

Submission from Bandon Credit Union Ltd, on the Voluntary Consumer Protection Code for Credit Unions (in respect of their Core Services)

On behalf of the Board of Directors of Bandon Credit Union Ltd we attach our submission, which raises a number of points and seeks clarification to a number of areas.

Our Board held a Special Meeting to formulate this submission but I must stress that we are very concerned that the people we were set up to help may now become victims of bureaucracy and red tape.

We would ask that you and your colleagues remember at all times that in society people are at different levels and need different levels of help and support, the comfort of a secure job and steady income is not always possible and therefore it is imperative that organizations that normally work and support people at grassroots level while giving a committed service should not be handcuffed or restricted in the performance of that very valuable service to society.

Credit Unions have proved over the years that their valuable support to members of the community has helped to alter the class system of our society and we would ask, in fact we would implore, don't be the straw that will break the camels back.

Yours Sincerely

Ray O'Mahony
Chairman
Bandon Credit Union Ltd

Accepting that the draft was published in March 2008, you have asked as part of the consultation process that Credit Unions make submissions and we would like to make the following submission and observations.

As a Credit Union with almost 10,000 members we feel that being a member owned organisation that those members as owners are being dealt with fairly, honourably and honestly and that at all times are given the information, courtesy and respect that comes with a member owned organisation and we are surprised that an organisation that is member centred requires a Regulator to put such a code in place.

Firstly the overall name of this Protection Code, taking into consideration as Credit Unions we are different in the sense that we do not have customers, we have members and could we suggest that the name of this publication be changed to a Voluntary Protection Code for Credit Union Members or a Voluntary Protection Code for Members of Credit Unions.

Following our attendance at one of the Regulators road shows where it was stated that the Financial Ombudsman is in agreement with this particular Code and will refer to it when assessing any complaints put before him about a Credit Union, we would have to ask where the words 'Voluntary Code' come in to play, in that this can be seen as compulsory.

We wish to raise the following points and seek clarification.

Page 4: Definitions:

The business day for us Saturday is a business day, as we are open to transact business with our Members on Saturday and as far as aware there are a number of Credit Unions that open to their Members on a Sunday morning, the definition does not appear to allow for this.

Page 7: No 9:

Does not exert pressure or undue influence on a Member.

Where a Credit Union is willing to take legal action to recover its Members money, could this be seen by the Code as undue pressure or undue influence, if it does we feel that this would be an incorrect interpretation.

Page 8: The heading 'Common Rules for all Credit Unions'

Could this cause some confusion for Members taking into consideration that we have Standard Rules for Credit Unions.

No 2: Would you please clarify 'on behalf of' and also any legal implications that may be caused as a result of this section.

Page 9: No 7: We would hope that at all times this section would comply with the Money Laundering Requirements.

No 8: H: could you please clarify what is meant by a summary of the Credit Unions Policy in relation to conflicts of interest and how does this affect a Credit Union receiving services from a Credit Union or a group of Credit Unions.

Page 10: could you please clarify No 11 and No 12, what is meant by the urgency of the situation and does it contradict the time necessary for the Member to absorb the information provided.

No 14: Could you please clarify and explain No 14.

Page 11: No 16: If a Member presents a number of cheques in one lodgement, does this mean that they must be given a receipt for each negotiable instrument (for each cheque). This practice would appear to be very time consuming and impracticable in that we feel that one overall total receipt should be acceptable.

Page 11:No 19: Could you please clarify how the 'waiver' in our credit agreement for the 'cooling off' period comes in to play with regards to this particular section; there appear to be some conflict.

Page 11:No 20: We would suggest that you give a minimum font size for printing.

Page 12: No 22: (i) We would take it that any money laundering guidelines would need to be adhered to.

Page 12: No 23: In asking the Member, if there are any material changes in their circumstances, do you see it as adequate to accept their word, or is there something else underlying with regards to this issue.

Page 13: No 26: Under both of these, would it be your view that a retired Member or a Member on some form of Social assistance/benefit, is suitable to receive a loan from a Credit Union taking into consideration that we were set up 50 years ago to help those that did not have access to the banking system or that were in the grip of money lenders charging exorbitant rates.

Page 14: Unsolicited contact (cold calling) could you please clarify; does not cover personal calls to a Member where a Credit Union is trying to recover a bad debt.

Page 16: No 35: Rule 160 of the Standard Rules for Credit Union already cover the handling of complaints, why the need for duplication.

Page 18: Conflicts of Interest. Could you please clarify this section? What is the situation where a group of Credit Unions come together and from a credit Union Services Co-Operative in order to provide services to its Members? Does the Code see this as a conflict of interest?

Page 19: No 45: For a so-called 'Voluntary Code' the word '**must**' is used, this appears to be a contradiction.

In fact the word **must** is used numerous times in this document, where the word may is more appropriate.

Page 20: 1(b): Providing a statement by electronic means could cause a large financial burden to some Credit Unions and we feel that surely it is as important to get the cost balance right as it is to enforce unnecessary regulation. As statements can always be dealt with by standard post.

Page 21: No 6: We feel that the word 'must' should again be replaced by 'may', in that if funds are electronically sent by for e.g. a Members employer to our bank account on a Tuesday, we are closed on Wednesdays and therefore cannot credit the Members account until our next business day, which is Thursday.

Page 22: The final paragraph, we would again suggest that the word 'must' be replaced with 'may'.

Page 23: What is your interpretation of consolidation? As from time to time we would have members bringing in their credit card statements looking to clear them off with a Credit Union loan, in order to save themselves some money. In a narrow view this could be seen as consolidation.

Page 24: No 3: What is the situation with regards to a group of Credit Unions coming together to do joint advertising, in West Cork we would use the names of 8 Credit Unions, but what happens with regards to Chapter advertising, do they need to put the names of 35 Credit Unions.

It has often been stated by Credit Union Members that the day they got their first loan, be it for a car or a washing machine they were paying for it for the rest of their lives in that Credit Unions approach their loans in a different fashion to banks, in that we allow Members to continually top-up their original loan rather than having multiple loan account.

We would also take the view that our Members are given an opportunity at every Annual General Meeting of the Credit Union to raise any issue they wish and to participate openly in any discussion whereas other Financial Institutions do not have the same openness and transparency.

We would state that we constantly endeavour to look after our Members interests at all times by way of transparency, openness and availability to them. If such a Code is now being put in place, it is imperative that a second and possibly a third draft of this Code should be circulated for discussion so that the people who see the need for such a Code to be put in place fully understand our business and the method in which we deal with our Members.

We would go so far as to say if you are aware of severe discrepancies in the way a Credit Union deals with its Members we would suggest you deal with that Credit Union directly and not 'tar us all with the one brush'.