

Newsletter



Our Quarterly Newsletter

Issue 58 - SUMMER 2011

Cheque Inquiry Reopens

The BCCA welcomed the announcement made by the Treasury Select Committee (TSC) on April 14 that it has reopened its inquiry into the Payments Council's decision to phase out the cheque.

Background

Back in February 2010, the TSC first opened its inquiry 'The End of Cheques'. The BCCA's previous Chief Executive, Geoff Holland, submitted a written response and was subsequently invited to give oral evidence, along with other organisations which were 'pro cheque'. The Payments Council also attended to defend its decision to set a target end date of October 2018 for the closure of the cheque clearing system in the UK, subject to suitable alternatives being in place.

In the Spring 2010 edition of our newsletter, we reported that we felt the first round had been won by cheque supporters. This was because the Payments Council was effectively the 'defendant', giving evidence for twice as long as the other parties. They were also then asked to provide a cost-benefit analysis.

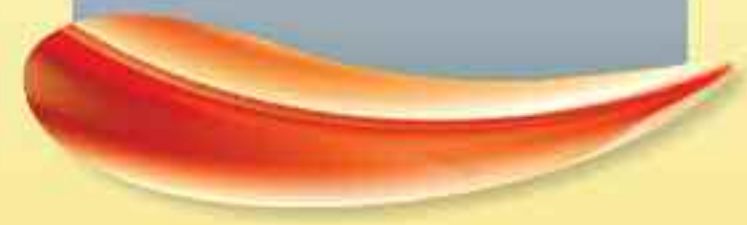
Parliamentary action

Shortly after the Payments Council announced its proposal in December 2009, the Liberal Democrat MP, Mark Hunter, began the 'Save the Cheque' campaign. Since this time, a number of other Liberal Democrat MPs have spoken out in support of the campaign, not least Lorely Burt MP. On 15 March 2011, Lorely joined a group of fellow MPs to deliver a petition to 10 Downing Street which contained thousands of signatures in support of the cheque. Lorely, at the time, wrote on her website,

"Our petition has received support from thousands of people from all across the country, of different ages and walks of life. Today we're calling on the Government to acknowledge that banks have a social responsibility to serve and protect their



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customers, and that retaining cheques would mean little or nothing to banks but a great deal to millions of their customers who still rely on them."

continued on page 3

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We are delighted to announce that Lorely Burt will be addressing delegates at this year's BCCA conference on Wednesday 16 November about her campaign (subject to parliamentary business). Please see pages 3-5 for more information.

Also in support of the campaign is another Liberal Democrat MP, David Ward. David has submitted a Private Members' Bill called 'Cheques', which had its first reading on 2 November 2010. This was successful and a second reading was subsequently scheduled to take place on 17 June this year.

However, this now appears to have been pushed back to 20 January 2012.

Cheque inquiry reopened

The latest TSC inquiry, this time entitled 'The Future of Cheques', asked for views on the following:

- *trends over time in the use of cheques as a payment mechanism, including estimates of likely usage over the next five to ten years,*
- *the advantages and disadvantages of abolition, including the impact of abolition on particular groups in society,*
- *analysis of the likely costs and benefits of the abolition of cheques,*

- *progress in the development of suitable alternative payment mechanisms,*
- *the decision to close the Cheque Guarantee Scheme and the implications for cheque usage and the future of cheques.*

The BCCA submitted a response in advance of the deadline.

We are pleased that the TSC decided to reopen its inquiry. It is clear that there are still large sections of society that would be adversely affected by the decision including SMEs, charities, the voluntary sector and the elderly and housebound. We have always believed that if suitable alternatives are introduced and meet the needs of businesses and consumers, there will be a natural migration away from cheques to those alternatives – let market forces decide!

Shortly before going to print, on Wednesday 15 June, the Treasury Select Committee held a meeting on 'The Future of Cheques', with the Payments Council giving evidence. Recorded coverage of this meeting can be viewed at http://www.bbc.co.uk/iplayer/episode/b0124ptm/Select_Committees_Future_of_Cheques_Committee/

BCCA Conference 2011

We would like to invite both members and non-members to the BCCA's annual Conference.

Last year's event, which was Rachael Corcoran's first as Chief Executive, was a sell-out so please book your place early to avoid disappointment!

This year the conference will be held at the Hilton Manchester Airport Hotel, on Wednesday 16 November. The Hilton is a new venue for the BCCA and is widely accessible.

Managing Change

Change is inevitable, especially for the consumer credit industry. With potential major regulatory reforms that could affect the OFT and the Consumer Credit Act, along with the continuing economic unrest, our conference this year is called, 'Managing Change'.

Even at this early stage, the agenda is looking to be wide-reaching and features the following speakers;

- **Liberal Democrat MP, Lorely Burt**, who last year tabled the 'Cheque Payments' Bill, will be kicking off the conference presentations by speaking about her involvement in the 'Save the Cheque' campaign.
- **Clare Hughes, an employed barrister from McClure Naismith**, will be giving a roundup of the current consumer credit regulatory environment.
- **Carl Hackman from CCI Legal** will be talking about debt collection.

In addition, presentations will be given by our two main sponsors, CoreLogic Teletrack UK and FIS Merchant Payments and our lunch sponsor The Nostrum Group. Look out for updates and further information on our website. Please see overleaf for the agenda and booking form.

We look forward to seeing you there!

If you are thinking of staying over at the hotel the night before the Conference, the BCCA has set-up its own online room booking page for your convenience. Please contact Becky at becky@bccaco.uk for the link



AGM & Conference 2011

“Managing Change”

Wednesday 16 November 2011



- 8:45 – 9:30 **Registration (Breakfast Baps/Tea & Coffee – JFK Suite)**
- 9:30 – 10:00 Annual General Meeting (AGM) **MEMBERS ONLY**
- 10:00 – 10:30 Chairman’s Address and Annual Review - Richard Perry (Chairman)
and Rachael Corcoran (Chief Executive)

Pre-Lunch Presentations

- 10:30 – 11:05 Lorely Burt MP (Liberal Democrats)
- 11:05 – 11:15 Richard Carter (The Nostrum Group)
- 11:15 – 11:45 **Morning Break (Tea & Coffee – JFK Suite)**
- 11:45 – 12:20 Clare Hughes (McClure Naismith)
- 12:20 – 12:30 Dale Williams (CoreLogic Teletrack UK)
- 12:30 – 13:45 **Lunch (Main Restaurant) sponsored by**



Post-Lunch Presentations

- 13:45 – 14:20 TBC
- 14:20 – 14:30 Mike Bradley (FIS Merchant Payments)
- 14:30 – 15:05 Carl Hackman (CCI Legal)
- 15:05 – 15:15 Chairman’s closing remarks
- 15:15 – 15:45 **Afternoon Tea (Hot Cookies/Tea & Coffee – JFK Suite)**
sponsored by Business Insurance Services UK



AGM & Conference 2011

'Managing Change'

Venue:

Hilton Manchester Airport Hotel

Time:

Registration from 8:45 - AGM starts 9:30, Conference opens 10:00

Price (VAT Included):

MEMBERS ONLY EARLY BIRD (bookings before 1st September) - £30

Member Bookings after 1st September - £45

Non-Member Bookings - £180

Number of places required

Names of **all** attendees
.....
.....
.....

Company name

Company address
.....

Company telephone number

Please state any dietary requirements you have

Please find enclosed a cheque for £

Please make cheques payable to BCCA Trading Limited. If you wish to pay by BACS please email becky@bccca.co.uk for details.
It is important that you include a suitable reference when paying this way, so that we may allocate your payment accordingly.

Please tick if you wish to pay by bank transfer

To secure your place, please pay at the time of booking. Please return this form, along with your cheque if applicable, to BCCA, PO BOX 3414, Chester, CH1 9BF. A VAT receipt can be sent upon request.

Please kindly note that refunds can only be issued 14 days or more before the Conference date.



PPI - Calmer Waters Ahead?

Jeanette Harwood, Head of the Regulatory Team at law firm Walker Morris, sheds some light on the latest developments surrounding payment protection insurance.

"A watershed moment in the turbulent recent history of payment protection insurance (PPI) was achieved with the High Court's dismissal of the challenge to the FSA's Guidance on complaint handling, followed by the confirmation that the decision will not be appealed by the banks.

PPI providers now have the twin challenges of resolving the backlog of complaints, and of ensuring processes and procedures implement compliant practice both in sales and in handling complaints – which, on a positive note, should in future be a much reduced number.

Sales of PPI raised concerns after customers were found to have purchased insurance they did not need, were unaware of, or which would not have covered them if they had made a claim. Current estimates are that up to five million people were mis-sold insurance when buying financial products, with the average payout to date for customers being £2,750 per customer.

Interest in PPI sparked further concerns about the way in which financial institutions were handling the numerous PPI complaints they were receiving – with complaints frequently being rejected only to later be upheld by the Financial Ombudsman Service (FOS). These concerns led to the FSA's Policy Statement 10/12 "The Assessment and Redress of Payment Protection Insurance Complaints" (Guidance) setting out the way complaints should be handled. The banks objected both to this Guidance and to FOS's approach to complaint handling. It is this objection which has now been dismissed by the Court, leaving the full force of the Guidance to be applied by the banks, including its

requirements in respect of historical sales. The banks have made substantial provision for PPI claims, with some reports suggesting the total bill could reach £9 billion.

FOS has said it will work with financial institutions over the coming weeks to ensure customer complaints are dealt with fairly and promptly. The publicity surrounding PPI continues to lead to more claims: the FSA reports that there have been more than 1.5 million complaints about PPI since it took over regulation in 2005. The sheer volume of complaints to resolve means that procedures are needed to ensure they are resolved in a systematic and consistent way, both by the financial institutions and FOS, and to ensure that unmeritorious claims are weeded out.

Having now accepted the court ruling, financial institutions will be keen to move on and make mis-selling a thing of the past. Institutions will know that the FSA will be continuing to watch their progress and will wish to avoid having the payment of fines and stigma of enforcement action added to the costs they are now bearing.

The court decision has importance for regulation more generally in the role it gives to the FSA's Principles, which the court has described as the "substrata to which the specific rules are added" – meaning that specific rules do not supplant the Principles but are merely the application of the rules to particular circumstances. This finding, and the finding that the Principles can be taken into account by FOS when deciding whether to award compensation, are relevant to all FSA regulated areas."

For more information please contact Jeanette Harwood on 0113 283 2500 or email Jeanette at jeanette.harwood@walkermorris.co.uk

New Growth Fund

An independent fund to help SMEs has been announced by the Department for Business, Innovation and Skills (BIS). The £2.5 billion Business Growth Fund (BGF) is backed by five of the UK's main banking groups including Barclays, HSBC, Lloyds, RBS and Standard Chartered, and will work in collaboration with the British Bankers' Association.

BIS has reported that the Fund will invest approximately £2m and £10m per business in return for a minimum 10 per cent equity stake and a seat on the board for a BGF director.

Business Secretary, Vince Cable, said:

"Alongside new government support for exporters and commitments made by the banks to increase the credit available to businesses of all sizes, this private fund will provide crucial support to the firms generating the employment our economy needs.

Good investing requires local connections to find and assess opportunities, so for the Fund to have a presence outside London – in both Birmingham and Edinburgh – is particularly heartening. British businesses must have access to the growth capital they need, wherever they are based."

(Source: www.bis.gov.uk)



Bespoke BCCA Regulatory Training

Many of you have asked if the BCCA provide training courses. In response to demand we have teamed up with Walker Morris to deliver a one day training course which is tailored for short term lenders (over the counter and on-line) and which covers all major aspects of regulation directly affecting your business including;

CCA compliance:

- Advertising (including websites)
- Pre-contract information (SECCI)
- Adequate explanations
- Form and content of agreements
- On-line contracting issues including electronic signatures
- Right of withdrawal
- Post –contractual requirements (notices and statements)
- Unfair relationships
- OFT Guidance; ILG, Debt Collection, mental capacity
- Powers of the OFT and Trading standards
- Managing complaints and dealing with FOS claims

Money Laundering:

- Proceeds of Crime Act 2002
- Money Laundering Regulations 2007
- Policies, systems and procedures
- Customer Due Diligence

- MLRO role and suspicious activity reporting

Data Protection:

- Data Protection Act and Privacy in electronic communications regulations
- ICO guidance
- Distinguishing sensitive personal data
- Privacy policy and fair processing
- Marketing
- Data security and retention
- Responding to subject access requests

Many of you will know Jeanette Harwood of Walker Morris, who will deliver the training with her team. She knows the industry well and will explain the rules in a straightforward, no nonsense fashion incorporating lots of practical examples based on her experience of advising businesses in the sector. The day will include a workshop style session and lots of opportunities to ask questions.

Places are limited, and will be allocated on a first come first served basis, although if there is sufficient demand we will be putting on the course again. If you would like to attend please fill out the booking form overleaf and return with payment to BCCA, PO BOX 3414, Chester, CH1 9BF.

a price comparison you may have missed...

there's never been a better time to join the many cheque cashers switching to us for their third party cheque encashment! you may be surprised at just how much you could save on your processing, not to mention the benefits of a fast 48hr turnaround of funds.

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2 low commission rates

3 no lengthy tie ins



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contact: David Wheeler
phone: 01923 606158
email: david@cashandchequeexpress.co.uk
website: www.cashandchequeexpress.co.uk



Regulatory Training Course

Booking Form

Date:

Thursday 8 September 2011

Venue:

23 Austin Friars, London EC2N 2QP

Time:

10:00 to 16:00

Delegate Charges

BCCA members £299 (plus VAT)

Non-members £399 (plus VAT)

Number of places required

Names of **all** attendees

.....

.....

Company name

BCCA members(s)? YES NO

Company address

.....

Company telephone number

Please find enclosed a cheque for £

A confirmed agenda will be sent to all delegates nearer to the date of the course.

To secure your place on the course, please pay at the time of booking.

Please make cheques payable to BCCA Trading Limited.

If you wish to pay by BACS please email becky@bcca.co.uk for details. **It is important that you include a suitable reference when paying this way so that we may allocate your payment accordingly.** Please tick if you will be paying by bank transfer

Please return this form, along with your cheque if applicable, to BCCA, PO BOX 3414, Chester, CH1 9BF.

A VAT receipt can be sent upon request.



Agency Workers Regulations 2011



“On 6 May 2011, the Department for Business, Innovation & Skills (BIS) published its final guidance on the Agency Workers Regulations 2010 (the Regulations) which are due to come into force on 1 October 2011.

The Guidance aims to help both hirers and agencies understand the requirements of the Regulations and has been produced through consultation with businesses, trade unions and recruitment agency representatives. The Guidance is accessible via the BIS website and it is intended that separate guidance aimed specifically at agency workers will be made available on the Directgov website shortly.

Under the Regulations (which implement the EU Agency Workers Directive):

- Agency workers will be entitled to the same basic working and employment conditions as those employed directly by the hirer on completion of 12 consecutive weeks in the same role for the same hirer.*
- In calculating the 12-week qualifying period, breaks between assignments or during an assignment will not break the continuity if they are for not more than six weeks or are for one of a number of specified reasons, including sickness or injury, pregnancy, childbirth or maternity, adoption or paternity leave.*
- Basic working and employment conditions are those relating to pay, working time, rest breaks and annual leave. Pay for these purposes is any amount paid in connection with the employment or engagement and includes bonuses, fees or commissions that are directly attributable to the amount or quality of the work done by the worker and benefits in the form of fixed value vouchers or stamps. Pay does not include contractual payments relating to sick leave, pension, redundancy or maternity, adoption or paternity leave.*
- Agency workers that have permanent contracts of employment with temporary work agencies, under which they continue to be paid the "minimum amount" when they*

are available to work but are not placed on an assignment with a hirer, are excluded from the right to equal pay. Under the Regulations the "minimum amount" that agency workers must receive during such period is pay equal to 50% of the highest level of pay that they have received within the previous 12 weeks of an assignment.

- Agency workers can claim compensation where they have been denied the terms and conditions granted under the Regulations. This compensation will be for an amount that the Employment Tribunal considers just and equitable taking into account the loss suffered as a result. Both temporary work agencies and hirers will be liable to pay this compensation to the extent they are responsible for the breach of the Regulations. The temporary work agency can escape liability by showing that they have requested the relevant information from the hirer, used it to determine what terms and conditions the agency worker is entitled to and provided those terms and conditions. If this is shown, the liability will fall solely on the hirer.*
- There are express anti-avoidance measures. These address concerns that temporary work agencies and hirers would simply structure assignments by, for example, rotating agency workers to ensure that they never complete 12 consecutive weeks in the same role for the same hirer. Where a temporary work agency or hirer is found to be in breach of this provision, the Employment Tribunal is also entitled to make an additional award of compensation of up to £5,000.*
- Agency workers will also have the right to access the same collective facilities and amenities as permanent workers and to be informed of any relevant job vacancies with the hirer. Collective facilities and amenities include staff canteen, childcare and transport facilities. There is no qualifying period for this right to apply and agency workers will be entitled to this from their first day. Liability for non-compliance in respect of this rests with the hirer.*
- In order to assess whether or not they are suffering a detriment on the grounds of their status, agency workers will also have the right to request information relating to terms and conditions first from the temporary work agency and then from the hirer.*

Employers who make use of agency workers are strongly advised to read the Guidance and get to grips with the Regulations prior to their implementation in October.”

For further information on the regulations or assistance with any other employment law matter please contact Helen Kidd an Associate Solicitor at Aaron & Partners LLP on 01244 405537 or email Helen at helen.kidd@aaronandpartners.com



Mary Portas - Saviour of the High Street?

Empty shops and closing down sales are a sad and familiar sight on Britain's high streets today, whilst supermarkets such as Sainsbury's and Tesco have reported multi-million and billion pound profits respectively.

Now, the Government has employed the help of Mary Portas, television personality and management consultant, in a bid to turn things around.

As reported by The Grocer, Mary will lead an independent review into the future of the high street in her new appointment, whilst advising how to increase the number of small and independent retailers in local town centres. She said:

"With town vacancy rates doubling over the last two years the need to take action to save our high (sic) has never been starker. I am calling on businesses, local authorities and shoppers to contribute their ideas on how we can halt this decline in its tracks and create town centres that we can be proud of."

Through her primetime television appearances in 'Mary Queen of Shops', Mary has proven that a fiery demeanour and no-nonsense approach can be the secret to success.

This latest news harks back to June 2009 when then Prime Minister, Gordon Brown, employed The Apprentice star, Sir Alan Sugar as an Enterprise Tsar - following which he was given a peerage. His job involved advising civil servants on how to help small business.



OFT Debt Collection Guidance Consultation

As we reported in the spring edition of the newsletter the OFT, on 10 March 2011, launched a consultation on its new Debt Collection Guidance.

It is fair to say that the revised guidance is somewhat weightier than the existing document. Although the proposed guidance doubles up as the consultation paper, taking out all consultation references, there are still around 50 pages of guidance compared with the current document which is 15 pages in total!

In our view this is a real disappointment. The triumph of the existing guidance was the fact that it was short and user friendly. The new version risks increasing the regulatory burden on business and potentially becoming less effective. Sometimes less is more!

In its defence, the OFT has asked in one of the consultation questions whether a shortened version of the guidance would be useful so there seems to be some implied recognition that the new guidance is quite substantial.

It appears that the influence for the review of the existing guidance is the reforms to the consumer credit regime, under the Consumer Credit Act 2006, and the growth in debt sale and purchase. The consultation document states:

'Since the last update of the OFT's Debt collection guidance (OFT 664) in December 2006, there have been two key developments that have impacted on debt collection: the first is the Consumer Credit Act 2006 reforms which have provided the OFT with new powers to facilitate better regulation of the sector;

the second is the growth of debt sale and purchase – the practice whereby creditors sell on their debt fully to specialist purchasers rather than outsource it for collection on their behalf.

This means that once the debt is sold on to a purchase company, the relationship between the debtor and the original creditor is severed and the purchase company becomes the creditor. It is critical therefore that the new business, the debt purchaser, is in possession of all the information it needs to ensure it pursues the correct debtor for the correct amount and deals effectively and appropriately with any disputed debts.

It is apparent to the OFT that in order to reduce the harm arising from people being pursued for debts they do not owe, more needs to be done by creditors to improve the quality of the data which they hold and pass on for the purposes of debt sale and for debt collection in general.

The OFT's experience is that problems of this nature are arising across all types of consumer debt and therefore, as well as these matters being relevant to mainstream consumer credit lenders such as banks, credit card and catalogue companies, they are also highly relevant to businesses such as utilities and telecommunications companies. We have therefore included further guidance and clarification on these issues in this updated guidance.'

As always the BCCA has submitted a response to the consultation and also attended a workshop at the OFT on 8 April where we were given the opportunity to provide feedback. We'll have to wait and see what the final version looks like.



New Rules for Cookies

Diane Williams from the compliance consultancy, The Capital Partnership, gives advice on how to ensure compliance with the new rules governing the use of website cookies.

“Cookies are small files of letters and numbers downloaded on to a computer when the user accesses certain websites. Cookies allow a website to recognise a user’s computer. Similar technologies include Locally Stored Objects. This article uses the word ‘cookies’ to cover both cookies and similar technologies, and ‘computer’ to cover both computers and mobile devices.

The law governing the use of cookies changed on 26 May 2011. Now, cookies can only be placed on a computer if the computer user has been given clear and comprehensive information about the purposes of the cookie and has given their consent. Provided you get consent the first time the cookie is set, you do not need to do so again for the same person each time you use the same cookie for the same purpose in the future.

To ensure you comply, we recommend that you first check what type of cookies you use and how you use them. Some cookies simply allow you to improve your website based on information such as which links are used most frequently or which pages get fewest unique views. However, some uses of cookies are more privacy-intrusive and can involve creating detailed profiles of an individual’s browsing activity.

Once you know what you do, how you do it and for what purpose,

you need to consider the best method for gaining consent. You might have heard that browser settings are one way of obtaining consent. However, most browser settings are not yet sophisticated enough to allow you to assume that the user has given their consent to allow your website to set a cookie, so you need to gain consent in some other way. One option is to use a pop-up to ask for consent. Another is to place some text in the footer or header of the web page, which is highlighted or which turns into a scrolling piece of text when you want to set a cookie.

At The Capital Partnership, we had never made a conscious decision to create cookies when people visited our website, but we found that our use of Google Analytics created cookies. Our own compliance solution has therefore been to stop using Google Analytics, but this would probably not be the most commercially acceptable solution for everyone.

Although the new law came into effect in May, the Information Commissioner has acknowledged the practical difficulties of compliance and has said he will not take any enforcement action for non-compliance for 12 months, to give everyone time to find a workable solution. But one of the twelve months has already passed, so we recommend you start developing your solution sooner rather than later.”

If you would like further information, please contact Diane Williams at info@thecapitalpartnership.co.uk

You don't need cheque guarantee cards when you've got TRANSAX!

The Cheque Guarantee Card Scheme will close in June 2011, having seen declines in transactions and guarantee cards in circulation.

TRANSAX Cheque Warranty will be the only remaining warranty scheme available to retailers and financial service providers for consumer and business cheques. If the cheque does not pay you, we will!

We do not require a guarantee card to help verify a transaction - a Debit Card can be used instead. We refer it to the Industry Hot Card File (the official database) to ensure it is not one of the 5 million cards that have been reported lost or stolen.

We also know of 250,000 bank accounts at any one time that are under financial stress and more than 2 million stolen cheque numbers.

We back this up with our unique payment warranty. So at the time you are asked to encash a cheque, you can call your best line of defence: **TRANSAX Cheque Warranty. The solid foundation for your cheque encashment business.**

For further information, call Mike Bradley on 0845 601 4456 or visit www.fismerchantpayments.com

You take the cheques, we take the risk!



TRANSAX Cheque Warranty is provided by Central UK Finance Ltd (FIS Merchant Payments), part of FIS Cheque Services (a wholly owned subsidiary of FIS). Services provided by FIS are subject to the financial institution's terms.



TRANSAX
Cheque Warranty



Mobile Broadband Research Findings



Ofcom has revealed the findings of its first research into mobile broadband. The research comes after a 4% increase since 2007 in the number of people using mobile broadband as their only form of internet access.

The regulator found that O2 provided the fastest download speed, followed by Vodafone and 3. The Everything Everywhere operators, Orange and T-Mobile, were revealed as providing the slowest.

The findings were for mobile internet dongles and data cards only and did not include Smartphone use.

When compared with fixed broadband speeds, mobile broadband is still significantly slower. The average fixed broadband speed is 6.2 Mbit/s, with an average webpage download time of less than 0.5 seconds. Ofcom's research found that the average download speed achieved by using mobile broadband was 1.5Mbit/s, with a basic webpage download time of 8.5 seconds.

In good 3G coverage areas though, Ofcom found that average mobile broadband speeds were 2.1 Mbit/s, falling to an average of 1.7 Mbit/s during the peak evening period of 8-10pm. Basic web pages took on average 2.2 seconds to download.

As a result of the findings, Ofcom has published the following guidance for consumers who are considering mobile broadband services;

- Consumers should check with their provider how good coverage is likely to be before buying a service.
- Consumers should also consider what they most want to use mobile broadband for. As well as being able to use it in different locations, mobile broadband may also be less expensive for some consumers as it does not require a landline, and pay as-you-go tariffs are available.
- However, slower download speeds and data limits may make it unsuitable for heavy users and some broadband services may not be suitable for applications which require a high level of responsiveness, such as some online gaming.

More guidance can be found on Ofcom's website at the following link - <http://consumers.ofcom.org.uk/2009/08/what-to-look-for-when-choosing-mobile-broadband/>

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OFT Annual Plan



The OFT has published its annual plan, setting out its key priorities for the next 12 months, beginning 31 March this year.

It is currently a rocky time for the watchdog following the government's recent consultation on possible changes to the competition and consumer regime. In its consultation, the Government has proposed merging the competition functions of the OFT and the Competition Commission to create a single Competition and Markets Authority (CMA). The OFT said that it will work closely with the Government on this to ensure that any new regime introduced builds on the most successful features of the current one.

In addition to this, following the spending review, the OFT's budget has been reduced by 25 per cent over the next four years. The OFT said that this has required them to deliver 'more with less' and has also meant that changes have had to be made to the structure of the organisation.

The OFT said that during 2011/12 it will prioritise key sectors for economic growth and consumers, with a particular focus on:

- *Public services markets, providing constructive advice to government where these are opened up, to help frame and deliver markets that work well for users and taxpayers.*
- *High innovation markets and business models, with a particular focus on intellectual property and low carbon issues.*
- *Developing trust in online markets, ensuring that continuing innovation in the UK's £50 billion online economy is met with strategic enforcement to tackle emerging or complex fair trading issues.*
- *Economic infrastructure sectors, informed by the OFT's recent stock take of infrastructure ownership and control.*
- *Markets impacted by rising global commodity price rises.*
- *Transparency and fairness in advertising and pricing, ensuring targeted enforcement action against misleading pricing.*
- *Protecting vulnerable consumers, building on a track record of interventions and work on high-pressure selling, consumer credit lending and mental incapacity.*

(Source: www.ofg.gov.uk)

FOS Annual Review

The Financial Ombudsman Service (FOS) has released its annual review 2010/11. The publication is a round-up of the complaints FOS received between April 2010 and March 2011.

In the report, FOS Chairman, Christopher Kelly, blamed the British Bankers' Association's (BBA) legal challenge (in relation to the information and guidance published by FOS and the Financial Services Authority (FSA) about handling PPI complaints) for the unexpected increase in the number of complaints received. He wrote;

"This legal action against us has led not only to exceptionally high volumes of PPI complaints, but also to growing numbers of cases where the banks behind the challenge have decided not to fully co-operate with us. This has made it impossible for us to progress these complaints as quickly as possible."

Out of the total number of complaints, those concerning PPI made up 51% (for more on PPI, see page 6).

Complaints for banking and credit made up 31.5%, a decrease from last year's 44%. They were broken down into the following categories;

45% - complaints about charges

28% - complaints about administration

8% - complaints about sales and advice

5% - complaints about transactions

14% - other complaints

From January 2012, the maximum compensation awarded by FOS to mistreated customers will increase from £100,000 to £150,000.

Big Society Set Back

The 'Big Society' project, which was formulated by the coalition to empower local communities, has experienced a setback in the form of the resignation of its appointed Tsar, Lord Wei. After being hired in 2010, Lord Wei was given the task of encouraging the public to take up volunteer work, alongside their paid employment. However, Lord Wei, whose post was also voluntary, quit to reportedly earn some money. Labour has subsequently accused the Big Society as 'descending into farce'.



Contactless Phone Payments Introduced

Orange and Barclaycard have teamed up to launch the UK's first contactless mobile payments system. Now consumers who have the specially enabled Orange handset will be able to pay for low value items by 'tapping' their mobile phone onto a Barclaycard reader. Purchases can only be made for £15 or less and those worried about security can opt for a four digit PIN code to be activated. The system has been introduced in 50,000 stores including McDonald's and Boots.

Quite understandably though, there are some concerns that by turning a phone into a wallet, the temptation will be too much for some criminals. As reported by the Metropolitan Police, phone theft is already high, with as many as 10,000 stolen every month. If the new payments system is adopted, this figure will undoubtedly increase.

Barclays has insisted that the new system, called Quick Tap, will be much more convenient than

current payment methods. However, there seems to be little to no difference than paying with a debit card, as those consumers who are concerned about security will still need to enter a PIN before the payment can be authorised. In addition, the Financial Times have reported that analysts have already predicted that up take of Quick Tap will be slow as consumers are already using debit cards to pay for small items.

The availability of mobile payments is compromised by the fact that it is limited to one handset only. The Samsung model, called Tocco Lite, is available for £59.99 on pay-as-you-go or for free on pay-monthly contracts from £10 per month on 24 month contracts. As wide-scale accessibility is a necessary quality of popular payment methods, such as debit cards, it would seem that mobile payments still have a long way to go.

New Rules for Insurers

A Bill that will require insurers to ask customers more relevant questions has been introduced in Parliament. The Consumer Insurance (Disclosure and Representations) Bill will remove any grey areas about the information consumers need to disclose to insurers in order to get the cover they need. The onus will not only be on the insurer to make sure they are asking the correct questions, but also that the consumer tells the truth and provides all the information required of them.

The Bill also sets out a series of rules called 'proportionate remedies' to aid insurers when deciding if a claim is valid. As outlined by the Association of British Insurers (ABI), these include;

- *If the consumer acts honestly and with care they will be protected and the insurer should pay the claim in full.*

- *If the consumer answers questions carelessly, but it was not deliberate, the insurer would be able to apply a 'proportionate remedy'. In other words, they would assess the claim applying the relevant exclusions or increased premium as they would have done, had the consumer provided all the relevant information when taking out the policy.*
- *If the consumer makes a deliberate or reckless misrepresentation, the Bill permits the insurer to treat the contract as if it did not exist and refuse all claims.*

The current law for insurers is partly based on principles that were codified more than 100 years ago in the Marine Insurance Act. The introduction of the new rules which were announced by Mark Hoban, Financial Secretary to the Treasury, will therefore seem long overdue to some.





Credit Card Rates Peak

Interest rates charged on credit cards now stand at 19 per cent, **the highest level in 13 years**. Analysis by the financial information service, Moneyfacts, has found that rates on 18 credit cards have risen since the start of the year.

The increase follows a number of changes made to the way credit card companies are allowed to operate.

As reported in the winter edition of our newsletter, a new set of rules have been imposed on credit card companies. The rules, which came into force in January, were introduced by the Department for Business, Innovation and Skills (BIS) and give customers greater control over their credit limits and the interest rates they pay. This

involved prohibiting the so-called 'negative payment hierarchy' whereby customers pay off the cheapest debt first, leaving the more expensive debts to rack up interest, allowing banks to pocket the extra revenue.

The introduction of the new rules, combined with the recent ban on payment protection insurance, has resulted in banks taking alternative measures to claw back some of their lost revenue and, not unsurprisingly, it is at the expense of the customer.



Lead Generation Websites Axed

The OFT has closed 19 lead generation websites after an investigation found that they were unlicensed. The watchdog reported that the websites targeted people with disabilities, those connected to the military and people with limited access to credit.

All sites have now been taken down and the OFT has said that they will continue to monitor the situation to see whether sites reappear with different web hosts.

David Fisher, OFT Director of Consumer Credit, said:

"Websites like the ones we have shut down target vulnerable people and those who may not have easy access to credit. We advise consumers to think carefully before entering personal data into any lead generation website, in case this information is passed on without their knowledge."

A list of all the closed websites can be found on the OFT website.

(Source: www.of.gov.uk)

Sunday Trading Opinion Revealed

A new Government website, which invites members of the public to share which laws they think should be kept or scrapped, has revealed some popular views on Sunday trading.



As reported in *The Grocer*, a cross section analysis of the 2,608 views expressed on the 'Red Tape Challenge' website concerning the current Sunday trading law revealed that 80% of people are opposed to allowing supermarkets to open for more than six hours on a Sunday. Many felt that retailers work enough hours already and should be able to spend sufficient time with their families instead.

Every few weeks the Government will publish all the regulations relating to one specific sector or industry in order to canvass the general public's views. Laws surrounding employment, manufacturing and health and safety are amongst those still waiting to be addressed. Once Ministers have received all feedback, they will have three months to work out which regulations should be kept and why.



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