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Ms Sharon Donnery
Head of Consumer Protection Codes Department
Central Bank of Ireland
PO Box 559
Dame Street
Dublin 2

10th January 2011

Dear Ms Donnery

PERMANENT TSB SUBMISSION
CP47 REVIEW OF CONSUMER PROTECTION CODE

I refer to your letter dated 29th October 2010 regarding the CP47 consultation process and welcome the opportunity to make a submission.

permanent tsb fully supports the Central Bank's objective to help consumers make informed choices in a safe and fair market and welcomes the review of the operation of the Consumer Protection Code ("the Code"). We believe that the Code has served consumers well in that it has raised the standard of consumer protection in the financial services market since its introduction. We also recognise the need to revise the Code so that it is consistent with legislative changes which have taken place in recent years and to take account of the impact of changes in the financial services marketplace and of technological advances on customer interactions with financial services providers.

While making a separate submission on Consultation Paper CP47 Review of Consumer Protection Code, we wish to put on record our full support for the Irish Banking Federation submission. The purpose in making this separate submission is to emphasise issues and concerns that are of particular importance to **permanent tsb**.

Should you have any queries, please do not hesitate to contact me. We would be pleased to meet with you to discuss or expand on any of the issues raised in greater detail.

Yours sincerely

David J Guinane
Chief Executive

PERMANENT TSB SUBMISSION

CP47 REVIEW OF CONSUMER PROTECTON CODE

1. Advertising (Small print – Questions 25 & 26)

permanent tsb is a provider of retail financial services and consequently relies heavily on advertising to make consumers aware of its products and services. The proposals in CP47 in relation to advertising will severely impact on some advertising media e.g. Radio, which are used to make consumers aware of products on offer so that they might engage with the bank to obtain information and advice prior to purchase. This arises because the proposals make no distinction between different types of advertising and therefore apply detailed requirements applicable to product brochures to all forms of advertising. As a consequence, much of the advertising will contain far more detail than a consumer can absorb and it risks confusing rather than informing customers. In addition some media such as radio will no longer be a viable option due to the proliferation of requirements. This seems an unintended result and the degree of restriction under the proposals is unique for regulated product advertising. The proposal will therefore have an adverse effect on consumers in that it will restrict opportunities for newer financial service providers to make consumers aware of competitive product or service offerings.

Specifically in relation to Question 25 we would comment as follows:

(a) General Principle 6 from which rule 6 in Chapter 10 is derived refers to *full disclosure of all relevant material information* while the rule refers to *key information.* We suggest that this inconsistency between r*elevant* and *key* information is not helpful and will cause confusion and therefore will not promote compliance.

(b) We believe that there is scope within the proposed definition of *key information* to distinguish between advertisements which promote awareness of the availability of a product or service (e.g. posters in public areas; radio and TV advertising; internet "panels") and product brochures available on request or distributed to the public. We believe that awareness advertising does not necessarily *influence a consumer's decision with regard to purchasing or not purchasing a specific service or product* which is a function of the product documentation. Clearly, it is important to have rules to prevent exaggerated claims being made in awareness advertising and it is also worth remembering that it is not in the interests of a retail financial services provider to sell products which do not match up to the claims made in advertising.
In practice, the provision of *key information* to consumers takes place in the product leaflets that he/she can examine and discuss with financial advisors. One option is to oblige the financial institutions to pass such documentation to customers in advance of purchase or cooling off periods.

In relation to Question 26 we would comment as follows:

(a) We believe that the proposed rule 7 in Chapter 3 is likely to result in reduced clarity in advertising and the cluttered approach resulting from the proposal will result in consumer confusion as to benefits and warnings. We believe that segregation of the advertisement into sections provides greater clarity and that key information should be contained in one section of equal size and prominence as the features and benefits. A separate section would accommodate the text currently included in "small print" e.g. subject to DIRT and this section would also include an explanation of any abbreviated terms.

2. Customer Contact

As a supplier of retail financial services, **permanent tsb** aims to be our customers' first choice for the provision of all such products during their relationship with us. We hope that their decision to consider us for the provision of further products or services is influenced by the quality of product and/or service provided on the existing product holding and, in this regard, we engage in follow-up calls to ascertain whether account opening and subsequent service met customer expectations. The restriction on the ability to telephone our customer even where the customer has given us permission to call will impact on our business but also will restrict our ability to inform such customers of other products or services which may be of interest to them.

There are rules (in the existing Code and in the Data Protection Acts) providing protection to consumers against excessive or unwanted electronic or telephonic communications. For example, customers who specify "NO" to direct marketing must not, by law, receive such communications.

In addition, responsible firms, when contacting their customers by phone (in permissible circumstances) will at the outset of the conversation ask the customer whether they wish to continue with the call. Such call handling practices by staff are typically subject to quality assurance procedures. Such arrangements are not mandatory but perhaps this is an alternative approach which would meet the desired consumer protection objective by making best practice a mandatory requirement across the financial services industry.

We submit that the proposed approach in CP47 under which telephone contact with customers and consumers will be virtually eliminated is unnecessarily draconian and suggest the above alternative to improving standards of consumer protection.

We understand that the proposals in CP47 governing unsolicited contact are intended to cover both doorstep selling and telephone calling. **permanent tsb** does not engage in doorstep selling. We are, however, concerned that the proposal to deal with both doorstep selling and telephone calling through a common set of rules will cause difficulties for our business and our legitimate customer relationship activities and ask that the regulation of doorstep selling and telephone calling be dealt with separately.

3. Transfer of Mortgages

The Central Bank requires Irish Life & Permanent to reduce its dependence on ECB funding and instead access wholesale funding markets. The bank's main assets are its residential mortgages. It has undertaken securitisation programmes which have no impact on the mortgagor in terms of interest rate policy or arrears handling policy. If the CP47 proposals regarding transfer of mortgages are not amended, they will have the very serious consequence of halting any future securitisations thereby restricting the bank's access to wholesale funding markets.

As noted, the securitisation programmes undertaken by the bank have had no impact on the mortgagor in terms of interest rate policy or arrears handling policy and we are not aware of any evidence of consumer dissatisfaction which the proposal might be intended to address. We request that the proposed requirements be amended (for mortgage transfers having no impact on mortgagors in terms of interest rate policy or arrears handling policy) to reflect existing arrangements whereby customer consent to securitisation is obtained prior to mortgage advance.

4. Use of electronic communications

We noted in our cover letter the need to revise the Code so that it takes account of the impact of advances in technology on customer interactions with financial services providers. In this regard, we are disappointed to note an increase in requirements under which firms must communicate with customers by post with no option being provided for customers to waive such rights or to choose to receive communications electronically and we ask for reconsideration of these aspects of the proposed requirements.