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Re: Consumer Protection expectations as a result of the withdrawal of retail banks from the Irish market

Dear [CEO]

As set out in our letter dated 27 April 2022, a significant volume of consumers and businesses across Ireland will need to move their banking arrangements as a result of the forthcoming withdrawals of KBC Bank Ireland (KBCI) and Ulster Bank Ireland Designated Activity Company (UBIDAC). The Central Bank of Ireland (the Central Bank) is focused on ensuring that all customers are protected and treated fairly throughout this period of change, including that regulated firms who also are Direct Debit Originators (DDOs) play their part in ensuring this happens successfully.

When a consumer or business switches their banking arrangements, DDOs are an important part of that process. Accordingly, on 27 April this year the Central Bank wrote¹ to a number of the largest DDOs operating in the State that are regulated by the Central Bank. The purpose of the letter was to reinforce to them their duty to take action to ensure that their customers are supported during switching and to request their plans to support their customers in the switching process, including any activities that were already underway.

The Central Bank has reviewed the plans and is pleased to acknowledge that work is underway and that steps are being taken to ensure customer supports are available and operational. In this regard, we have identified a number of good practices. We have also identified cases where there is still more to be done to ensure the experience of customers is as smooth as possible and we are engaging directly with those firms to ensure the necessary action is taken. The coming weeks and months are crucial to the smooth execution of the account migration exercise. Where there is additional work to do by DDOs, it will need to be done with the necessary urgency and as a matter of priority.

The purpose of this letter is therefore to set out, and to any extent necessary reinforce, consumer protection expectations of all regulated firms that also operate as DDOs. Adopting a customer-

¹ Dear CEO: [Withdrawal of retail banks from the Irish market](#)



centric approach to all issues ensures regulated firms protect customers' best interests, prioritise customer needs and outcomes and ensure continuity of access to basic financial services. We expect that by clearly outlining our expectations at this stage, this will inform regulated firms' actions and decisions to ensure that customers' interests are protected and potential risks are mitigated. Please see attached Appendix 1 for some specific expectations on the basis of both the good practices we have identified as well our expectations more generally in this context.

This subject will remain a supervisory priority for the Central Bank until the completion of the account migration exercise. This will include continuing to scrutinise the progress and activities of DDOs and the Central Bank will intervene further in this regard if necessary. If you have any questions or would like to discuss the contents of this letter, please contact your relevant Central Bank Supervisor.

Yours sincerely

A handwritten signature in blue ink that reads "Colm Kincaid".

Colm Kincaid
Director of Consumer Protection



Appendix 1

The Central Bank expects that all regulated firms take a consumer focused approach and to act in their customers' best interest, particularly when dealing with vulnerable customers. The Consumer Protection Code 2012 (the Code) requires, amongst other things, that a regulated entity must ensure that in all its dealings with customers and within the context of its authorisation it:

- 2.1 acts honestly, fairly and professionally in the best interests of its customers and the integrity of the market;
- 2.2 acts with due skill, care and diligence in the best interests of its customers;
- 2.4 has and employs effectively the resources, policies and procedures, systems and control checks, including compliance checks, and staff training that are necessary for compliance with the Code.

In order to ensure compliance with these requirements, and other relevant sectoral regulatory requirements, the Central Bank expects that regulated firms who also operate as DDOs take all necessary action to ensure that switching is completed both smoothly and in a timely manner for all affected customers. This includes, but is not limited to the following:

1. Identify all affected customers

The Central Bank expects that regulated firms undertake analysis as a matter of priority in order to identify those customers who may need to update DD details as a result of the bank withdrawals.

2. Customer Communications

Transparency and effective disclosure are key to enabling customers to make informed decisions that best suit their needs now and in the future. The Central Bank expects that regulated firms:

- Communicate clearly, effectively, and in a timely manner with affected customers to remind them to update their DD details. We have identified a number of good practices in this regard, including the use of app and website banners to direct customers to where they can update their DD details as well as e-mails, text messages and flyers to advise customers of the action to take. Regulated firms should consider what approach best suits their customer base and take action accordingly.
- Continuously and carefully monitor whether customers affected by the withdrawals have taken action and communicate accordingly. This can include, for example, timely reminders to affected customers.



- Where regulated firms have group scheme arrangements in place with employers, they should proactively engage with HR/payroll functions of these employers to request that they remind their staff of the need to update DD details.

3. Continuity of Service

One of the key concerns that customers have when switching their banking arrangements is the risk that DDs are returned unpaid during the process which could result in a loss of insurance cover or failing to meet significant financial commitments such as loan repayments. The Central Bank expects that regulated firms:

- Develop and implement consumer-centric solutions and forbearance measures to support their customers that allow customers sufficient time to update details.
- Implement policies and procedures that will ensure continuity of service without cost or penalty for customers impacted by an unpaid DD as a result of switching.
- Actively monitor affected customer policies/premiums and take immediate action where there is potential for customer detriment. This should include, for example, proactively contacting customers where there are observed DD rejections.

4. Vulnerable customers

All customers are potentially vulnerable to the risk of making uninformed decisions, or decisions that are not in their best interests, particularly during times of uncertainty and change. Vulnerability can be transient, temporary or permanent. The Central Bank expects that regulated firms:

- Support all impacted customers of both KBCI and UBIDAC over the coming months. However, it is especially important that vulnerable customers are given all the necessary support to update their DD details (e.g. proactive outbound calls in appropriate cases to provide all necessary assistance and support).
- Have sufficient resources in place, including specialised trained staff who can assist vulnerable customers in updating their DD details where required.

5. Operational Resilience

It is imperative that the Board and Senior Management of regulated firms are satisfied that they have in place an effective Operational Resilience Framework that ensures continuity of service for the customer. This includes having sufficient and properly trained resources in place across all customer facing channels to deal with potential spikes in customer queries.