

# BCCA

british cheque cashers association

# newsletter

Issue 36 – Winter 2005/2006

## The Quarterly Newsletter of the British Cheque Cashers Association

### BETTER REGULATION?

Writing the BCCA's quarterly newsletter is not a particularly difficult task but it is rather time consuming if you type with only two fingers. It's really a matter of keeping an eye on issues which may be of relevance and, hopefully, of interest to members and then writing them up. In fact, there has been a tremendous amount happening during the last three months so we have had to use considerable editorial discretion. If we haven't included an item on an issue you're particularly interested in, we apologise. Additionally, we're more than willing to go into greater detail on any of the matters that we do feature, such as the Bill or proposed EU Directive, if you contact us at Chester.

Having said that, deciding what topic to choose for the front page is sometimes difficult so we are grateful to T Blair and G Brown, both (at least for the moment) of Downing Street, London, for coming to the rescue on this occasion. Neither is a member of the BCCA but many of those who are came into the cheque cashing industry following a mid-life career change, so we'll keep an eye on our in-tray for at least one application.

We at the BCCA spend a considerable amount of our time on Government consultation initiatives to ensure that members' interests are given due consideration. To give just two examples, the DTI is currently talking to us about the proposed EU Consumer Credit Directive (more later) and the implementation of the forthcoming Consumer Credit Act 2006, which will hit the statute books next April. These semi-formal gatherings are in the form of "stakeholder group" meetings and we consider them both helpful and productive. If we didn't, we wouldn't participate. However, the formal process is somewhat different and involves written responses to usually lengthy consultation documents within three months of publication. On top of this, we are sometimes asked for our "views" on specific matters, which, like the stakeholder groups, is not "consultation" in its official sense and therefore not subject to the three month rule.

We also have regular scheduled meetings with the OFT to discuss current issues and matters of concern to both sides. For example there is the Consumer Credit Trade Association Forum, the first meeting of which was held at the OFT's offices in October and which covered issues such as the new consumer credit licensing procedure and OFT enforcement policy. We did point out (but not seriously) that if we, the trade associations, had organised such a meeting and gathered together in the same room to discuss matters of mutual interest between ourselves, it may well have come under the spotlight of the competition authorities as a possible cartel, so it's just as well it was an OFT suggestion.

We will now get to the point. The common thread with all these initiatives is that they concern existing, new, amended and proposed regulation and also the enforcement regimes and policies which follow.

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However, the next Big Thing is “better regulation” and even “deregulation” and there’s going to be a lot of consultation as to how this will happen. The irony is that we will now be spending even more time participating in the consultative process. On the one hand, we have the DTI, OFT and soon HMRC consulting on the implementation of new legislation and on the other, the Treasury and the Cabinet Office consulting on better regulation and deregulation.

Those of us with long memories will recall that better regulation initiatives have been around before and, surprise surprise, nothing has come about. However, this time, we think it’s different. Both Tony Blair and Gordon Brown spoke at the annual conference of the Confederation of British Industry held on 28 – 29 November in London and both mentioned better regulation and deregulation. Indeed, Mr Brown confirmed that there will be legislation to make “risk based inspection” statutory on regulators and enforcement authorities.

Brown’s commitment to this came about during his budget speech last March, which coincided with the publication of the Hampton Report on better regulation, which we mentioned in our Summer newsletter. The Chancellor accepted the report’s recommendations in full. We give below a brief summary of the relevant points from Brown’s CBI speech, which he referred to as “Regulatory Concerns”;

- The need for real delivery of regulatory reform.
- Introduction of a modern, risk-based approach to regulation.
- The old system, based on 100% inspection, is outdated.
- The principle should be “no inspection without justification”.
- New legislation to make risk-based approach to inspection by regulators statutory.
- Simplification of tax forms.
- Will be looking at ALL areas where there are examples of “gold plating” of EU law.

As an aside, the Chancellor, when talking about “Enterprise”, also stated that he would “encourage young entrepreneurs”, which we were pleased about as he certainly hasn’t done much to encourage old ones.

So, the Treasury is fully behind this and, as probably the most powerful Government Department, has the best chance of making it happen. Meanwhile, over at the Cabinet Office, you will find the Better Regulation Task Force (“BRTF”). In the last Budget, the Government set out plans to transform the BRTF into the Better Regulation Commission (BRC) to provide independent advice to government about new regulatory proposals, and to review the government’s overall regulatory performance. The BRC will continue the work of the BRTF and take on new responsibilities for monitoring the reforms set out in Budget 2005, including vetting departmental plans for administrative burden reduction. The Better Regulation Commission will formally come into being on 1 January 2006, although a lot is happening already.

The BRTF also published a report in March that it prepared at the request of the Prime Minister, entitled “Regulation – Less is More” but better known as the “Arculus Report”, after Sir David Arculus, the Chair of the BRTF. (Sir David is also chairman of O2 plc and we presume that he did not use the argument that “less is more” when negotiating with Telefonica SA over its 200 pence per share takeover bid for O2). The Report contained eight proposals which centred around the principle of “Simplification” i.e. deregulation, consolidation and rationalisation of regulations. Again, Arculus has full Treasury and Cabinet Office support.

So, we now have a completely new industry, that of “better regulation and deregulation”. However, the irony of it is that all this will itself be Regulated and will involve new legislation to set it all up.

But what will it all mean to BCCA members? Well, if the principle of “no inspection without justification” really is adopted, you should receive fewer or indeed no visits from the likes of Trading Standards officers PROVIDING that you give them no cause to do so i.e. are considered “low risk” in the jargon. This will entail keeping your customers happy, honouring their rights, dealing properly with any problems which arise and complying with your legal obligations, particularly those on advertising. No member who complies with the BCCA’s Code and Guidelines should have anything to worry about.

However, there is an alternative view. During the last year or so, we have had to cope with new draconian Regulations covering consumer credit agreements, advertising and pre-contract information. This has cost businesses a small fortune in compliance costs and the benefits to consumers, as far as it applies to members’ customers, are at best minimal and

more likely non-existent. In addition, if the government is so keen on this initiative, why not start, for example, with the Consumer Credit Bill?

There are those who think that the expression "better regulation" is an oxymoron and they could be right. What we actually need is LESS regulation. Highly regarded Luke Johnson, serial entrepreneur, current chairman of Channel 4 and, coincidentally, a director of Dollar Financial Corp, made exactly this point recently in an excellent piece the Sunday Telegraph (6 November). He also quoted Thoreau who said "That government is best which governs least". We agree.

## A STEP TOO FAR? AN INSPECTOR CALLS.....

Whilst on the subject of enforcement and inspection visits, we recently came across this example of particularly abysmal and pointless bureaucracy from a BCCA member who attended our annual conference.


*"Having enjoyed the talk by Trading Standards, I was amused to find on my return that a raid by joint Health & Safety / Trading Standards officers on our shopping precinct had been made.*


*The "Ladder Hit Squad" (as they did not call themselves) apparently entered all the shops in the precinct, asked to inspect ladders and then confiscated many, where there was the slightest bent cross-member etc. I was left with no fewer than FOUR separate leaflets on ladders and ladders safety, and the advice that as director responsible for H&S I should inspect each ladder on a daily basis.*

*I think the TS chap at the BCCA was just a plant to distract me while the Ladder Hit Squad attacked from the flanks!*

*Full marks to my secretary (age 125, but no push-over) who stopped them while confiscating the ladder and said she felt it was unsafe for them to carry it down the stairs; "we are not insured if you fall" she added, before giving one a shove..... "*

Our member has since told us that he has been given yet another leaflet on ladders and advised to attend a course on ladder safety in the New Year. We should point out that our member has ordinary retail premises and there has never been an accident involving a ladder. Perhaps Gordon






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Brown's people could start here. Reports of similarly silly enforcement efforts gratefully received. Please send them to us at Chester.

## **CONSUMER CREDIT BILL - UPDATE**

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Consumer Credit Acts seem to be a bit like buses – you wait for thirty one years for one then two come along almost at once. The first one, of course, was forced off the road by the general election but, as we predicted, the second came round the corner immediately afterwards and, like buses, looked identical to the first. This one will make it to the terminus, becoming law in April 2006, unless something dramatic happens at the last minute.

But what will it mean? We'll go into the subject in greater depth in the Spring edition of the Newsletter but here's a brief summary of the main points of interest to BCCA members.

- New licensing regime with more categories. Conditions can be attached to licences by the OFT.
- New "fitness" requirements for applications and renewals. OFT will be drafting guidelines on the criteria it will look at. Will be "risk based".
- OFT will be able to "fine" licensees and / or impose conditions on licensees who misbehave as an alternative to the courts.
- Consumers will be able to refer disputes with lenders to the Financial Ombudsman Service IF the matter reaches deadlock or has been ongoing for eight weeks.
- "Extortionate credit" will go and will be replaced by an "unfair relationships" test, under which a court can consider any matters that it considers relevant. Burden of proof is on the creditor to prove that the agreement is not unfair.

There are various other matters which we will mention in the next edition. Currently, the DTI is consulting on the timing of implementation, whether it should be phased (the "slow burn" approach) or all at once (the "big bang" option). Some think it will be a combination of the two ("slow bang"?). There is a lot more consultation to go through from the DTI and OFT, which has to prepare various information sheets as well as guidance on "fitness" and unfair relationships. We will be partaking fully in all this to protect members' interests. However, we have been assured that reputable businesses will have nothing to fear. More next time.

## **PROPOSED EU CONSUMER CREDIT DIRECTIVE**

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You may recall that in September, the EU announced that it was scrapping 68 proposals for legislation and, being eternal optimists, we looked forward to seeing the proposed Consumer Credit directive on the list. This idea has been around for some time but no-one has been at all enthusiastic, except, possibly, the Belgians. Indeed, it kept being kicked into the long grass but, lo and behold, on 7 October, a new second modified proposal emerged.

We are pleased to report that the new proposal seems far less prescriptive and, rather than full "maximum harmonisation" originally intended, there is considerably more flexibility in some areas. Unfortunately, a great proportion of the proposals can best be politely described as vague or ambiguous so there is still a lot of work to do. In fact, it looks to us like a giant helping of that old favourite, Eurofudge (perhaps that's why the sweet-toothed Belgians like it). However, full marks to the DTI for supporting the UK consumer credit industry over this and we consider that it has achieved excellent results so far.

The most pleasing news, as far as the BCCA is concerned, is that the original Article 18, which would probably have meant the end of payday advances, has been completely deleted in the new document. We have been pressing strongly for this for some time and are delighted with the result. The DTI is currently consulting all interested parties by way of a series of meetings so we will return to this subject next time when, hopefully, things are a little clearer. Meanwhile, if you fancy a bet and can get decent odds, put a fiver on another Consumer Credit Act in 2008, which will bring in the Directive's provisions. Now what were we saying about deregulation?

By the way, in October, the EU produced another list comprising 220 items of legislation that it would repeal, recast or modify. Sound too good to be true? Well, as usual, it was. Only 8 regulations will go out of a total of around 22,000 pieces of EU legislation. One for the chop concerns the measuring of knots in pieces of wood. Fortunately, vital measures such as that specifying the degree of bend in cucumbers (Regulation EEC No 1677/88 as amended) are not under threat, so we can all sleep peacefully.

## **!!! IMPORTANT INFORMATION from the OFT !!!**

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The OFT has introduced new consumer credit licensing forms which must be used from mid-November onwards. The forms cover variations (eg additional business names or categories) as well as applications and renewals. The old forms are not now acceptable. More details on this

section of the OFT's website, [www.of.gov.uk/Business/Legal/CCA/default.htm](http://www.of.gov.uk/Business/Legal/CCA/default.htm) More importantly, the OFT has written to all relevant trade associations to express its concern that advertisers are not complying with the provisions of the new(ish) Consumer Credit (Advertisements) Regulations. You may recall that a survey carried out early this year found that over 60% of credit advertisements failed to comply. The OFT and local Trading Standards Departments are particularly concerned about "typical APRs" quoted in ads. The rules state that 66% of agreements entered into as a result of the advertisement should be at the "typical" rate or better. Where this cannot be accurately predicted at the time of publication, it should be based on the advertiser's reasonable expectatio

The OFT will be conducting another review of compliance "in the very near future" so we would urge members to check that their advertising complies fully as a matter of priority. The OFT's latest version of its guidance can be found on its website, [www.of.gov.uk/Business/Legal/CCA/advertising.htm](http://www.of.gov.uk/Business/Legal/CCA/advertising.htm) and / or you could try your local council's Trading Standards Department. Indeed, this may be a good opportunity to introduce yourself and your business to your local Trading Standards Officer. Although the level of service provided by the 200 + local TSDs varies greatly (from "brilliant" to "a complete waste of time", according to BCCA members), you may have a pleasant surprise and at least you'll be seen to be making an effort to comply.

For further information or advice on this, a copy of the OFT's letter or, indeed, any compliance issue relating to anti-money laundering or consumer credit, please contact us at the BCCA's Chester office.

## **BOOK REVIEW - "Freakonomics"**

And now for something completely different. We occasionally come across a book which is particularly worthy of a mention and we've found one recently.

For anyone, like us, who has been dispirited by the progressive ruination of the conceptual discipline of economics by the juggernaut of econometricians and mathematicians, the work of Steven Levitt, from the University of Chicago, will provide a much needed breath of fresh air.

Subtitled A rogue economist explores the hidden side of everything, the attraction of Levitt and Dubner's *Freakonomics* lies in their ability to ask unusual questions, such as why the Klu Klux Klan is like a group of estate agents? Having asked the questions, Levitt then comes up with startling and fascinating answers. Among these are why most drug dealers live at home with their mothers and also why the easing of access to abortion led some twenty years later to a very significant and unexpected decline in violent crime?

The Wall Street Journal said that "if Indiana Jones were an economist, he'd be Steven Levitt." We wouldn't disagree with that. We only wish that his pattern of questioning and thinking

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could be set loose on some of the issues currently occupying consumerists, politicians and regulators in the field of financial services. Instead of endless stultifying Government-appointed task forces, addressing issues within pre-determined mind sets, we might then get instead some really valuable insights into such issues as the influence of regulatory changes and access to debt advice on levels of indebtedness, or the real impact of the burgeoning reliance on credit reference agency information on economic well-being. Who will fund a professorship in Freakonomics at a UK university?

"Freakonomics: A rogue economist explores the hidden side of everything", by Steven D Levitt and Stephen J Dubner, is published in paperback by Allen Lane, priced at £10.99. (GC)

PS Purely coincidentally, after we had written this item, the "Investors Chronicle" published a very positive review of "Freakonomics". The review was written by Alistair Blair, a highly regarded financial journalist, who describes the book as containing "...some striking insights into what makes people tick" and "...well written and will make you forever unhappy about conventional wisdom." Well worth a read.

## ***FEE CHARGING ATMS***

We have written before about the rapid expansion of fee charging ATMs, which now account for some 42% of the UK's network of 53,000 cash machines.

Following on from the Treasury Select Committee's report in March on this subject, Nationwide Building Society has now produced a further study, predicting a continuing expansion in the number of such machines and a decline in the number of free machines. Indeed, it warns that "there is a real possibility that free access to cash will not survive other than at bank and building society branches and a few other locations such as main post offices." It also predicts that in 2006 consumers will incur £250 million charges in using fee charging machines.

We believe that Nationwide is being unduly alarmist, but it makes sense to look back at what has caused this rapid change in the period since 1999, when virtually no fee charging machines existed. One factor is undoubtedly the expansion in the number of outlets offering ATM services, particularly in such locations as local pubs and garages where the volume of business is not sufficient to justify a free, bank-owned machine.

However, the main economic imperative is the well-meaning, but ill-advised intervention of the very consumer representatives and politicians, who now bemoan the development of fee-charging machines. Customers of the major banks had long been extremely well served by reciprocal relationships between a number of banks, which enabled the customers of, for example, Nat West, HSBC and Clydesdale, to avail themselves of free access to the machines of any one of these banks. This pattern of relationships coalesced into two bank networks and the

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separate Link network, which enabled the vast majority of consumers to obtain cash free of charge. However, consumer representatives and politicians, hood-winked by the special pleading of some smaller banks and building societies, whose customers had access to only a few machines, insisted on the abandonment of this arrangement and its replacement with a single, free network. As could have been expected, the result has been to penalise the large banks, who had invested heavily in their networks, and to require them to cross-subsidise their smaller competitors and those institutions that had chosen not to invest. Is it any surprise, therefore, that the large banks have reviewed their networks and taken the inevitable decisions?

Repeatedly we see instances of so-called consumer representatives and politicians shooting consumers in the foot by seeking to overturn the forces of the market. Unfortunately, they seem to learn nothing from their previous errors, for which, equally unfortunately, they are not held accountable. Indeed, if anything, the current obsession with sound bites, which affects politicians and consumerists alike, is, if anything, aggravating this tendency.

In this instance, however, Nationwide can be congratulated on one valuable initiative. It is sensibly arguing that there be developed a system of at-a-glance signage, which enable consumers to know clearly before embarking on an ATM transaction, whether or not he or she will incur a charge. It is already rolling out this arrangement on its own machines and urging others to follow.

The Nationwide Special Cash Machine Report and the associated press release, issued on November 12th, are accessible via its website at [www.nationwide.co.uk](http://www.nationwide.co.uk). (GC)

## **FINANCIAL INCLUSION CONFUSION**

The increasingly bizarre behaviour of the Treasury Select Committee took another turn for the worse on November 15th, when it announced an investigation into "financial inclusion". Since it was only in February, as noted in our Spring Newsletter (page 1), that the appointment by the Treasury of the members of its Financial Inclusion Taskforce was announced, the timing of this investigation seems strange to say the least.

Yet the Government's and Parliament's position on this difficult issue are far from easy to comprehend and smack more than a little of confusion and disingenuous posturing. It should be remembered that the DTI and Treasury bullied the banks into putting no less than £180 million of their customers' and shareholders' money into the Post Office's ill-fated card account (POCA), in order to facilitate the Government's self-interested policy of transferring the payment of benefits from a paper-based to an automated system. The Treasury then turned round and concluded that that account was not a suitable vehicle for reducing financial exclusion. The banks were therefore bullied again, in order to set up and open millions of basic bank accounts (BBAs), each of which, according to one major bank's

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calculations, lose an average of £25 per annum. Not satisfied with this, the Treasury have again bullied the banks into providing large amounts of support to credit unions and Community Development Finance Institutions (CDFIs), despite the absence of any coherent evidence that these bodies are capable now – or ever will be – of providing services, on an economically sustainable basis, to meet the needs of the financially excluded.

The selectivity of the use of information by those in positions of authority is illustrated clearly by the sinking without apparent trace of some recent valuable consumer research, funded by the National Consumer Council and undertaken jointly by Policis and TNS. One particularly interesting finding of this research is that disadvantaged consumers without bank accounts experience significantly less difficulty with credit than those with bank accounts. Indeed, “use of a bank account for money management can undermine previously successful cash-based money management strategies.” In part, this reflects the fact that operating within a wholly cash-based economy gives the consumer more immediate and effective control of his situation than is the case for those with accounts.

This may come as a surprise to civil servants and MPs with

regular monthly salaries and index-linked pensions, who can make effective use of instruments such as direct debits, but for those close to the margins, with much less certainty of either the timing or value of income, the characteristics of existing banking services and those being pushed by the Treasury rarely reflect closely their financial management needs.

There is an enormous amount of rhetoric and posturing surrounding discussion of this subject, but disappointingly little consideration given either to real needs or to the absurdity of the covert subsidisation of institutions and services which are not economically sustainable.

Some of the results of the NCC-funded Policis research are accessible via two factsheets, entitled “Basic Banking” and “Affordable Credit” on the NCC website, at [www.ncc.org.uk/moneymatters](http://www.ncc.org.uk/moneymatters). (GC)

## CONFERENCE REVIEW

If you open the newsletters published by many trade associations soon after their annual conference, you’ll find it virtually full of articles about the conference itself,

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accompanied by lots of photographs, taken in the early hours of the morning following the Gala Dinner, of delegates not looking quite their best. Well, the BCCA's not like that and, in any case, we don't have a knees-up after the main event. We just get in the car, drive home and get back to the office first thing the following day. It's not that we're antisocial, it's just something we've never done and it's in keeping with the "frugal" approach we take to the way we run the BCCA but, as our conference grows, perhaps we may organise something in future years.

However, we will give a short general report and a mention to those companies which supported us. Our theme, as you probably know, was "compliance" and we were able to persuade representatives from three regulatory bodies and also APACS to give up their time to come up to Warwickshire and talk to us. So we would like to express sincere thanks to Ray Watson (OFT), Stewart Bain and Frank Tucker (HMRC, better known as Customs and Excise), Jacqui Tribe (APACS) and, last on the agenda but certainly not least, Steve Playle (Trading Standards Institute). Feedback from delegates has been very positive and we hope that our speakers also enjoyed the day.

Our main sponsors were Advanced Payment Solutions and, for the second year, Transax. Lunch was sponsored by FEXCO and BCCA member Geoffrey Cavalier's Business Insurance Services UK kindly paid for delegates' afternoon tea and cakes.

We had an unprecedented demand for space at the trade exhibition and, indeed, sold out without even promoting it. Apologies to those who ended up with smaller stands than we would have liked, but at least we managed to fit you in, and also to those businesses whom we could not accommodate. Those firms who did attend were;

- Welcom Software
- Ingrams Solicitors
- Albemarle and Bond
- Prism Software UK Ltd / Ainsdale Computer
- Consultants Ltd
- Initiatec Ltd
- ProCheques Systems Ltd

We thank all of the above for continued support and have had some very positive feedback. We would welcome any expressions of interest, with no commitment, from businesses which may like to attend next November as we will be reviewing this part of the event in the light of this year's experience to determine whether we should expand it. Please contact us at Chester – details on the back page.

We also had a record attendance of around 130 including exhibitors and sponsors and we would like to thank in particular our friends from the USA who attended.

We should also mention the venue. This is the second year that we have used the Marriott Forest of Arden and, from our point of view as organisers, we were delighted with the help, support and assistance we received from the hotel's staff. We have written to the general manager along these lines. Feedback from delegates has been almost universally favourable, especially about the lunch, a part of any conference which can make or break it. The Forest of Arden is therefore on our list of possible venues for next year so we would therefore be pleased to receive comments from members who have not already given them.

Regarding the theme for next year, we would be grateful for your thoughts, particularly from those who did not attend. Again, contact details are on the back page.

## **DATA PROTECTION NEWS**

We were interested to learn that the Information Commissioner's Office has launched a new enforcement Strategy, which targets organisations that deliberately or persistently ignore their obligations under the Data Protection Act 1998. The I C O appreciates that the majority of organisations keep relevant, accurate and up to date records and therefore want to make it as easy as possible for them to follow the law. However, they will be "targeting the minority who cause real harm when they flout their data protection obligations."

Just in case you fall in this category, although we would be surprised if any BCCA member did so, the ICO's powers of regulatory action include criminal prosecution, civil enforcement and audit. The action the ICO takes "will be consistent with the five principles of good regulation, established by the Better Regulation Task Force" (yes, that again). The new risk-based approach is also in line with the recommendations of the Hampton Review, which concluded that high-risk businesses should face a greater burden of enforcement than those with the best records of compliance, which again reflects what we've advised earlier in this newsletter.

Deputy Information Commissioner Dave Smith is quoted as saying "Regulatory action will focus on those whose failure to comply with data protection results in serious consequences, either serious (perhaps career-threatening) harm to one individual, or less serious harm to many people. Other criteria for taking action include deliberate, wilful or cavalier conduct, or the need to set an example or clarify the law. We will be devoting less attention to minor or technical breaches where the consequence is less serious, because this will enable us to concentrate on

abuses of significant public concern, especially where those responsible have been warned, or must know, that they are breaking the law.

“We will not place unreasonable demands on businesses selected for attention, but in return we will expect them to co-operate with us. Negotiation will continue to be our first option but businesses should be warned that we will not hesitate to take legal action where necessary. Such action will always be proportionate to the mischief it seeks to address.” So there! Don’t say we didn’t warn you!

## **A VICTIM’S TALE**

Which brings us nicely to our next item, concerning the victim of an incident of mistaken identity and apparent failure of a finance company to apply the rules outlined above by Mr Smith.

The victim in this case is in fact the BCCA’s own Geoff Holland. In September, Geoff attended Callcredit’s “Share” conference, at which each delegate was offered the opportunity to access his or her own file using the company’s on-line “myCallcredit” product. Two months later, Geoff actually got round to taking up the offer and discovered that, according to the file, he was in long-term default on a mortgage he didn’t actually have with a company he’d never heard of, Hillesden. To say that Geoff was not pleased would be something of an understatement.

However, in mid-2003, Geoff had received a letter from a tracing agent asking him when he was going to start paying up on a mortgage he was supposed to have with HFC. Geoff rang the agent and it transpired that there was in fact another Geoffrey Holland with the same date of birth but, fortunately, no middle name and it was this other GH, who had taken out the mortgage that the company was trying to trace. The agent apologised and promised that he would amend the records and also that there would be no reference on BCCA Geoff’s CRA files.

Geoff sent a letter to Callcredit explaining the situation and meanwhile bumped into representatives from the other two CRAs at yet another conference. Having friends in the trade can be helpful in these circumstances and it soon transpired that the same false information was also on the database of a second agency, which supplied Geoff with a phone number for Hillesden Securities. When Geoff rang, he was put through to a representative of Direct Legal and Collections, a Hillesden trading name, and was told that the company’s records did indeed confirm his version of events in June 2003 and that the CRAs should have been instructed to amend their records at that time but that it had not been done. Geoff received an apology and, subsequently, a letter confirming that the situation would

be corrected as soon as possible.

Hopefully, all will soon be as it should, although Geoff has still had no contact from Callcredit at the time of writing. It does have 28 days to respond, but an acknowledgement would have been welcome. It’s bad enough to be accused of owing money that you’ve never borrowed but even more irritating when the finance company fails to put the records straight once its mistake has been brought to its attention. We wonder if Mr Smith would be interested?

## **CHEQUE CLEARING SYSTEM UNDER SCRUTINY**

You may be aware that the Payment Systems Task Force, hidden away somewhere within the OFT, has started to examine the UK cheque clearing system. This follows on from a previous report which looked at electronic payments between banks which was issued last May.

The Task Force includes representative associations of banks, building societies, consumer and business groups, and, as observers, H M Treasury and the Bank of England (see Note 2 for a full list). It has set up a Working Group to look at a number of issues relating to cheques, including:

- customers' understanding of what 'cheque clearing' means - when money is taken from their account for cheques they write, when they can withdraw money against a cheque, when they can be sure that the cheque will not bounce and when they will start to receive interest on the cheque payment
- whether there is significant demand from, and benefits for, consumers and businesses in speeding up cheque clearance times
- the costs and benefits of any changes to the system of cheque clearing
- the different practices of financial institutions and awareness of these practices
- the access and governance arrangements of the cheque clearing schemes in Great Britain and Northern Ireland
- other cheque issues, such as the importance consumers attach to the cheque guarantee scheme and the special presentation of cheques
- the costs and benefits for consumers and businesses of using payment methods other than cheques.

The Task Force will publish a report in summer 2006 and will then go on to examine the UK's ATM and Card Networks, as well as issues such as pricing, transparency and innovation in payment systems.

Following the previous report on electronic payments, the banks agreed to speed up the system but it was agreed to put the new scheme into place in two and a half years time i.e. towards the end of 2007, at a cost of about £60m. However, the cheque clearing system is a very different kettle of fish. For a start, it is paper based so it is much more difficult to speed up handling. Also, it is a system that works and works well so there would be a huge risk if another system were to be introduced. Cheques are an obsolescent form of payment and the numbers written are decreasing by about 5% each year. The banks would therefore be reluctant to invest what would be a large amount of money, even for a bank, in a declining payment method. There would also have to be a long lead-in period, probably much longer than for the new electronic system.

We will be keeping an eye on this but we would guess that not a lot will change. We'll keep you updated.

## **A LOT OF COLD AIR?**

On a lighter note, we receive all sorts of information here at the BCCA, including this gem in a recent DTI press release;

*"UK has the best wind resource in Europe"*

*The most extensive study yet of the UK's wind resource underlines its ability to make a significant contribution to our energy needs and backs up the Government's efforts to harness its potential.*

*Energy Minister Malcolm Wicks said:*

*"The only sensible debate about energy is one based on the facts. This new research is a nail in the coffin of some of the exaggerated myths peddled by opponents of wind power."*

*"While the 'wrong' leaves may fall on our railway tracks and we hear people in the water industry talk about the 'wrong' kind of rain, we have the best wind - and that's official!"*

So there you have it, straight from a government minister. At least the UK's best for something.

## **AND FINALLY**

We did intend to send this newsletter out to arrive before Christmas but, although written in time, "circumstances" arose so we were late in going to press. However, the BCCA's staff (Lindsay and Geoff) and the BCCA Executive wish all members belated Christmas greetings every success for 2006.

# Winter 2005