

Consumer Protection Codes Dept  
Financial Regulator  
PO Box 9138  
College Green  
Dublin 2

28 January 2009

**Submission to Financial Regulator  
Consumer Protection Code - Consultation Paper 35**

Dear Sir or Madam

Thank you for forwarding a copy of consultation paper 35.

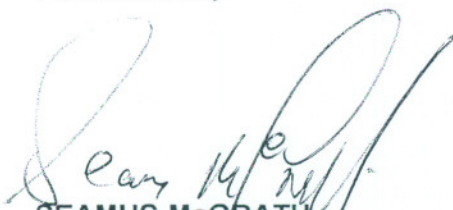
We wish to make the following comments/ observations in relation to the revised draft code:

1. **Chapter 2, Provision of Information, Section 1(v):** Acknowledging receipts of direct debit mandates and payroll deduction mandates is unnecessary bureaucracy in the case of community (as opposed to industrial) credit unions since practically all of these documents are completed by the member in the office. We suggest that you alter the draft code so that any mandates received in the post are acknowledged in writing.
2. **Chapter 2, Provision of Information, Section 2(i):** We suggest that the minimum account balance before a mandatory annual statement is needed be €40 (increased by CPI each year). The current figure of €20 would add too much cost to member based co-operatives operating in the social economy.
3. **Chapter 2, Provision of Information, Section 4(i):** The proposed obligation that all funds lodged by the member are credited on the day is problematic regarding credit transfers (eg. standing orders) that are credited during the day to a Credit Union's bank accounts. It would be more practical that "member initiated payments" be updated to their credit union accounts by the next working day. For example, if a member asks their bank to transfer a €100 euro to the Credit Union and it arrives in our bank account at 4pm, it is not practical for us to post that payment to the member's credit account "on that day".

4. **Chapter 3, Responsible Lending, Section 2(i):** The requirement for a "reasons why" letter in relation to credit union loans (the vast bulk of which are under €5,000) seems like un-necessary bureaucracy with no tangible benefit for the member. All loans are offered because the member has applied for credit and because the Credit Union believes that the member has the character and financial capacity to repay it. Simply re-stating this in writing for every loan application (and signing) it wastes everybody's time for no benefit.
5. **Chapter 3, Responsible Lending, Section 3(i):** Credit Unions regularly give consolidation loans as a way to help people out of debt, particularly high-cost debt. The proposal that Credit Unions must provide a member with a written cost comparison of the Credit Union loan with the loans being re-financed is unwise. It is too onerous a commitment (even if some of the information may be available publicly) and will strongly discourage Credit Unions from such lending, a bad thing from a societal point of view.
6. **Chapter 3, Responsible Lending, Section 4(iv):** We believe that the proposed requirement that a Credit Union must advise a Member of credit counselling services (e.g. MABS) if payments have been missed is not reasonable or desirable. It is encouraging people to run for help very early. It also over-looks the fact that many people fall into arrears because of disorganisation or a dislike of making repayments rather than debt issues!
7. **Chapter 5, Common Standards, Section 3(i):** The section regarding "cold calling" and "unsolicited contact" must make it clear that this section does not apply to contact made in relation to credit control matters. Members will not make the distinction, even if the Regulator may think it obvious.

We look forward to your acknowledgement in relation to this submission. In the meantime, please do not hesitate to contact us if any of the points above are unclear.

Yours faithfully



**SEAMUS McGRATH**  
Credit Union Secretary



**PAUL RYAN**  
Credit Union Manager

Copy: Fiona Cullen, Irish League of Credit Unions