

BALLINROBE CREDIT UNION LTD

Main St. Ballinrobe, Co. Mayo

Tel 094 9541402

Email ballinrobecu@eircom.net

Submissions to Financial Regulator regarding the
Proposed Voluntary Consumer Protection Code for Credit Unions
(In respect of their core services CP32)

=====

June 2008.

Terms of Business

Point 10 reads:

Where a credit union makes a material change to its terms of business, it must provide each affected member with details of the change as soon as possible.

Submission – to change wording to

Where a credit union makes a material change to its terms of business, it must notify members of same at the Annual General Meeting immediately following the said change.

SUITABILITY

Point 27 reads

Before providing a product or service to a member, a credit union must prepare a written statement setting out a) the reasons why a product or service offered to a member is considered to be suitable, b) the reasons why each of a selection of products offered to a member are considered to be suitable, c) the reasons why a recommended product is considered to be the most suitable product for that member

Submission – due to the nature & ethos behind credit union operations and business with its members does the “reason why” principal have to be applied. Members elect to join a credit union on their own accord. The services offered by credit unions with regard to its Core Services are for the best interest of the credit union member – and as credit unions operate in a “not for profit, but for service” environment we consider the requirement of the “reason why” principal unnecessary, and it would appear to detract from credit union ethos & service.

UNSOLICITED CONTACT (Cold Calling)

Point 29 reads

Unsolicited contact made in accordance with this code, may be made only between 9.00am & 9.00pm Monday to Saturday (excluding bank holidays and public holidays) unless otherwise requested by the member.

Submission As credit union business is often carried out outside the normal working week, and at times carried out by voluntary persons after their own normal working day, the wording of the above would need to accommodate same.

LOANS

Chapter 4 Point 4 reads

A credit union must have in place procedures for the handling of arrears cases. A credit union must advise members who have defaulted on their repayments of relevant credit counseling services and the contact details for such a service, e.g. the name & address of a local Money Advise & Budgeting Service (MABS)

Submission to change the above to read as follows:-

“A credit union must have in place procedures for the handling of arrears cases.”

Reason for submission

– Having to adhere to such a requirement would be detrimental to credit union business.

Our success to date with members referred to organisations of this nature has been unsatisfactory.

The ethos and nature of credit union services to its members is to assist and accommodate them whenever at all possible which financial matters and to offer support in difficult times. So we feel that credit unions already provide this counseling service to its members and therefore should not have to adhered to such a provision

CONSOLIDATION.

Chapter 4 Point 9 reads

Where a loan is offered to a member for the purpose of consolidating other loans or credit facilities, the credit union must provide the member with a written indicative comparison of the total cost of continuing with the existing facilities and the total cost of the consolidated facility on offer.

SUBMISSION

All relevant material would need to be furnished to the credit union in order to comply with this, and therefore the onus would need to be placed on the member to make same available to the credit union, so that correct comparisons could be made. Therefore an additional line to this point may need to be added to this point ie:- *Onus on member to make all relevant material & paperwork available to the credit union in order to make an indicative comparison. If not supplied credit union exempt from same.*

OBSERVATION *Credit Union encourages members to retain and increase their savings, and to take loans instead, wherever it is prudent for them to do so. No where in the proposed Voluntary Consumer Protection Code for Credit Unions CP32 is this matter referred to. Credit Unions encourage this practise as it allows members to accumulate savings, which are also covered by Life Protection at no extra cost to the member. Advising a member to take a loan in a credit union environment deserves*

special protection. Consideration to covering this matter within the code is required.