



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Code of Conduct on the Switching of Current Accounts with Credit Institutions

CHAPTER 1

SCOPE

This Code applies to current accounts held by *consumers* and that are denominated in euros.

This Code applies where:

- (i) a *consumer* is switching a current account denominated in euros held with a *credit institution*, to a current account with another *credit institution*;
and
- (ii) a *consumer* is switching the active *direct debits* and standing orders *on a current* account to another existing current account with a different *credit institution*,

and both *credit institutions* are located in the State.

LEGISLATIVE BASIS

This Code is issued under Section 117 of the Central Bank Act, 1989.

The Central Bank of Ireland has the power to administer sanctions for a contravention of this Code, under Part IIIC of the Central Bank Act, 1942.

Credit institutions are reminded that they are required to comply with this Code as a matter of law.

This Code comes into effect on 1 October 2010.

TO WHOM THIS CODE APPLIES

This Code applies to *credit institutions* when providing current accounts to *consumers* in the State, that is:

- *Credit institutions* licenced by the Central Bank of Ireland; and
- *Credit institutions* with an equivalent licence or authorisation in another EU or EEA Member State when providing services in this State on a branch or cross-border basis.

CHAPTER 2

DEFINITIONS

In this Code:

“*account*” means a current account denominated in euro with a *credit institution* in the State.

“*associated undertaking*” means an associated undertaking within the meaning of Regulation 34 of the European Communities (Companies Group Accounts) Regulations, 1992.

“*Account Transfer Form*” means the form containing the information required in Chapter 3(3).

“*consumer*” means any of the following:

- a) a natural person acting outside their business, trade or profession;
- b) a *person* or *group* of *persons*, but not an incorporated body with an annual turnover in excess of €3million (for the avoidance of doubt, a group of persons includes partnerships and other unincorporated bodies such as clubs, charities and trusts, not consisting entirely of bodies corporate); or
- c) incorporated bodies having an annual turnover of €3 million or less in the previous financial year (provided that such body shall not be a member of a *group* of companies having a combined turnover greater than the said €3million).

and includes where appropriate, a potential “*consumer*” (within the meaning above).

“*credit institution*” means the holder of an authorisation issued by the Central Bank of Ireland or by a competent authority of another Member State for the purposes of EU Directive 2006/48/EC relating to the taking up and pursuit of the business of credit institutions.

“*direct debit*” means a payment service for debiting a payer’s account, where a payment transaction is initiated by the payee on the basis for the payer’s consent given to the payee, to the payee’s payment service provider or the payer’s own payment service provider.

“group” includes a company, its parent and its subsidiaries and any *associated undertaking* or *related undertaking*.

“person” means a natural or 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.

“related undertaking” means

- a) companies related within the meaning of Section 140(5) of the Companies Act, 1990;
- b) undertakings where the business of those undertakings has been so carried on that the separate business of each undertaking, or a substantial part thereof, is not readily identifiable; or
- c) undertakings where the decision as to how and by whom each shall be managed can be made either by the same *person* or by the same *group* of *persons* acting in concert.

“switching date” means the date agreed by the *consumer* and the *credit institution* for the switching process to commence.

CHAPTER 3

PROVISIONS

GENERAL

1. A *credit institution* must have an *account* switching pack available in each branch and on its website.
2. A *credit institution*'s switching pack must contain at least the following:
 - a) a description of the switching process, including the relevant deadlines and a description of the steps which the *consumer* must take to switch their *account*;
 - b) contact details for making an appointment, if the *consumer* is required to visit the *credit institution* in person to open the *account*;
 - c) a copy of the *credit institution*'s *Account Transfer Form* which shall include the items set out in provision 3 below;
 - d) information about the importance of the *switching date* and why it is preferable that it should be a date where there is least activity on the *account*;
 - e) contact details to assist with queries in relation to the new *account* and the switching process; and
 - f) where the *consumer* is opening a new *account*:
 - (i) the name and a description of each *account* offered by the *credit institution*. The description of the *account* must contain the key features of the *account* and details of interest rates and fees and charges which may apply to the *account*; and
 - (ii) a list of the documents which the *credit institution* will require from the *consumer* in order to open the *account*.
3. A *credit institution*'s *Account Transfer Form* must make provision for recording the following information:
 - a) the *switching date*;
 - b) whether the *consumer* is keeping their existing *account* open or closing it;
 - c) the *consumer*'s consent to transfer relevant details between the existing *credit institution* and the new *credit institution*, and these details must accompany the *Account Transfer Form*;
 - d) the *consumer*'s consent to transmit the new *account* details to direct debit originators;
 - e) in relation to the *credit institution* where the existing *account* is held:
 - (i) the *consumer*'s consent to the transfer of the balance on the existing *account* to the *credit institution* where the new

- account* has been opened, if the *consumer* has opted to close their existing *account*;
- (ii) the *consumer*'s consent that the *credit institution* may recover from the new *account* amount(s) relating to cheques written on the existing *account* that are guaranteed under the Cheque Card Guarantee Scheme and that have not yet been presented for payment by the *switching date*; and
 - (iii) the *consumer*'s consent to transmit to the new *credit institution* details of debit card and automated teller machine (ATM) card transactions on the existing *account* which have not been applied to the *consumer*'s *account* by the *switching date*; and
- f) in relation to the *credit institution* where the new *account* will be opened:
- (i) the *consumer*'s consent to set up standing orders and operate *direct debits* on the new *account*, when the list of standing orders and *direct debits* being transferred to the new *account* is received by the new *credit institution*;
 - (ii) the *consumer*'s consent to pay amounts in relation to cheques guaranteed under the Cheque Card Guarantee Scheme which are written on the existing *account* and which are sought from the new *credit institution*; and
 - (iii) the *consumer*'s consent to pay amounts in relation to debit card and automated teller machine (ATM) card transactions which have not been applied to the *consumer*'s existing *account* by the *switching date* and which are sought from the new *credit institution*.

Provisions applicable to the *credit institution* to which a *consumer* intends to switch *accounts*

4. When a *credit institution* is first contacted by a *consumer* wishing to switch their *account* to that *credit institution*, it must:
 - a) provide the *consumer* with the switching pack referred to in provision 2 above;
 - b) inform the *consumer* that if they wish to transfer a debit balance to the new *account*, this will have to be agreed with the *credit institution* in advance; and
 - c) inform the *consumer* that if they require credit facilities on the *account*, this would need to be discussed and agreed in advance of the *account* being opened.

5. When the *credit institution* receives a completed *Account Transfer Form* from the *consumer*, without prejudice to the generality of provision 2(a) and,

as applicable, a **credit institution** must inform the **consumer** as to the practical considerations which they should consider if they decide to switch **accounts**, including:

- a) ensuring there are sufficient funds in both the new and old **accounts** to meet any incoming debts including standing orders, **direct debits**, cheques, interest, fees and charges;
- b) checking their payroll arrangements and preparing for any changes that will need to be made arising from the switch;
- c) notifying credit sources, including their employer, where appropriate, who make payments into the **account** other than by standing order, if the **consumer** wishes for these to credit the new **account**;
- d) changing the details on their invoice documentation to include the Bank Identifier Code (BIC) and International Bank Account Number (IBAN) for the new **account**;
- e) changing their sponsoring **credit institution** if they are a direct debit originator; and
- f) verifying that the new **account** can, or will be able to, accept Single Euro Payments Area (SEPA) payments, if this is required.

6. Before the **switching date**, a **credit institution** must:

- a) inform the **consumer** that all of the active **direct debits** and standing orders on the **account** will be transferred to the new **account**, if the **consumer** intends to keep their existing **account** open;
- b) obtain a signed and completed **Account Transfer Form** from the **consumer**;
- c) inform the **consumer** that in relation to **direct debits** to direct debit originators located outside the State, they will need to inform such direct debit originators of their new **account** details directly; and
- d) where the **consumer** is opening a new **account**, inform the **consumer** that the new **account** cannot be opened until the application to open the **account** has been approved.

7. If the **consumer** has stated his/her intention to close the existing **account** which is the subject matter of the switching process, the **credit institution** must inform the **consumer**:

- a) of the possible implications under the Cheque Card Guarantee Scheme where cheques are produced for payment to the existing **credit institution** following closure of the **consumer**'s existing **account**, where appropriate;
- b) to refrain from using any bank card or cheque book on the old **account** once the switching process has started;
- c) to return any unused cheques on the old **account**; and

d) to return any bank cards on the old *account*.

8. On or prior to the *switching date*, a *credit institution* must send the completed *Account Transfer Form* signed by the *consumer* to the *credit institution* where the existing *account* is held.
9. A *credit institution* must facilitate the setting up of the standing orders on the new *account* once these are notified to it from the *credit institution* where the existing *account* is held.
10. A *credit institution* must ensure that all actions required under provisions 5 to 9 of this Code have been undertaken, within 10 working days of the *switching date*.

Provisions applicable to the *credit institution* where the existing *account* is held

11. Where the *consumer* has opted to close their existing *account*, in addition to the steps required at provisions 13 to 16 below, the *credit institution* must:
 - a) with effect from the *switching date*, reject any *direct debits* presented and cancel any standing orders on the existing *account*;
 - b) refund the *consumer* any stamp duty paid on any unused cheques they have returned;
 - c) add any interest due to the *account* prior to the *account* closure;
 - d) apply any fees and charges due to the *account*;
 - e) transfer the balance on the *account* to the new *account*, and
 - f) send a closing statement on the *account* to the *consumer*.

12. Where the *consumer* has opted to keep their existing *account* open, in addition to the steps required at provisions 13 to 16 below, the *credit institution* must inform the *consumer* that:
 - a) all active *direct debits* and standing orders on the *account* will be transferred to the new *account*,
 - b) they will be liable for stamp duty on any bank cards held in connection with both the existing and new *accounts*, and
 - c) they need to inform credit transfer sources of their new *account* details, if the *consumer* wishes these credits to transfer to the new *account*.

13. When a *credit institution* receives a completed *Account Transfer Form* signed by the *consumer*, it must:
 - a) send details of the active standing orders and the *direct debits* on the *account* to the new *credit institution*;
 - b) send details of the active standing orders and the *direct debits* on the *account* to the *consumer* and inform the *consumer* to check the details of the active standing orders and *direct debits* and advise the *credit institution* of errors, if any;
 - c) inform *the consumer* that any changes they require to the list of *direct debits* and standing orders on the *account* should be notified to the new *credit institution*, once the switching process has been completed; and
 - d) write to the existing direct debit originators on the *account* and inform them of the *consumer*'s new *account* details.

14. With effect from the *switching date*, a *credit institution* must ensure that those *direct debits* that have been transferred to the new *account* are returned to the direct debit originator marked "account transferred", if presented in error on the existing *account*.

15. A *credit institution* must forward to the new *credit institution* details of any debit card or ATM transactions on the old *account* for processing, which are received by the *credit institution* after the *account* has been closed.
16. A *credit institution* must inform a *consumer* who is switching their *account* that he/she can request a statement of their *account* for the last twelve months, either electronically or in hard copy, free of charge.
17. A *credit institution* must ensure that all actions required by provisions 11 to 16 of this Code have been completed within 7 working days of the *switching date*.

COMPLIANCE

18. A *credit institution* must be able to demonstrate that it is in compliance with this Code.
19. A *credit institution* must have adequate systems and controls in place to ensure compliance with this Code.
20. Where the Central Bank of Ireland requires a *credit institution* to provide information in respect of the *credit institution*'s compliance with this Code, such *credit institution* is thereby required to provide information which is full, fair and accurate in all respects and not misleading and to do so in any reasonable period of time or format that may be specified by the Central Bank of Ireland.
21. Where the Central Bank of Ireland requires information in respect of a *credit institution*'s compliance with this Code, and the Central Bank of Ireland is of the opinion that a meeting with personnel of the *credit institution* is necessary in order to procure such information in a satisfactory manner, the *credit institution* must arrange for appropriate personnel to participate in such a meeting in order to provide the required information to the Central Bank of Ireland.
22. A *credit institution* must, upon being required by the Central Bank of Ireland to do so, provide to the Central Bank of Ireland *records* evidencing compliance with this Code for a period prior to such requirement as the Central Bank of Ireland may specify (up to a maximum period of 6 years).