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Your ref
Date 2nd May 2002

Dear Mr Ridewood

Re; Implementation of the E-Commerce Directive in Financial Services
Second Consultation

I refer to my letter of 7th February 2002 and to the paper I enclosed entitled, "Abbey National Plc response to H M Treasury Consultation Document, December 2001".

In addition, we have the following issues we would like to bring to your attention in relation to the second consultation.

Different Regulatory Approaches

We remain concerned that, where other member states do not have such stringent measures in place, UK financial services providers may find themselves at a disadvantage in having to devote more resources to compliance approval.

Also, consumers may be at a disadvantage if common terminology used in the industry, is not made uniform. For example, at present it is a requirement to use Annual Equivalent Rates (AER) in all credit balances marketed to all Banking Code Members. The purpose is to enable consumers to compare credit products. If member states are entitled to market financial services products without using common terminology, confusion may result.

UK firms that market to other member states may find that the obligations contained in UK regulation, conflicts with local consumer understanding or with custom and practice.

Electronic Contracting

The interim guidance entitled "The Electronic Commerce (EC Directive) Regulations 2002", issued by the DTI acknowledges that Article 9(1) of the E-Commerce Directive, has not been fully implemented. We are aware that it is the government's current belief that the majority of UK statutory references are capable of being fulfilled by electronic contracting. Where they are not, the matter will be tackled on a case-by-case basis. However, there is every chance that the approach being taken is resulting in a degree of uncertainty as to the precise legal position regarding electronic contracting.

A primary aim of the E-Commerce Directive to enable the Community to benefit from consumer confidence and to give ISS providers legal certainty. It is possible that Government's approach may be hampering this development.

Please do not hesitate to contact me if you have any questions regarding the information provided.

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