

**Northern Ireland PCA Banking Market Investigation Order 2007**

**Notice of intention to make an Order under section 165 of, and Schedule 10 to, the Enterprise Act 2002 and public consultation on the proposed Order**

1. On 26 May 2005, the Office of Fair Trading (OFT) in exercise of its powers under section 131 of the Enterprise Act 2002 (the Act), referred to the Competition Commission (CC) for investigation and report, the supply of Personal Current Account (PCA) banking services in Northern Ireland. The OFT made the reference to the CC following receipt of a supercomplaint from Which? and the General Consumer Council for Northern Ireland.
2. The CC investigated the matters referred to it in accordance with section 131 of the Act and concluded, in accordance with section 134(1) that there were features of the market, either alone or in combination which prevented, restricted or distorted competition within the relevant market, and in accordance with section 134(2) that an adverse effect on competition existed.
3. The CC regarded the following as features of the market which adversely affected competition:
  - (a) banks have unduly complex charging structures and practices;
  - (b) banks do not fully or sufficiently explain their charging structures and practices; and
  - (c) customers generally do not actively search for alternative PCAs or switch bank.
4. The CC found that there was a detrimental effect on customers resulting from the adverse effect on competition and considered, in accordance with section 134(4), whether action should be taken by it, or whether it should recommend the taking of action by others, for the purpose of remedying, mitigating or preventing the adverse effect on competition concerned or the detrimental effect on customers so far as it had resulted from, or may be expected to result from, the adverse effect on competition.
5. The CC consulted on a range of possible actions outlined in a Remedies Notice published on 12 October 2006. It then consulted further on the range of possible actions in its Provisional Decisions on Remedies published on 6 March 2007. In its report published on 15 May 2007, the CC considered that a package of remedies consisting of the following key elements would be effective and proportionate in remedying the various features of the market identified as having an adverse effect on competition:
  - (a) banks will be required to use easy to understand terminology and descriptions of PCA services;
  - (b) banks will be required to provide clear explanations on the levels of charges and interest rates and how and when they are applied;
  - (c) banks will be required to provide more information on bank statements including details of charges and interest rates;
  - (d) banks will be required to provide an annual summary and breakdown of charges and interest;

- (e) banks will be required to give at least 14 days' notice after the date of the statement of charges and debit interest incurred;
  - (f) banks will be required to provide an annual reminder of customers' right to close their account or switch to another bank; and
  - (g) changes will be made to the switching process, including an obligation on banks to offer switching customers an interest- and charge-free overdraft facility for at least three months after switching or, if the customer is not eligible for an overdraft or does not want one, to refund charges and interest incurred as a result of any error in the switching process.
6. The CC indicated in its report that it intended to implement the remedies by an Order rather than by undertakings. The CC now gives notice of its intention to make an Order. A draft of the Order is attached. The CC invites written representations from any interested person or persons.
  7. This notice and the draft Order together with an Explanatory Note have been published on the CC website.
  8. In accordance with paragraph 2(2)(f) of Schedule 10 to the Act, which requires that consultation extends for a period of not less than 30 days from the date of publication of this notice, representations should reach the CC by 17.00 on 3 January 2008.
  9. Comments on the draft Order should be provided to the CC, preferably electronically, or in writing and should be addressed to: [marjorie.davies@cc.gsi.gov.uk](mailto:marjorie.davies@cc.gsi.gov.uk) or Marjorie Davies, Inquiry Secretary, Competition Commission, Victoria House, Southampton Row, London WC1 4AD.

*(signed)* Christopher Clarke  
Group Chairman  
Competition Commission  
22 November 2007