



FINANCIAL REGULATOR  
*Rialtóir Airgeadais*

# Savings & Loans Our Voluntary Standards

December 2008

Consultation Paper | CP35



## The Consultation Process

The closing date for submissions is 30 January 2009.

We welcome submissions from all interested parties. Please make your submissions in writing and, if possible, by email or on disk.

When addressing any issues raised in this Consultation Paper the corresponding chapter and paragraph number should be used to identify the section being referred to. Where the issue being raised is not included in the Consultation Paper please indicate this in your submission.

We place a high value on the openness of the Consultation Process. We intend to make all submissions available on our website after the deadline for receiving submissions has passed. For this reason we would ask you not to include commercially or personally sensitive material in your submission.

If you do include such material, please highlight it clearly so that we may take reasonable steps to avoid publishing that material. This may involve publishing submissions with the sensitive material deleted, and indicating the deletions. In some cases it may not be possible to publish any information that you deem confidential. So be aware that, unless you clearly identify any commercially or personally sensitive information, you are making a submission on the basis that you consent to it being published in full. We will not publish any material that we deem potentially libellous.

Please mark your submission 'Credit Union Code' and send it to:

Consumer Protection Codes Department  
Financial Regulator  
P.O. Box 9138  
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Email: [creditunioncode@financialregulator.ie](mailto:creditunioncode@financialregulator.ie)

Fax: 01 410 4969



## Declaration

Following a public consultation process, the Financial Regulator has drawn up these voluntary Standards in consultation with the Credit Union Movement.

While these Standards are voluntary in nature, we have chosen to adopt them to demonstrate to you that we hold you, our members, to be at the core of our credit union and that our core services are driven by your needs.

In developing these Standards we have tried to ensure that members' interests are addressed. The intent of this document is to:

- reinforce the unique and close relationship between our credit union and our members; and
- to set out Standards that will ensure a consistent and high level of service for all credit union members.

The Financial Regulator will maintain a register of credit unions that have agreed to adopt and to be bound by these Standards, which will be available at [www.financialregulator.ie](http://www.financialregulator.ie).

# DEFINITIONS

In this document:

“**advertisement**” means any commercial communication usually paid for by a **credit union**, which is addressed to the **member**, public, or a section of it, the purpose being to advertise a product, **service** or **credit union** the subject of this code;

“**business day**” means any day except Saturday, Sunday, bank holidays and public holidays;

“**charges**” means any cost or fee which a **member** must pay in connection with a product or **service** provided by a **credit union**;

“**complaint**” refers to an expression of grievance or dissatisfaction by a **member**, either verbally or in writing, in connection with:

- a) the provision of a product or **service** to the **member** by a **credit union**, or
- b) the failure of a **credit union** to provide a product or **service** to the **member**;

“**core service**” means savings or loans;

“**credit union**” means a **society** registered as such under the Credit Union Act 1997, (as amended), including a society deemed to be so registered;

“**employee**” means a **person** employed under a contract of **service** or a person otherwise employed by a **credit union**;


“**inducement**” means any gifts or rewards (monetary or otherwise) provided to a **credit union** or its **officers** or **voluntary assistants**.

“**member**” means a member of a **credit union**;

“**officer**” in relation to a **credit union**, includes a chairman (or president), vice chairman (or vice president), treasurer or secretary, a member of the board of directors or of a principal committee or supervisory committee, **employee** or credit control officer, but does not include an auditor;

“**outsourced activity**” is where a **credit union** employs another **person** (other than a natural person who is an **employee** of the **credit union** under a contract of **service**) to carry out an activity on its behalf;

“**person**” means a natural person or a legal person;



“**record**” means any document, file or information (whether stored electronically or otherwise) and which is capable of being reproduced in a legible form;

“**service**” means “**core service**”.

“**terms of business**” means the document in which a **credit union** sets out the basis on which it will conduct business with members.

“**voluntary assistant**” means a **member** of the **credit union** who, although not an officer of the **credit union**, is engaged in any way (but without remuneration), in the operation of the **credit union**.



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# CHAPTER 1

## General Principles

1. We will act with due skill, care and diligence in your best interests.
2. We will not recklessly, negligently or deliberately mislead you as to the real or perceived advantages or disadvantages of any product or *service* that we offer you.
3. We will ensure that all of our *advertisements* are fair and not misleading.
4. We will employ effectively the resources and procedures, systems and control checks that are necessary for compliance with these Standards.
5. We will seek to avoid conflicts of interest when providing *services* to you.
6. We will not exert undue pressure or influence on you.
7. We will ensure that any *outsourced activity* meets these Standards.
8. We will take reasonable steps to ensure that neither we, nor any of our *officers* or *voluntary assistants*, offer, give, solicit or accept, any *inducement* likely to conflict with any duties of the recipient or of the recipient's employer.



# CHAPTER 2

## Provision of Information

1. We will ensure that, in all our dealings with you, we make full disclosure of all relevant material information, including all **charges**, if any, in a way that seeks to inform you. This means that all information will be clear and easily understood, the font size will be clearly legible and key information will be highlighted to you.
  - (i) We will supply information to you on a timely basis. In doing so, we will have regard to the following:
    - a) the urgency of the situation; and
    - b) the time necessary for you to absorb and react to the information provided.
  - (ii) Where we intend to amend or alter a **service** that we provide, where that change will have a negative impact on **charges** / rates applied to your savings / loans account, we will give you notice, at least one month in advance, of the amendment being introduced.
  - (iii) We will ensure that, where applicable, documents conferring ownership rights are returned to you in a timely manner or are held for safekeeping under an agreement with you. These documents include, but may not be limited to, those provided as security against a loan, e.g. property deeds, share certificates etc.
  - (iv) We will ensure that, where we intend to record a telephone conversation with you, we will inform you at the outset of the conversation.
  - (v) We will acknowledge, in writing, the receipt of a properly completed direct debit mandate or payroll deduction mandate from you in relation to a savings or loan product provided by us. This may take the form of providing you with a 'tear off' from the mandate.
  - (vi) We will ensure that, where we have the means to communicate with you using electronic media, we will have appropriate arrangements in place to ensure the secure transmission of information to you and receipt from you.
  - (vii) We will provide you with the terms and conditions attaching to any share, deposit or loan products, before you enter into a contract for that product, or before the cooling-off period (if any) expires.



## 2. Statements

- (i) We will, at least annually, issue you with statements of transactions on your share and / or deposit accounts with a balance in excess of €20, unless otherwise agreed with you in writing.

This statement will:

- a) include details of the dividend or interest rates applied to the account(s) during the period covered by the statement;
- b) be issued to your last known postal address, or be made available to you electronically if you so request and we have the facility to do so; and
- c) where tax is deducted from a dividend or interest paid, provide information on the tax deducted or inform you how you may obtain a certificate detailing the tax paid.

## 3. Changes in Interest Rates


- (i) We will ensure that when we announce a change in interest rates, the notification states clearly the date from which the change will apply.
- (ii) Where we change the interest rate on deposit accounts, we will update our information *services*, including telephone helplines and websites as soon as the change comes into effect.

## 4. Accounts

- (i) We will ensure that any funds lodged by you to your share, deposit or loan account are credited to your account on that day.
- (ii) We will make available to existing deposit holders, details of the different interest rates, if any, that are being applied to our other deposit accounts.
- (iii) We will ensure that at least 10 days before the maturity of a fixed-term deposit that you hold, which has a minimum term of 1 year, we will alert you about its impending maturity.

## 5. Joint Accounts

- (i) Before you open a joint account, which permits full access and use of funds in the account by either named party, we will warn you of the consequences of opening and operating such a joint account.
- (ii) We will ascertain from the accountholders of a joint account any reasonable limitations that they wish to impose on the operations of the account.


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6. We will ensure that, in all our dealings with you, we make full disclosure of all relevant material information in a way that seeks to inform you.
- (i) We will draw up our *terms of business* and provide them to you before we provide you with your first *service*. The *terms of business* will set out the basis on which we provide our *services* and will include at least the following:
    - a) the legal name, address, and contact details of our *credit union*;
    - b) our regulatory status and the name of the regulatory authority which currently regulates our *credit union*;
    - c) a description of the *services* that we provide;
    - d) a summary of our *complaints* procedure;
    - e) any other information that we consider is important and relevant for you.
  - (ii) We will provide our *terms of business* to you as a stand-alone document or as part of our 'welcome pack'.
  - (iii) Where we make a material change to the *services* we provide, and you are affected by that change, we will provide you with details of the change as soon as possible, but no later than the publication of our next Annual Report.

# CHAPTER 3

## Responsible Lending

(This section applies to the provision of loans only.)

1. We will gather sufficient information from you to enable us to provide a loan that meets your needs. This information may be gathered in your application to become a **member** and / or your loan application form.
  - (i) The level of information gathered will be appropriate to the nature and complexity of the loan being sought by you, but must be to a level that allows us to provide a professional **service**.
  - (ii) We will endeavour to have you certify the accuracy of the information you have provided to us. Where you decline to do so, we will note this on your **records**.
2. Based upon the loan application process, we commit to offer loans to you that meet your needs and that we consider you will be able to repay.
  - (i) Before providing a loan to you, we will prepare a written statement setting out the reasons why the loan offered is being offered to you. A representative of our **credit union** will sign a copy of this statement, which must be countersigned by you. A copy of this document will be given to you to keep. This statement may be set out in your loan application form or credit agreement.
  - (ii) We will not offer you a loan unless you have requested it.
  - (iii) Prior to a loan being approved, we will explain to you the effect, if any, of missing any of the scheduled repayments.
  - (iv) We will not make the sale of a loan contingent upon you purchasing repayment protection insurance.
3. **Debt Consolidation**
  - (i) Where a loan is offered to you for the purpose of consolidating other loans or credit facilities, we will provide you 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. Where this information is not publicly available, we will calculate this comparison based on information supplied by you.
4. **Arrears and Guarantees**
  - (i) If the terms of your loan agreement change, and the loan has been guaranteed by a third party, we will notify the guarantor in writing.

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- (ii) We have in place procedures for handling arrears cases.
  - (iii) During the loan application process, we will provide you with an outline of the action and remedies, which we may take in the event of default by you.
  - (iv) If you default on your repayments, we will advise you of relevant credit counselling services and the contact details for such a service e.g. name and address of a local Money Advice & Budgeting Services (MABS). This requirement does not infringe on our legal right to pursue arrears.

## 5. Warnings

- (i) We will ensure that all warnings required by these Standards are prominent, i.e. that they must be in a box, in bold type and of a font size that is larger than the normal font size used throughout the document or *advertisement*.
- (ii) The following warnings will be included in any document, application form or *advertisement* for the specified product or *service*:

**Warning for Borrowers: If you do not meet the repayments on your loan, your account will go into arrears. This may affect your credit rating.**

**Warning for Guarantor: As a guarantor of this loan, you will have to pay off the loan, the interest and all associated charges, if any, if the borrowing member does not. Before you sign this guarantee you should seek independent legal advice.**

**Warning for Debt Consolidation: This new loan may take longer to pay off than your previous loans. This means you may pay more than if you paid over a shorter term.**

# CHAPTER 4

## Handling Complaints

1. We will ensure that we act honestly, fairly and professionally in the best interests of our members. In this regard we will ensure that we correct errors and handle **complaints** speedily, efficiently and fairly. We will maintain an up-to-date **record** of all **complaints** subject to the **complaints** procedure. This **record** will contain the details of each **complaint**, our response(s), any other relevant correspondence or **records** and the action taken to resolve each **complaint**.
  - (i) We will have in place a written procedure for the proper handling of **complaints**. This procedure need not apply where the **complaint** has been resolved to your satisfaction within 5 **business days**, provided however that a **record** of this fact is maintained. At a minimum this procedure must provide that:
    - a) we will acknowledge each **complaint** in writing within 5 **business days** of the **complaint** being received;
    - b) we will provide you with the name of one or more individuals appointed by us to be the your point of contact in relation to the **complaint** until the **complaint** is resolved or cannot be processed any further;
    - c) we will provide you with a regular written update on the progress of the investigation of the **complaint** at intervals of not greater than 20 **business days**;
    - d) should the **complaint** not be resolved to your satisfaction or in accordance with these Standards, we will inform you of your right to refer the matter to the Financial Services Ombudsman, or the District Court where relevant, and will provide you with the contact details of such Ombudsman; and
    - e) we will advise you in writing, within 5 **business days** of the completion of the investigation of a **complaint**, of the outcome of the investigation and, where applicable, explain the terms of any offer or settlement being made. We will also inform you of your right to refer the matter to the Financial Services Ombudsman and will provide you with the contact details of such Ombudsman.
  - (ii) When we receive a verbal **complaint**, we will offer you the opportunity to have the **complaint** treated as a written **complaint**.

# CHAPTER 5

## Common Standards for all Credit Unions

### 1. General


- (i) We will ensure that the name of a product or **service**, which we provide is not misleading in terms of the benefits that the product or **service** can deliver.
- (ii) We will ensure that all instructions from you, or on your behalf, are processed properly and promptly and that the date of both the receipt and transmission of the instructions is recorded.
- (iii) We will ensure that, where we accept an instruction from you that is subject to any condition imposed by you, we maintain a **record** of the condition to which the instruction is subject.
- (iv) We will not charge you a fee for any optional extra(s) offered in conjunction with a product or **service**, unless you have positively indicated that you wish to purchase the optional extra(s).

### 2. Access

- (i) We will not deny any **member** access to **services** within the parameters of the Money Laundering guidelines.

### 3. Unsolicited Contact (Coldcalling)

- (i) When contacting a **member** we will only make unsolicited contact with you, by way of a personal visit or telephone call, if:
  - a) we have, within the previous twelve months, provided you with a product or **service** similar to the purpose of the unsolicited contact;
  - b) you hold a product, which requires us to maintain contact with you in relation to that product;
  - c) you have given your consent in writing to being contacted in this way;
- (ii) Unsolicited contact, made in accordance with these Standards, will only be made between 9.00 a.m. and 9.00 p.m. Monday to Saturday (excluding bank holidays and public holidays), unless otherwise requested by you.
- (iii) When making an unsolicited contact in accordance with these Standards, a representative of our **credit union** will immediately and in the following order:
  - a) identify himself or herself by name, the name of our **credit union** on whose behalf he/she is calling and the purpose of the contact;

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- b) inform you that the call is being recorded, if this is the case; and
  - c) establish if you wish the call to proceed; if not our representative will end the contact immediately.
- (iv) We will abide by a request from you not to make an unsolicited contact with you again.
- (v) We will not reach a binding agreement with you on the basis of an unsolicited contact alone.

#### 4. Charges

Where applicable,

- (i) We will provide you with details of all **charges**, including third party charges, which we will pass on to you, prior to providing a **service** to you. If these **charges** cannot be ascertained in advance, we will advise you that such **charges** will be levied as part of the transaction.
- (ii) If you are affected by any increase in **charges**, or the introduction of any new **charges**, we will advise you of this increase at least 30 days in advance of the changes taking place.
- (iii) In each statement provided to you, we will detail all **charges** applied during the period covered by that statement.
- (iv) Where **charges** are accumulated and applied periodically to your account(s), we will advise you, at least 10 **business days** before the deduction of **charges** and provide a breakdown of these **charges**, except where these **charges** total an amount of €20 or less.

#### 5. Errors

- (i) We will speedily, efficiently and fairly, correct errors in any charge or price levied on, or quoted to, you in respect of any product or **service** that is the subject of these Standards.
- (ii) Whether you are a current or former **member** of our **credit union** who has been affected by a charging or pricing error, we will notify you in a timely manner of any material charging or pricing error that has impacted negatively on the cost of the **service** or the value of the product provided.


# CHAPTER 6

## Advertising

### General Requirements

- 1 An **advertisement** must not influence a **member's** attitude to the advertised product or **service** or the **credit union** either by inaccuracy, ambiguity, exaggeration or omission.
- 2 The name of the **credit union** publishing an **advertisement** must be clearly shown in all **advertisements**.
- 3 The nature or type of the advertised product or **service** must be clear and not disguised in any way.
- 4 An **advertisement** must be designed and presented so that any reasonable **member** knows immediately that it is an **advertisement**.
- 5 The design and presentation of an **advertisement** must allow it to be clearly understood. Where small print or footnotes are used, they should be of sufficient size and prominence to be clearly legible. Where appropriate they should be linked to the relevant part of the main copy.
- 6 Warnings and product specific information must be clear and must not be obscured or disguised in any way by the content, design or format of the **advertisement**.
- 7 An **advertisement** that uses promotional or introductory rates must clearly state the expiry date of that rate and provide an indication of the rate that will apply thereafter. This requirement does not apply to **advertisements** for loans where the promotional rate is for a period that does not exceed 1 year.
- 8 Any statement or promise contained in an **advertisement** must be true and not misleading at the time it is made and any assumptions on which it is based must be reasonable and stated clearly.
- 9 Any forecast contained in an **advertisement** must not be misleading at the time it is made and any assumptions on which it is based must be reasonable and stated clearly.
- 10 An **advertisement** must not be misleading in relation to:
  - a) the **credit union's** independence or the independence of the information it provides;



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- b) the *credit union's* ability to provide the advertised product or *service*;
  - c) the scale of the *credit union's* activities;
  - d) the extent of the resources of the *credit union*;
  - e) the nature of the *credit union's* or any other *person's* involvement in the advertised product or *service*;
  - f) the scarcity of the advertised product or *service*;
  - g) past performance or possible future performance of the advertised product or *service*.
- 11 An *advertisement* that promotes more than one product must set out clearly the different features of each product in such a way that a *member* could distinguish between the products.
  - 12 Any recommendations or commendations quoted must be complete, fair, accurate and not misleading at the time of issue, and relevant to the advertised product or *service*.
  - 13 A recommendation or commendation may not be used without the consent of the author and, if the author has received any payment from the *credit union* for the recommendation or commendation, the *advertisement* must state that fact.
  - 14 Comparisons or contrasts must be based either on facts verified by the *credit union*, or on reasonable assumptions stated within the *advertisement* and must be presented in a fair and balanced way; and not omit anything material to the comparison or contrast. Material differences between the products must be set out clearly.
  - 15 It is not necessary to display the required warnings set out in this chapter if the *advertisement* does not refer to the benefits of a product but only invites a *member* to discuss the product or *service* in more detail with the *credit union*.

## Lending

- 16 Where an *advertisement* includes an annual percentage rate, the *advertisement* must clearly state if the underlying interest rate is fixed or variable.
- 17 An *advertisement* for a loan for a specified term must, if displaying the annual percentage rate and the term, display the total cost of credit.
- 18 *Advertisements* for the consolidation of two or more debts must, where sample figures are offered in the *advertisement*, indicate the difference between the total cost of credit of the consolidated loan and the total cost of credit of the individual debts that are the subject of consolidation.

## Savings & Investments

- 19 Where an interest rate for a deposit account is displayed in an *advertisement*, it must clearly state the following:
- a) whether the rate quoted is variable or fixed, and if fixed, for what period;
  - b) the relevant interest rate for each term quoted together with the equivalent annual rate for each rate quoted, and each rate should be given equal prominence;
  - c) the minimum term and / or minimum amount required to qualify for a specified rate of interest, if applicable; and
  - d) if any tax is payable on the interest earned.
- 20 Information about the past performance of the *advertised* product or *service* or the *credit union* must:
- a) be based on a product similar to that being advertised;
  - b) not be selected so as to exaggerate the success or disguise the lack of success of the advertised product or *service*;
  - c) state the source of the information;
  - d) be based on actual performance;
  - e) state clearly the period chosen, which must be related to the term of the product being advertised; where that term is open-ended, the longest term available should be included;
  - f) include the most recent period;
  - g) indicate, where they arise, details of transaction costs, interest and taxation that have been taken into account; and
  - h) state, where applicable, the basis upon which performance is quoted.



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