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Consumer Protection Codes Department
Financial Regulator
PO Box No 559
Dame Street
Dublin 2

10th January 2011

Re: Review of Consumer Protection Code – CP47

Dear Sirs,

Please find enclosed our response to Consultation Paper CP47 on the draft Consumer Protection Code ("CPC").

We appreciate that the Financial Regulator has gone to some lengths to update the Consumer Protection Code in order to enhance the protection for consumers. You will also note the considerable amount of effort invested in our submission to respond to the draft in a practicable manner as possible.

If you have queries regarding our response, please don't hesitate to contact Patricia Dardis on 01 4021191.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ciarán Barr', written over a horizontal line.

Ciarán Barr
CEO, GE Money



GE MONEY

RESPONSE TO CP47

GE Money is a trading name of GE Capital Woodchester Limited (reg. no.9380), GE Capital Woodchester Finance Limited (reg. no. 24267) and GE Capital Woodchester Home Loans Limited (reg. no. 34927).

Registered Offices: 31—36 Golden Lane, Dublin 8.

INTRODUCTION

This response to CP47 is on behalf of GE Money, also referred to in the response below as "we/ us/our".

Our response is structured in 2 parts:

- Section A outlines our response to the areas the Financial Regulator is seeking industry views; and
- Section B contains our submissions on specific chapters and provisions in chronological order.

SECTION A

1. Errors handling

Question 17: Do you think this approach to errors handling will reduce the incidence of errors and lead to an improvement in the way in which regulated entities handle errors involving customer detriment?

Response: We believe that there should be a structure in place for regulated entities to follow when handling errors. However, we do not believe that it will reduce the occurrence of errors but rather it will make the discovery process more efficient as there will be further controls in place to detect errors.

Question 18: Do you think the proposals are adequate to prevent repeat errors from occurring?

Response: We do not believe that the proposal put forward, in it's own right, will prevent repeat errors as when errors are discovered it is normal practice to implement systems or process changes to prevent repeat errors.

Question 19: Do you think the six-month timeframe to rectify errors involving consumer detriment is appropriate?

Response: Firstly, we submit that the Central Bank of Ireland should provide a definition of "consumer detriment".

There are 3 steps that must be completed in order to rectify an error – discovery, analysis, and resolution. For more complex errors such as those requiring technology

changes to fix the error, 6 months is not a sufficient timeframe. We propose a timeframe of 12 months would be a more sufficient timeframe.

Question 20: Do you think our proposal that only errors that cannot be resolved within one-month should be reported is an improvement on the current situation? Is the one-month timeframe appropriate? If not, please suggest an alternative.

Response:

The proposal put forward provides a formal structure for error reporting, which we welcome. As stated earlier, there are 3 stages to rectifying errors and we do not believe that one-month will allow sufficient time to resolve an error even if it is not complex, thus this will result in a situation whereby all errors are reported. Thus, we believe it would be more appropriate to include a requirement to report 'material' errors and that material is defined. We propose that material errors are those where customers are impacted by more than €10.

2. Unsolicited contact

Question 21: Do you think that the proposed times for permitting unsolicited contact are appropriate?

Response: We understand "unsolicited contact" in this section to refer solely to cold calling (i.e., Insurance sales, etc.) and not contact with customers for the purpose of account administration (including but not limited to arrears calls).

However, if our interpretation is incorrect and "unsolicited contact" does refer to contacting customers for the administration of their account, then we do not agree with the proposed times. Many customers work during the hours proposed and as such are either unavailable or don't wish to discuss their account at their place of employment. For customers whose account is in arrears, if we are not able to make contact by telephone, the arrears situation may persist and in some cases worsen. Thus we submit that the proposed times for permitting contact should not be changed and should remain as set out in S.46 of the Consumer Credit Act 1995.

3. Arrears Handling

Question 23: Do you agree with the proposals in relation to arrears handling? If not, please set out your suggestions on appropriate measures?

Response: It is important that the Central Bank of Ireland consider the hierarchy of debt when recommending any restrictions on contact levels. Short-term debt and long-term debt should not be given equal prominence; otherwise borrowers may prioritise payments to non-mortgage creditors when their mortgage should be priority. Thus, we suggest that the level of unsolicited contacts for non-mortgage debt should be less than that for mortgage debt.

It has also been our experience that consumers prioritize their credit union loans over other type of debt. Thus, we submit that credit unions should have the same level of restrictions on contact levels as all other financial institutions.

It is important to note that the less contact an institution has with a consumer who is in arrears, the greater likelihood that the arrears situation will persist and their ICB record will be impacted, which may affect their ability to obtain credit in the future.

In addition, we submit that unsolicited communication should not include calls initiated by the lender where no contact has been made with the customer.

SECTION B
SUBMISSIONS ON SPECIFIC PROVISIONS

Ch. 3 Prov.2: A regulated entity must ensure that all instructions from or on behalf of a consumer are processed properly and promptly. Where an instruction cannot be acted on within two business days, the regulated entity must acknowledge in writing receipt of the instruction, outline the reason for the delay and confirm when it will be processed.

Response: It is unclear as to what "instruction" refers. We interpret an "instruction" to be a simple request for a copy statement or an amendment to direct debit details and not to a more complex request such as a loan reschedule. It would be beneficial for the Central Bank to provide a definition of "instruction".

As some requests may be more complex than others by nature and that many times requests must be referred to different departments within the business, our view is that 2 working days is not sufficient time for the majority of requests and believe that 5 working days is an appropriate timeframe.

Ch. 3 Prov. 31: An unsolicited personal visit or telephone call may be made only between 9.00 a.m. and 7.00 p.m. Monday to Friday (excluding bank holidays and public holidays) except where the purpose of the contact is to protect the consumer from fraud or other illegal activity.

Response: Please see our response to Question 21 on Page 3 under "Unsolicited Contact".

Ch. 9 Prov. 7: Where a regulated entity reaches an agreement on a revised repayment amount or revised repayment schedule with a consumer, the full terms of the agreement must be confirmed with the consumer in writing.

Response: We interpret this to mean that if we agree a revised repayment schedule whether on a temporary or permanent basis, we will issue a letter to a customer confirming the revised terms and conditions of the revised repayment schedule.

Ch. 9 Prov. 8: Where a consumer makes an offer of a revised repayment amount or schedule that is rejected by the regulated entity, the regulated entity must formally document its reasons for rejecting the offer, and this must be communicated to the consumer in writing.

Response: We submit that the regulation should require that this consumer make their offer in writing, "Where a consumer makes an offer of a revised repayment amount or schedule *in writing* that is rejected by the regulated entity ...communicated to the consumer in writing."

Ch. 9 Prov. 9: A lender must have a dedicated section on its website for consumers in or concerned about financial difficulties which must include:

- a) information on the level of charges to be imposed on borrowers in arrears; and
- b) a link to the MABS website.

The information on the website must be easily accessible from a prominent link on the homepage.

Response: We submit this rule should only apply in circumstances where the lender has a website. Therefore, we propose an alternative wording for Rule 13 - 'Where a lender has a website, it must have a dedicated section on it's website for customers in or concerned about financial difficulties...'

Ch. 11 Prov. 3: A regulated entity must speedily, efficiently and fairly, correct an error that has resulted or may result in consumer detriment. All such errors must be fully resolved within six months of the date the error was first discovered, including:

- a) correcting any systems failures;
- b) making all reasonable efforts to effect a refund (with appropriate interest) to all consumers who have been affected by any error; and
- c) notifying all affected consumers, both current and former, in a timely manner, of any error that has impacted or may impact negatively on the cost of the service, or the value of the product, provided.

Response: Please see our response to Question 19 on Page 2 under "Errors handling".

Ch. 11 Prov. 5: A regulated entity must inform the Central Bank, in writing, of any errors that have resulted or may result in consumer detriment that have not been resolved in accordance with provision 3 or are not likely to be resolved within one month.

Response: Rule 11(5) and Rule 11(3) appear to be contradicting each other. Rule 11(5) states that "all errors must be fully resolved within six months", whereas Rule 11(3) states that if errors cannot be resolved within six months the Central Bank must be informed, thus implying that six months is not the final timeline. It is also unclear as to what/if any

penalty will be imposed if Rule 11(3) is not adhered to. It would be useful for the Central Bank to confirm.