



BCCA

CONSUMER CODE OF PRACTICE

1. Introduction

- 1) The BCCA is the trade association which represents members who cash third party cheques; offer deferred presentation of personal cheques and/ or certain other unsecured short term loans including what are frequently known as pay day loans.
- 2) The BCCA provides representation for its members to government departments and regulatory bodies in both Whitehall and Brussels. Through this Consumer Code of Practice it establishes rigorous standards of customer care for the industry.
- 3) This Code of Practice applies to the following areas of business conducted by BCCA members as follows:
- 4) **CHEQUE CASHING** - This enables a customer to cash cheques which are made payable to them without the need to have a bank account of their own or to avoid the delay involved in cashing a cheque through their bank. Convenient, immediate payment can be made to the customer subject to provision of adequate identification. Charges apply for this service.
- 5) **DEFERRED PRESENTATION OF PERSONAL CHEQUES** – This is a short term loan product usually up to 30 days in duration pending payment into the customer's account of a salary or other income. A charge is made for this service and it is the original form of pay day loan. This product is regulated by the Consumer Credit Act.

The way this works is that a customer with a bank or building society account and a satisfactory source of income produces a signed personal cheque(s). Immediate payment can be made against this cheque subject to provision of adequate identification. On the agreed date, the cheque is presented or else, on or before that date, the customer redeems the cheque.

The purpose of deferred presentation is to act as a short term solution to temporary cash flow problems experienced by customers and it is not intended for sustained borrowing for long periods.

- 6) **OTHER SHORT TERM UNSECURED LOANS OF 6 MONTHS OR LESS** - For clarification this provision covers loans where the intended repayment period is 6 months or less. This excludes home credit and pawn broking but could, for example include debit card loans or instalment credit.

Debit card loans operate on a similar basis to pay day loans except that a debit card rather than a cheque is used. The customer will borrow an agreed amount from the member and will incur a charge for this service. After an agreed period of time, such as 30 days, the customer's debit card will be used to pay the amount outstanding.

- 7) It is a condition of BCCA membership that all members fully comply with the relevant requirements of this Code of Practice.

2. Business Standards

Members shall:

- 1) Act fairly, reasonably and with care in their dealings with their customers.
- 2) Provide a safe and secure place of business for their staff and customers.
- 3) Comply with all legal requirements which apply to them.
- 4) Correct any mistakes quickly and courteously and compensate the customer for any reasonable losses caused to them.

3. Training

- 1) Members shall ensure that their operational procedures embody the requirements of this Code and relevant staff are fully trained in those procedures.
- 2) Members shall keep adequate records of staff training.

4. Advertising

- 1) All advertising and promotional material must comply with the law and be reasonable, truthful and not misleading. All such material shall, where relevant, conform to the provisions of the British Code of Advertising, Sales Promotion and Direct Marketing.

- 2) As a general rule, and where appropriate, member's advertisements and promotional material shall contain a reference to their membership of the BCCA.

5. Internet

- 1) All websites must comply with relevant legislation.
- 2) Member's websites should contain reference to BCCA membership.

6. Customer Confidentiality

Members shall:

- 1) Observe a strict rule of confidentiality about their customers' and former customers' business and not disclose details of customer transactions or their names and addresses to any third party other than (a) where a member is legally compelled to do so, (b) where there is a public duty to do so, (c) where disclosure is made at the request, or with the consent of the customer.
- 2) Not use customers' data for marketing purposes unless they have given specific permission for the member to do so.

7. Information for Third Party Cheque Cashing

Members shall, before a contract is made:

- 1) Advise the customer of the charges for cashing a third party cheque to allow an informed decision to be made.
- 2) Display in the premises a printed scale of standard charges.
- 3) Provide the customer with the details of the information that shall be required by the member business to enable the transaction to proceed.
- 4) Explain to the customer in clear language, and in writing if requested, the terms and conditions of the service and offer help if there is anything which the customer does not understand.

8. Pre-Contractual Information for Regulated Credit Products

Members shall always comply with all relevant requirements of the current Consumer Credit Act and shall do the following:

- 1) Seek to establish the customer's ability to repay the loan.
- 2) Where a running account agreement is entered into, set an appropriate credit limit for the customer. This must be periodically reviewed based on account history.

- 3) Where repayment is by cheque, offer and agree a presentation date.
- 4) Explain to the customer, whenever possible, and if requested to do so, the reason for any refusal of credit.
- 5) Provide the customer with the details of the information that shall be required by the member business to enable the transaction to proceed.
- 6) Explain to the customer in clear language, and in writing if requested, the terms and conditions of the service and offer help if there is anything which the customer does not understand.

9. Contracts

Contracts used by members shall:

- 1) Comply with current legislation.
- 2) Be written in plain English and be intelligible.
- 3) Indicate on the contract or elsewhere that the BCCA offers a dispute resolution service.

10. Handling Complaints and Disputes

- 1) BCCA has in place a written procedure which explains to customers how a member shall attempt to resolve a complaint or enquiry made by the customer. This procedure is at Annex A and, subject to 10(2) below, it is mandatory for members to deal with complaints and enquiries in accordance with it.
- 2) Members may have their own written complaint procedure but this must be no less rigorous than the procedure at Annex A. Again it is mandatory for members to deal with issues strictly in accordance with any such procedure.
- 3) Members shall keep a written record of all complaints received from customers which cannot be resolved by the end of the next working day. This record shall be sufficiently detailed so that it is clear what action the member has taken to resolve the issue.

11. Monitoring

- 1) Members shall declare their compliance with this Code of Practice by completing and returning a Code Compliance Statement when required to by the BCCA. This will normally be on an annual basis.

- 2) Independent compliance audits shall be carried out to member businesses to ensure compliance with the requirements of this Code of Practice. Audits shall be scored against a set of key performance indicators.
- 3) The BCCA shall give members reasonable notice of proposed audit visits. To facilitate the audit process, members are expected to do their utmost to comply with such arrangements unless there are compelling reasons why they are unable to do so. In such cases, members are expected to inform the BCCA of the situation as soon as possible.

12. Compliance

- 1) The BCCA recognises that it is important that any breach of this Code of Practice is dealt with quickly and effectively.
- 2) The Executive Committee shall appoint a Disciplinary Committee. This Committee is responsible for compliance matters. As and when necessary, the Disciplinary Committee shall act in accordance with the procedures contained in the Constitution of the BCCA.

13. Publicity

- 1) Members shall display a window sticker bearing the BCCA logo and a point of sale notice, provided by BCCA, drawing the customer's attention to this Code and to the BCCA dispute resolution procedure.
- 2) Members shall provide the customer, on request, with a copy of this Code free of charge.
- 3) The BCCA shall display this Code on its website and, on request, shall provide a written copy free of charge.

14. Annual Report

- 1) An annual report shall be produced covering all aspects of the operation of this Code of Practice and be considered by the BCCA Executive Committee.
- 2) The report shall be produced by an independent person who will also include, in the light of experience, any suggestions to improve the Code.

15. Code Development

- 1) The BCCA is committed to ensuring that this Code of Practice shall remain relevant to real consumer needs.

- 2) This Code shall be updated as may be deemed necessary by the BCCA Executive Committee to reflect changing circumstances and the expectations of both members and customers.

ANNEX A: CUSTOMER COMPLAINTS PROCEDURE FOR BCCA MEMBERS

If you are not satisfied with any aspect of our service, we would like you to tell us your concerns.

You may contact us in any way which is convenient to you, including in person, by telephone in writing or by email.

If your complaint involves **THIRD PARTY CHEQUE CASHING, you should follow the procedure detailed below:**

- Upon receipt of your complaint, we will do our best to resolve it by the end of the next business day.
- If we can't do this, we will send you a prompt written acknowledgement of your complaint and tell you who is dealing with it.
- We will send you our full response within four weeks of receiving your complaint. We will include details of how, if you are dissatisfied with the way we have handled your complaint, you can go to stage 2 of the procedure by referring your complaint to the British Cheque & Credit Association (BCCA) which is our Trade Association and acts on our behalf.
- The BCCA will investigate your complaint and will provide you with a final response within four weeks of receiving notification of your continuing dissatisfaction.

If your complaint involves **SHORT TERM LOANS OF 6 MONTHS DURATION OR LESS, FOR EXAMPLE A PAYDAY LOAN, you should follow the procedure detailed below:**

- Upon receipt of your complaint we will do our best to resolve your complaint by the end of the next business day.
- If we can't do this, we will send you a prompt written acknowledgement of your complaint and tell you who is dealing with it.
- We will send you our full response within four weeks of receiving your complaint. We will include details of how, if you are dissatisfied with the way we have handled your complaint, you can go to stage 2 of the procedure by referring your complaint to the BCCA which is our Trade Association and acts on our behalf. Our letter will explain that you will have ultimate recourse to the Financial Ombudsman Service if you

remain dissatisfied after stage 2 referral - also that we will regard the complaint as closed if the BCCA does not receive a reply from you within eight weeks of our full response.

- The BCCA will investigate your complaint and will provide you with a final response within four weeks of receiving notification of your continuing dissatisfaction.
- If you are dissatisfied with the final response from the BCCA, *you can ask the Financial Ombudsman Service for an independent review*. The BCCA will enclose a leaflet from the Financial Ombudsman Service in their final response letter to assist you if you decide to pursue this further course of action. You should contact the Financial Ombudsman Service within **six months** of receiving the final response from the BCCA.

CONTACTS

Chief Executive	Financial Ombudsman Service (FOS)
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