authorisations.

Where the UK financial institutions have chosen to cease their activities in the EU, they are required to finish off-boarding of the affected customers by the end of the transition period without causing detriment to consumers.

Changes in cross-border payments between the EU and UK

After the end of the transition period, EU-based payment service providers will need to provide more information regarding the payer for cross-border payments and direct debits from the EU to the UK, compared to intra-EU transfers, which is how payments to the UK have so far been treated. In addition to the payer's payment account number or unique transaction identifier, the information will include also details on the payer's name and either the payer's address, official

personal document number, customer identification number or the date/place of birth. **As a result, the consumers transferring funds between the EU and UK may be asked by their payment service providers to provide these additional details.**

Access to bank accounts in UK and protection of depositors

Under EU law, after the end of the transition period, consumers in the EU may maintain their existing bank accounts held with UK financial institutions, subject to the relevant UK legal requirements. However, consumers need to consider the following:

- If the consumer's bank account is held with a UK financial institution authorised in the UK, the deposit protection rules applicable in the UK will apply, and these may be different to those applicable to bank accounts held in the EU.
- If the bank account is held with an EU-based branch of a UK financial institution, it will no longer be covered by the UK deposit guarantee scheme (as explained by the [UK authorities](#)), consumers are advised to check with their financial institution (branch) or national supervisory authorities in their Member State whether such deposits will be protected by the deposit protection scheme in the relevant Member State.

If the consumer's bank account is held with a UK-based branch of an EU-authorized institution, it will be covered by the UK deposit scheme based on the information currently available. However, this could change after the end of transition period and such deposits may or may not be protected by the UK or a national deposit protection scheme in the EU.

Should consumers hold such accounts and not yet be aware of the applicable deposit protection arrangements, they are recommended to contact their financial institutions they are holding deposits with or national supervisory authorities to obtain more information.

Consumers to seek more information from their financial institutions

The EBA has been calling on all financial institutions affected by Brexit, and in particular UK financial institutions offering financial services to consumers in the EU, to adequately and timely inform consumers regarding the availability and continuity of the services they currently provide, including whether institutions plan to cease offering services to consumers in the EU. In case of the latter, the institutions are expected to explain to consumers the impact of the discontinuation of services and the way to exercise consumer rights.

Should consumers have concerns about the availability of financial services offered to them by UK financial institutions after the end of the transition period they may wish to contact their financial institutions directly and seek information regarding the continuity of financial services.

Further EU sources of information in relation to Brexit

Consumers are also encouraged to consult the websites of the [EBA](#), the EU Commission (e.g. [European Commission Notice to stakeholders](#)) and national supervisory authorities for

communications and guidance about the UK withdrawal from the EU and its impact on the provision of financial services in the specific Member States.