



6 December 2024

Re: Thematic Review on Customer Supports for Credit Card Lending

Dear CEO,

The protection of consumers in the changing operating environment is a key priority for the Central Bank, and as set out in the [Regulatory & Supervisory Outlook Report 2024](#), more could be done by firms to protect consumers in this context. Recognising the impact of rising costs on consumers, in November 2022 the Central Bank issued a [Dear CEO letter](#) to set out our expectations for how all regulated firms should support their customers in the face of cost-of-living challenges. This formed part of a phased programme of work to ensure firms were supporting consumers to navigate this changing economic landscape.¹

As part of this work, the Central Bank recently completed a Thematic Review on Customer Supports for Credit Card Lending (the Review) across five credit card lenders.² The Review targeted a range of supports that firms are providing for personal credit card customers, as well as compliance with applicable regulatory requirements. It evaluated key measures taken by firms to support their customers in switching to the most suitable products, and in resolving financial difficulties. It also assessed the firms' complaints handling processes and how credit card products are marketed and distributed. While the focus of the Review was on credit cards, many of the assessments carried out have applicability and relevance to other financial products.

The purpose of this letter is to set out the overarching outcomes and feedback from this Review. Additional information on the approach to the Review is provided in **Appendix One**.

Outcomes of the Review

The Review found evidence of various customer-focused supports in place across the firms in relation to credit cards, including some positive practices set out in **Appendix Two** that go beyond minimum compliance with regulation. The Central Bank also observed some firms with

¹ [Protecting consumers in a changing economic landscape \(April 2023\)](#)

² Together, these five lenders hold approximately 97% of personal credit card accounts in the Irish market.



comprehensive approaches to supporting customers with complaints, with evidence of thorough investigation and resolution. In these firms, active learning from issues arising in complaints was also clearly demonstrated.

However, the Review also identified weaknesses and gaps in the supports for customers, resulting in cases of poor customer service and ineffective disclosures. There were a variety of issues identified relating to the focus areas of the Review, and an overview of these is provided in **Appendix One**.

Of particular concern to the Central Bank was the number of credit card customers that have historic credit card products with representative Annual Percentage Rates (APRs) that exceed the 23% APR statutory limit introduced in 2022.³ The Review found that 32% of the c. 1.3 million credit card accounts in Ireland are on these products. It also found that there has been minimal effort by lenders to inform those customers of the implications of remaining on higher APR products, and to meaningfully promote switching to lower APR credit cards. Given the current economic environment, this failure to proactively inform customers is indicative of some firms not acting in the best interests of their customers.

On foot of this finding, the Central Bank is telling the relevant lenders to now engage with these customers to make them aware that they are on this higher historical rate, that lower rate products are available, and the steps for the customer to take to see if one of those products would better suit their needs. Given the minimal efforts to date to inform these credit card customers about alternative options, the Central Bank also now expects these firms to assess the extent of actions taken, and information provided, since November 2022 to customers of all retail credit products where there are options to switch, and to take further action where necessary.

The Review also found a need for more effective disclosures regarding the way interest is charged on credit cards, as this can be complex with different approaches across lenders. This is essential information for consumers to understand in order to effectively manage their finances. The Central Bank wants all credit card lenders to inform consumers more effectively as to how interest is charged on their range of credit card products. Consumers need to have clear, simple and easy to

³ The Consumer Protection (Regulation of Retail Credit and Credit Servicing Firms) Act 2022 introduced a maximum APR of 23% on credit agreements entered into after 16 May 2022.



understand information in this regard to help support decision-making and mitigate the risk of over-indebtedness.

Feedback to Industry

The Review highlights that firms need to take additional steps to ensure that customers are treated fairly and are getting effective customer service and information that supports them throughout the customer journey. All firms are required to consider and address the findings of the Review, taking a consumer-centric approach that will help deliver positive outcomes for consumers. This includes considering the examples of positive practices outlined in **Appendix Two**.

In all circumstances, firms should be proactive in assessing the risks to their customers associated with their products and services, and in protecting their customers' best interests by ensuring they are fully informed of their options and the supports available. We want firms to challenge themselves to ensure they are not, consciously or unconsciously, taking advantage of customers' inertia or any other habit or bias to their detriment. This is particularly important in the current economic environment where firms should take action to support customers facing cost-of-living challenges.

Where issues arise, such as those found in this Review, firms need to be prompt in dealing with them and to build on the learnings from both poor and positive behaviours to meet their obligations to act in the best interests of their customers. Firms also need to take a holistic approach to undertaking robust root-cause analysis of issues arising. This analysis should go beyond specific process failures, and also investigate the effectiveness of governance and oversight as well as behavioural and cultural root-causes that may be contributing to deficiencies in the customer journey.

The Central Bank also highlights again our expectations for protecting consumers in a changing economic landscape, as set out in the Dear CEO letter of November 2022, in particular where credit products are concerned. Firms should also have regard to the key drivers of consumer risk set out in the Regulatory & Supervisory Outlook Report 2024. Three of these risk drivers in particular were observed in the findings of this Review – poor business practices and weak business processes; ineffective disclosures to consumers; and inadequate support of borrowers in the context of the changing operational landscape. Firms need to focus their efforts on making long-term sustainable improvements in these areas, as sustained concrete action by firms would make a material positive difference for consumers of financial services.



Follow-up Actions

In addition to the industry feedback provided in this letter, the Central Bank has issued each firm included in the Review with correspondence detailing the issues and concerns identified and the actions required, including tailored Risk Mitigation Programmes where necessary. We will continue our direct engagement with relevant firms to ensure that appropriate actions are taken to address the findings. In addition, please note that feedback provided in this letter and associated correspondence will be considered during future supervisory activities.

I thank you for your attention to this matter.

Yours sincerely,

A handwritten signature in black ink, reading "Wesley H. Murphy". The signature is written in a cursive style and is positioned above a solid horizontal line.

Wesley Murphy
Head of Consumer Protection Supervision: Credit & Lending



Appendix One: Key Issues Identified

The Review assessed a number of customer supports for credit card lending, targeting key risks arising in relation to switching, marketing & distribution, complaints, and financial difficulties. The core supervisory activities included:

1. Review of over two hundred online credit card advertisements, including webpages;
2. Assessment of a sample of customer complaint files, including reviewing over one hundred recorded telephone calls and transcripts of chat logs between firms and their customers;
3. Evaluation of customer disclosures; and
4. Quantitative data collection and analysis.

The following is an overview of the key findings at an industry level. For the avoidance of doubt, not all of the issues set out were found in all individual firms.

1. Switching

The Review identified approximately 420,000 accounts on credit card products with representative APRs ranging from 24.5% to 27.9%.⁴ In 2022, the Consumer Protection (Regulation of Retail Credit and Credit Servicing Firms) Act introduced a maximum APR of 23% for credit agreements (other than a high cost credit agreement) entered into after 16 May 2022. While this cohort of customers would have originally availed of the credit card prior to the introduction of this maximum APR, and these particular products are no longer available to new applicants, this is a significant number of consumers who are exposed to higher interest rates and cost of credit than other consumers availing of credit cards from the same lender.

For all of the lenders who hold these accounts, there is now at least one lower APR credit card product available from that lender. While information on switching is available on lenders' website and it will be facilitated upon request, the Review found that there has been minimal effort to proactively inform this particular cohort of the implications of remaining on higher APR products and to meaningfully encourage switching to other credit card products. As set out earlier in this letter, the Central Bank expects these lenders to take action to support and empower these customers to make informed financial decisions about their credit card products.

⁴ Data is as at 31 March 2024.



2. Marketing & Distribution

The Review considered the way that lenders market and distribute credit cards to consumers. As part of this, a number of issues were identified in advertisements and other customer information that create a risk of ineffective disclosure, and which the relevant firms must now address. Advertisements and pre-contractual information can be highly influential on a customer's decision to choose a particular financial product, and thus it is essential that these effectively inform customers to support them with this decision-making.

Advertisements	A number of issues were identified in online credit card advertisements, including the following: <ul style="list-style-type: none">• Omission of information required in specified circumstances, such as the APR or a representative example.• Lack of prominence of required information.• Use of potentially misleading wording and phrases.• Lack of key information, or lack of clarity on key information.
Pre-contractual information	There was a failure to provide pre-contractual information in good time before the consumer is bound by the credit card in some cases, which impacts the ability of the consumer to effectively compare different offers of credit.

3. Complaints

A variety of customer service related issues were observed in the complaints sample, including cases of insufficient assistance being provided to customers, and of poor staff communication. Some of these issues had been acknowledged and addressed prior to this Review by the firms themselves during the complaints handling process; however others had not been. The Central Bank expects firms to be proactive in identifying the underlying root causes of issues arising in complaints, and implementing enhancements to raise customer support standards more broadly.

In relation to complaints handling, the following key issues were identified in some cases, and clear actions to rectify have been set out to the relevant firms:



- Closure of complaints in certain circumstances without proper investigation, resolution, or follow-up with the complainants.
- Insufficient evidence of active learning from complaints.
- Delay in identifying a more widespread issue.
- Lack of clarity and transparency on the process for making a complaint.

4. Financial Difficulties

It is essential that a customer experiencing difficulty in making credit card payments receives effective support from their lender, with the ultimate aim of helping the customer to resolve any such difficulty. However, the Review found a very limited range of resolution options available for credit card customers in some cases. The nature of financial difficulties can vary depending on each customer's individual circumstances, and firms need to have appropriate suites of resolution options available to support a range of different circumstances.



Appendix Two: Supports for Customers

In the Review, the Central Bank observed evidence of supports in place for credit card customers, and some positive indicators of a consumer-focused culture. In particular, the Central Bank found comprehensive approaches to complaints investigation and resolution in some of the firms, with all aspects of issues raised by customers given appropriate consideration. These firms also clearly demonstrated active learning from issues arising, with actions taken to mitigate the risk of re-occurrence.

The Review also identified various practices that may deliver additional positive outcomes, as set out in the table below. The Central Bank expects that all firms give these appropriate consideration, with a view to implementing further enhancements to the customer journey.

Examples of positive practices that can provide additional support for consumers
<ul style="list-style-type: none">• Allowing existing credit card customers to avail of promotional offers when switching to a new credit card product with the firm.• Providing consumer-centric content on advice for effectively managing a credit card.• Frequent prompts on credit card webpages to review fees and charges, accompanied by direct links to useful pre-contractual information.• Providing worked examples of how interest is charged on credit cards.• As a complement to verbal communication, issuing a written communication to the customer clearly advising of all actions to be taken to fully close a credit card account.• Reducing documentation needed for the credit card application process by providing functionality for a customer to link payment accounts in-app which are then automatically reviewed.