



Newsletter

THE QUARTERLY NEWSLETTER OF THE BRITISH CHEQUE & CREDIT ASSOCIATION

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THE CHEQUE IS FIGHTING BACK

It may be true to say that in recent weeks the battle over the survival of the cheque has been won but the war is far from over.

When the Payments Council announced on 16 December 2009 that the centralised cheque clearing system in the UK was given the target end date of 31 October 2018, subject to a final decision being made in 2016, it was like the start of a boxing match between cheque supporters and the Council - each contestant fought like their lives depended upon it!

I have to say that Round One was won by the cheque and its supporters. This may seem somewhat surprising given that when the announcement was made by the Council it read like a done deal. Of course there was always the caveat given by the Council that there would have to be suitable alternatives in place. However, nobody, not even the Payments Council is sure what they'll be and they've only got eight years to come up with the answers and get members of the public to embrace it - good luck!

It is fair to say that support for the cheque has come from far and wide. The Daily Mail is currently running a 'Save the Cheque' campaign as well as Liberal Democrat MP Mark Hunter putting an Early Day Motion (EDM) on the Downing Street website also called 'Save the Cheque' prior to the Payments Council's decision being made. At the time of writing, the motion had 127 signatories. Mark Hunter said at the time- *'It is scandalous that banks bailed out by the taxpayer are now planning to cause their customers massive inconveniences by scrapping the cheque,'* and let's face it, Mark has a point! For those who may not know, the Payments Council is essentially made up of the big banks and building societies along with other payment service providers such as Paypal. All of which, it has been said, has a vested interest in this decision being made and stuck to. Cheques are, in effect, direct competition to the likes of Paypal and also the banks complain that cheques cost them around £1 to process. We could easily resolve the cost issue - stop the huge bonuses to bankers and give customers the services they want!

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What has also become apparent since the announcement (and was never made clear before) is that the Payments Council has now said that there is likely to be some form of paper based payment method still in existence after 2018. Hmm, yes, we asked ourselves the same question – if it's not broken, why try and fix it?

It's true to say that the Payments Council really has been in the firing line since the announcement and no more so than when it had to give evidence at the Treasury Select Committee on 16 March along with the BCCA and a handful of other organisations which included Citizens Advice, the Institute of Fundraising, Consumer Focus, Age Concern and Help the Aged.

From what was reported it seems that the Payments Council was effectively the 'Defendant', giving evidence for twice as long as the other parties. The TSC was chaired by John McFall, no stranger to asking difficult questions and getting to the nub of the matter. Mr McFall reportedly stated that the Payments Council has produced a '*fudged, managed decline*' and observed that although the Council had looked at the benefits it had not taken into consideration the cost to consumers. According to Geoff Holland, then Chief Executive of the BCCA, who gave oral evidence, the hearing was a very useful exercise.

The BCCA was invited following written submissions we gave to the TSC. One of the key suggestions contained in that submission was that the Payments Council should not make the final decision regarding the demise of the cheque. We wrote;

'The Payments Council has stated that it will make a final decision in 2016 whether or not to close the UK cheque clearing system in 2018. Bearing in mind the vested commercial interests of many of the Payments Council's members in the abolition of cheques, we feel that any decision should be made by another, independent organisation. This could be, for example, HM Treasury, the OFT, the FSA or a combination of all three.'

We believe that this is the fairest way in which to deal with this issue and hope that this suggestion will be seriously considered.

Amongst other things, the Payments Council is now required to carry out a cost/benefit analysis. For

members, our TSC contribution can be found in the Members Only section of our website under Consultation Responses. For non – members the response can be accessed via the following link;

<http://www.bcca.co.uk/members-only/pdfs/Payments-Council-Consultation-Response.pdf>

The BCCA has been heavily involved in Round One of the fight. Meetings with journalists and indeed Mark Hunter himself has resulted in the issue gaining the momentum and profile that it deserves. It really is a case of 'watch this space' as it is likely that the bell for Round Two will sound soon!

What the cheque means to those that use it most.....

In recent weeks we have stumbled on a number of articles where small businesses, and in particular the National Pensioners Convention (NPC), has been raising their concerns about the Payments Council's decision. Recently, in a BBC report, NPC said that the abolition of cheques will leave millions of pensioners stressed about how to manage their financial affairs, after a BBC survey revealed that more than three-quarters of pensioners are against the move. The Wandsworth Older People's Forum in South London, made up of a group of pensioners, also highlighted its concerns. Chairman Tony Tuck said:

"A lot of people who are housebound use cheques daily, and a lot of people who have no computer and therefore can't get onto the internet or do internet banking would be lost without it."

Another article, by the Mail Online, has revealed how the scrapping of cheque guarantee cards has been damaging small businesses that are heavily reliant on cheques. It said:

"Abolishing the cards leaves firms with the stark choice of turning away business, taking the risk that a cheque will bounce or paying whatever banks demand for the chip and PIN machines."

The typical cost for businesses per cheque is 60p to £1, with some banks charging no additional charge for the first batch of cheques each month. Chip and PIN machines however, come at a higher expense.

The article also explained that because of the nature of some small businesses mobile phone signals are not always available, it renders a card reader useless.

The Cost of Chip and PIN Machines

	Set up cost (£)	Rental costs (£)	Transactions (£)
Barclays	176	395	Would not Disclose
HSBC	194	312	90
Lloyds/HBOS	176	423	180
RBS/Natwest	Would not Disclose	Would not Disclose	Would not Disclose
Santander	Would not Disclose	240	Would not Disclose

Based on 30 debit card payments per month of £100.
Rental costs are maximum charged by bank. Incl. VAT
(Source: Mail Online)

Stephen Alambritis, from the Federation of Small Businesses, said,

"This hurts a lot of businesses, particularly those in rural areas or small communities with a local touch. To expect them to spend hundreds of pounds a year on a card reader at a time when every penny counts is not on."

This is all about the banks saving money. It goes to the core of the small business community.

We believe banks have a social duty to keep the cheque guarantee card and the cheque, which are valued payment methods."

It is hoped that the BCCA's ongoing work in opposition to the Payments Councils proposal to scrap the cheque will therefore help those left vulnerable, like the elderly and small businesses mentioned here, and not least our members.

OVERDRAFTS - HELPING TO KEEP BRITAIN IN THE RED!

As our members are aware, payday loans are the only real alternative to bank overdrafts.

However, the two products do not operate on the same level playing field, as we have commented on in previous editions of the newsletter. This is demonstrated by the fact that payday loans must quote an APR making them appear more costly than they really are. Overdrafts, however, do not have to quote an APR, despite them often being much costlier than payday loans in the short term.

The true cost of overdrafts was addressed recently after research undertaken by Money Supermarket.com revealed that one in ten Brits are permanently overdrawn. The online poll uncovered that 5 million Brits are living off their overdrafts, with a further 38% dipping into the red over the last 12 months.

Kevin Mountford, Head of Banking at Money Supermarket, said: *'The dangers of being overly, or entirely, reliant on your overdraft are clear; firstly this can be an extremely expensive debt to carry if it hasn't been agreed with your bank in advance, and secondly your bank can reduce the size of your overdraft with little warning.'*

Customers are to be particularly wary of unauthorised overdrafts, which often cost a lot more than expected, whilst authorised overdrafts often cost the same as credit card borrowing.

Kevin Mountford said:

'Customers must also understand that there is a difference between authorised and unauthorised overdraft charges. Unauthorised charges are not always made clear by providers and can vary from anywhere between zero per cent and almost thirty percent. In such cases, anyone borrowing without their banks prior agreement could be in for a nasty surprise.'

He also warned that *'rising inflation will mean it is going to be more difficult to break the habit of living in the red and it may be that some people fall back into this position as living costs increase.'*

The questionable fairness of bank overdraft charges was brought to the forefront in 2007 when the OFT began legal action against the banks after more than one million people complained. Those hoping to be refunded were left disappointed in November last year when the Supreme Court ruled that the watch dog did

not have the power to investigate unauthorised borrowing under the Unfair Terms in Consumer Contracts Regulations.

Although the OFT has since found that providers have been voluntarily reducing their unauthorised overdraft rates, research by moneynet.co.uk revealed that providers have been raising authorised rates from 13.1% to 15.3% over the same period to compensate. In some cases, rates have more than doubled.

Andrew Hagger at Moneynet said,

"Unauthorised overdraft rates have dropped but this isn't the full story. In some cases, as with Halifax and Alliance & Leicester, a monthly interest rate has been replaced with a daily fee, making it far more expensive for customers."

The High Cost Credit Review, which was launched in July last year, is part of the OFT's ongoing Financial Services Plan. The OFT, who estimates that the high cost credit sector is valued at up to £35 million annually, said:

'The sector is characterised by loans which are often small amounts that are obliged to be repaid over short periods of time, often with high APR.'

However, as explained in our Winter newsletter, account overdrafts are not fully included in the scope of the review despite the APRs for some small, unauthorised overdrafts being extremely high. We addressed this matter in our response to the interim report, which said,

'...it would make sense to widen the scope of the Review so that it fully encompasses overdrafts and similar products linked to current accounts. In our view, failure to do so will result in a fundamentally flawed final report as the main providers of 'high cost credit', as defined, will not be included.'

Payday loans, which are included in the Review, as mentioned are the only true alternative for many customers and are a transparent product. The fact that they must state an APR – and overdrafts do not – therefore seems highly unfair.

Kevin Mountford also said that someone with an overdraft of £500 could be paying more than £240 a year more than they should for the privilege. His advice?

'Times are tough and anyone paying through the nose on their overdraft should shop around to see if there is an alternative account available that wouldn't leave them so out of pocket.'

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CHIP AND PIN - "THE WHOLE SYSTEM NEEDS A RE-WRITE"

After years of being told that it is the safest form of verification, new research revealing massive flaws in the Chip and PIN system is to be presented at an academic conference in America in May.

The alarming discovery was made by experts at the University of Cambridge Computer Laboratory and demonstrations of how the fraud works have already been shown on BBC's Newsnight.

In the demonstration, the researchers showed how fraudsters can easily insert a 'wedge' between the stolen card and terminal, which tricks the terminal into believing that the PIN was correctly verified, regardless of what was actually entered into the machine.



This kind of fraud is particularly concerning as there is no way for the victim to prove that they did not carry out the transaction as the PIN is verified and shown to be correct in all situations. In previous cases banks have argued that customers must have been negligent and allowed the fraudster to know their PIN.

Professor Anderson, of the University of Cambridge Computer Laboratory said,

"Over the past five years, thousands of cardholders have had stolen chip and PIN cards used by criminals. The banks often tell customers that their PIN was used and so it's their fault. Yet we've shown that it's easy to use a card without knowing the PIN – and the receipt will say it was 'verified by PIN' even though it wasn't".

These latest findings have prompted researchers to suggest that the whole system needs a rewrite and provides hard evidence that the Chip and PIN system is not as trusted as it's thought to be. What is also interesting is that new fraud figures, released by the UK Card Association, show that card fraud is still high at £440.3 million. Online fraud has risen 14% to £59.7 million whilst cheque fraud has **fallen** 29% to £29.8 million.

The Cambridge team's results are to be presented at the academic conference 'IEEE Symposium on Security and Privacy,' Oakland, CA, US.

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THE END OF THE CREDIT CARD CHEQUE FOR ITS BIGGEST ISSUER IN THE COUNTRY

The biggest credit card cheque issuer in the UK, MBNA, discontinued issuing the credit card cheque on 31st March 2010.

A credit card cheque is a means of paying for something when you don't have cash and you can't use a card machine. The credit card, like the cheque guarantee card, can be used to back your purchase and the money is then charged to your credit card account. Greg Reed, chief marketing officer of Bank of America Europe Card Services, which operates the MBNA brand, said,

"Whilst credit cards are still valued by many of our customers, we acknowledge that, increasingly, the majority of customers are choosing to access their accounts by other means. This decision is part of a number of changes we will be making over the coming months."

MBNA has also announced that they will discontinue issuing promotional cheques and replacement cheques.

FINAL IRRESPONSIBLE LENDING GUIDANCE HAS ARRIVED!

It seems as though this guidance has been a long time coming as the scoping paper was first circulated in August 2008. After much concern was expressed by the credit industry when the first draft was produced, and indeed by the BCCA, the revised version does appear to have taken into consideration the views of the industry there is a much greater emphasis on proportionality.

We asked Helen Ward of Alizarin Associates to provide a summary of some of the key issues that are within the document.

'On 31 March 2010 the Office of Fair Trading (OFT) published its "Irresponsible Lending – guidance for creditors" (ref OFT 1107) covering some 95 pages.

In the Foreword, OFT states "the primary purpose in producing this guidance is to provide greater clarity for businesses and consumer representatives as to the business practices that the Office of Fair Trading (OFT) considers may constitute irresponsible lending practices for the purposes of section 25(2B) of the Consumer Credit Act 1974. It indicates types of deceitful or oppressive or otherwise unfair or improper practices which, if engaged in by a consumer credit business, could call into consideration its fitness to hold a consumer credit licence".

The publication has little general narrative, making it an intense technical read. The postponement of the EU

CCD implementation also introduces some complexities into the guidance, for some of the practices listed as irresponsible will not be considered so until the CCD legislation comes into force.

The guidance covers each stage of the lending process, including detailed sections on explanations of credit agreements and assessment of affordability, and identifies business practices which may, in the view of the OFT, depending on the exact circumstances, constitute irresponsible lending practices, however it is not an exhaustive list.

The OFT expects creditors to have regard to both the letter and the spirit of the guidance. Some behaviours relate to legal requirements, others are behaviours OFT considers may be improper without being unlawful.

The context surrounding particular practices may also be relevant and OFT states in paragraph 1.22 that "the extent to which we may consider certain practices to constitute irresponsible lending practices will depend, to some degree, on individual circumstances and/or individual business models."

Much emphasis is placed on making a reasonable assessment of whether a borrower can afford to meet repayments in a sustainable manner and on explaining the key features of the credit agreement to enable the borrower to make an informed choice. Lenders are also

expected to exercise reasonableness and forbearance when handling customers experiencing arrears and defaults.

Some explanations will also need to be given orally where agreements are made through certain channels. Additional suggestions are made in the guidance to assist lenders transacting on-line. For face to face or telephone transactions it is unlikely that the requirements will be satisfied solely by providing a written pro-forma.

For assessments of affordability the OFT expect the extent and scope should be dependent on and proportionate to a number of factors. Paragraph 4.10 of the guidance lists a number of factors which OFT feel may be included as appropriate in any assessment.

It is likely that BCCA members will need to review their policies and procedures to ensure that new requirements are adequately documented and appropriately implemented.

The guidance places the emphasis on the creditor throughout to determine which factors are appropriate to consider in any given assessment, explanation or procedure. BCCA members may therefore wish to consider how they might explain their bases for factor selection/usage and document these sufficiently. The OFT does accept, from a proportionality perspective, that the level of scrutiny required for small sum and/or short term credit may be somewhat less than for large sum and/or long term credit. However, it also points out that creditors should take account that, relative to the

borrower's financial situation, the risk of the credit being unsustainable has a direct relationship with the level of credit granted.

With regard to compliance and enforcement, OFT expects creditors to take reasonable steps to ensure they have suitable business practices and procedures in place to facilitate their own compliance and to be able to provide documents relating to the practices and procedures used, which should contain sufficient detail to allow OFT to be able to form a view as to whether the procedures appear appropriate.

In our view, this guidance forms one of the cornerstones for the development of consumer credit going forward, especially due to its linkage in parts with the EU CCD implementing legislation.'

Helen Ward works for Alizarin Associates who provide **bespoke services** to consumer credit focused businesses and organisations to assist them to **identify and manage regulatory risk and enhance regulatory compliance**. She also offers a wide range of analysis to clients requirements, management reporting and review, desk based research, and assistance with customer care & satisfaction programmes. A flexible approach to pricing is taken varying from hourly/daily rates to fixed price assignments.

If you would like further information, please contact Helen Ward on 07760 885 481 or e-mail helen.ward24@btinternet.com to discuss any requirements you may have.

RBS FINED £28.6M FOR PRICE FIXING

Royal Bank of Scotland, which is 84% owned by the taxpayer, has been fined £28.6m by the OFT for price fixing; 'a clear breach of OFT competition rules.' It has been reported that at the beginning of the credit crunch, RBS' employees told Barclays' employees confidential information about loan prices for large professional service firms, such as solicitors, accountancy, and property companies. Barclays, who escaped without a fine for reporting the matter, then used the information to set its own prices. The fine amounts to about 0.1% of RBS's turnover.

Comment.....

A report by The Economic Voice said:

'What this amounts to is a public body has fined an 84% publicly owned body, presumably with lawyers in between. The final tab will either be picked up by the RBS clients or the taxpayer, not those responsible. Both banks will carry on as normal. Banks bailed out, bonuses bailed out now fines bailed out.'

'What this must look like to a small company who is in desperate need of an overdraft or loan to pay their staff one can only surmise.'

12 WAYS TO KEEP YOUR EMPLOYEES HAPPY WITHOUT RAISING WAGES!

In the current economic climate, most of us in employment feel happy simply because we have a job!

However, it still pays to supply your team with extra incentives to make them feel content and valued. While raising wages is the quick and easy fix, in the long term it may be better to focus on a variety of elements.

BSchool.com has come up with 12 (less costly ways) to keep your workforce a happy one;



1. Flexible Hours – All businesses are different, and some are much easier to allow flexible scheduling

than others. However, simply making any effort can have positive results. Employees have lives outside the workplace, and sometimes issues with children come up, family emergencies, or simply needing a nice holiday.

2. Casual Fridays and Other Themes – Businesses have many different kinds of dress codes. Some are strict and business formal, while others lean towards business casual. No employee likes wearing a suit and tie every day, so allowing employees specific days of the week to “dress down,” is a great way to keep them happy.

3. Coffee and Tea for Everyone – It’s no secret that a little caffeine can do wonders in terms of motivating an employee. It’s often difficult to complete tasks if you are run-down, or otherwise simply very tired. Giving employees a high quality coffee-machine, with a variety of options (including tea, for those who don’t like coffee), is a wonderful decision. In terms of cost, it won’t be as much as raising wages, but it will certainly help motivate some employees to keep working away.

4. Family Events – Employees like to take their families to work-related events. It’s a great way for them to build

new relationships, and just have a good time outside of the traditional workplace. “Family Days,” as they are sometimes called, can be tremendous for employee motivation. Serving good food, maybe some beer, having fun games, and generally making a great experience at a family event is fantastic from an employee-motivational standpoint.

5. Company-wide Competitions – Competition is the mother of productivity. If you can come up with a great competition, with a great reward, you just might find that your employees really get into it. It depends on your industry, but one example would be a sales competition for a sales company. Other competitions can involve things outside of the work place, such as fitness competitions.

6. Child Care Facilities – Sometimes things happen, and employees will need to bring their children to work. If you don’t have anything that could be used as a childcare facility, you risk unhappy employees who will be forced to jump through hoops in order to take care of their kids in difficult situations.

7. Nice Office Supplies – This may seem funny, but consider it. Employees need supplies to do their work.

Having nice post-its, pens, and paper readily available is a must if you're going to be keeping your employees smiling and working.

8. Parties – *Who doesn't love a good party? If you are diligent and get everyone in the workplace's birthdays written down, then you might just see happier employees. The gesture will look great on you as a boss, and it will keep employees being social and happy. Remember to change the cakes though, people like variety. Also, don't ever cancel the office Christmas Party, it's the most exciting one of the year.*

9. Friendly IT personnel – *IT is the bane of the existence of many employees in companies all over the world. There's nothing more angering and frustrating then coming into work, only to find that your computer is malfunctioning which prevents you from doing your work. Having a friendly, well-staffed, IT department can do wonders for employee happiness.*

10. Delicious Food – *If there's one thing workers really care about, it's food. If the food is delicious and healthy, then employees will be much well fed and therefore happier.*

11. Decorations and Windows – *There's nothing more depressing than a dark office with very little windows and seemingly endless rows of cubicles. Adding colour to the workspace, through paintings and making sure that it is well lit with ample windows, can do wonders in terms of employee morale.*

12. Be Open to Suggestions – *If there's one thing that people like to do, it's voice their opinion. Being open to suggestions is one of the simplest and most-effective ways to keep employees happy. If employees feel that their opinion is valued, and if they see some of their suggestions implemented, then they will be much happier. The improvements could also turn out to be really great for your business.*

MORE REVISED OFT INFORMATION SHEETS!

As if there wasn't enough going on in the credit arena at the moment what with the introduction of the OFT's Irresponsible Lending guidance (see page 7) and the introduction of the new Consumer Credit Regulations, but on 22 March 2010, the OFT issued General Notice No. 86 to advise businesses that revised versions of the OFT information sheets, which should be accompanied with arrears notices and default notices, were to take effect from 22 June 2010.

The OFT is required to give General Notice and prepare Information sheets under the amended Consumer Credit Act. The purpose of the sheets is to help debtors and hirers who receive arrears notices and default notices. Businesses should always make sure that they are using the most up to date version! Easier said than done when the OFT seems to be continuously changing them - there have been five General Notices since the first one on 16 January 2008 and subsequently numerous versions of the sheets.

A bit of background.....

On 23 December 2009, the OFT issued General Notice (No. 84) advising that, from 23 March 2010, new notices (3/10) will have to be used. This is the case until the new ones (6/10) are introduced from 22 June 2010.

The best advice for business is to make sure they are currently using edition 3/10 and diarise 22 June so that any 3/10 versions are not being used after this date.

Copies of the versions to be used from 23 March 2010 and subsequently from 22 June 2010 can be found at the following link;

http://www.of.gov.uk/advice_and_resources/resource_base/legal/cca/CCA2006/information/

CONSUMER CREDIT REGULATIONS FINALLY LAID IN PARLIAMENT

Finally, the much debated and long awaited UK regulations which implement the EU Consumer Credit Directive were laid before Parliament on 30 March 2010.

The Regulations have now been published on the OPSI (Office of Public Sector Information) website. We'll give members a detailed analysis in the next edition of the newsletter about what the provisions mean in practical terms and how the BCCA can help members ensure that when the 1st February 2011 deadline comes, members have made the necessary changes within their business.

Businesses can introduce most of the changes earlier though and are actively encouraged to do so.

Below is a summary of some of the key provisions;

- a 14-day window for consumers to cancel credit agreements without penalty;
- lenders will have to assess consumers creditworthiness before providing a loan;
- lenders will have to clearly explain their products to help consumers make the right choices;
- a right for consumers to make partial early repayment (this is in addition to the existing right to repay early in full); and
- a standardised information form setting out important information details for consumers before they sign a credit agreement.

(Source: BIS)

Safer Cheques

There's an easy way for the cheque casher to stay out of the red for cheques they accept...



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WHY WE MAY NOT HAVE SEEN THE LAST OF STUDENT LOAN DELAYS!

Students, and no doubt their parents, across Britain will be feeling anxious after The National Audit Office (NAO) has warned that student loan delays may reoccur this year. A report undertaken by the government watchdog also revealed the true extent of the Student Loans Company's (SLC) past failings.

The problems first began when the SLC took over the processing of all England's student applications for grants and loans for the academic year 2009-2010 from local authorities in a bid to save money.

What then followed was described by the report as 'poor customer service' with half of the students surveyed by the NAO saying they had been asked to send their paperwork more than once, whilst 87% of calls made to the company went unanswered. The report also revealed the SLC's failure to offer value for

money because of long and numerous delays to tuition fee loans and maintenance grants.

The report concluded: *"The Company expects to process at least twice as many applications in 2010, when it becomes responsible for applications from both first and second years, and it is unproven whether it has the capacity to provide a good service this year."*

The SLC's lack of preparation and their under-estimation of the task in hand have been blamed for the loan delays. In response to the report, Higher Education Minister, David Lammy, said that PricewaterhouseCoopers LLP would be carrying out an independent check after the Department for Business, Innovation and Skills had failed to monitor the SLC properly, along with an extra £16 million also being invested in the SLC to help support its operation.



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On BBC Radio Four's Today Programme, SDL chief executive Ralph Seymour-Jackson said:

"I am really sorry for the problems and delays and difficulty people had in getting through to us last summer. We didn't give them the service they have every right to expect. Lessons have been learned. We've put right the problems of the past and will make sure they get the right service this summer."

Our Comment.....

What is particularly alarming about the SLC's blunders is that they have gone relatively unnoticed. The very fact that things like poor customer service, on such a grand scale, was allowed to occur in the first place may seem frustrating to businesses, such as BCCA members, who rely on excellent customer service to retain existing customers and to also attract new ones. The SLC already has its cliental 'ready and waiting' for it at the start of each academic year due to the very little choice students have, which could lead some to perceive the SLC's underperformance as taking this fact for granted. If the NAO's prediction is correct, let's hope that this time it doesn't go without notice.

Student Loans – The Facts

- The Push Student Debt Survey 2009 revealed that students in England have the highest level of debt - an average of £5,271 for each year of study - and



can expect to owe nearly £21,200 by the time they leave.

- However, graduates can expect to earn on average 157% more than non-graduates, according to the Organisation for Economic Co-operation and Development (OECD)
- Government research showed that in 2008-2009 there were nearly 2.4 million people in higher education in the UK, compared with more than 1.5 million in 2004-2005.
- Borrowers pay back 9% of their earnings over the income threshold of £15,000.
- UCAS have reported a 23% increase in university applications for the 2010-2011 academic year.

IMLPO CONFERENCE: DISCOUNT FOR MEMBERS

This year sees the seventh annual conference of the Institute of Money Laundering Prevention Officers (IMLPO) with discounted delegate rates offered to all BCCA members. The conference will take place on Monday 17th – Tuesday 18th May 2010 at the Marriott Forest of Arden Hotel & Country Club, near Birmingham.

The IMLPO offer a discount of £150 to their membership, and would like to extend this offer to members of the BCCA. The delegate fees for BCCA

members, with discount, are £595 (plus VAT) for the conference, dinner and hotel accommodation. Alternatively members can attend the conference only for £495 (plus VAT). Full information on the conference is available on the website at www.imlpo.com, by email at Judith.halliwell@imlpo.com or by phone on 020 8847 4074. To claim this special rate, BCCA members should tick the members' rate box on the online booking form and quote "IMLBCCA10" in the discount box.

NEW CARD RULES THAT PUT THE CONSUMER FIRST

BIS (Department for Business Innovation and Skills) have been busy over the last few months clamping down on store and credit cards in their government consultation, which opened in October.

BIS, formally known as BERR, focused on the following 5 main areas:

- *Allocation of Payments – lower interest debts being paid off first*
- *Minimum payments – minimum payments only covering interest not capital*
- *Unsolicited credit limit increase – card limit going up without your consent*
- *Re-pricing of existing debt – increased interest rates without proper explanation*
- *Simplicity and transparency – making the cost of using a card simpler to understand and easier to compare*

From the consultation, which closed on 14th March, emerged five new rights which BIS believe 'give consumers a fairer deal and more control over the way in which they can choose and use their credit and store cards.'

The five new rights are:

- **Right to repay:** *consumers' repayments will always be put against the highest rate debt first. For consumers opening new accounts the minimum*

payment will always cover at least interest, fees and charges, plus 1% of the principal to encourage better repayment practice.

- **Right to control:** *consumers will have the right to choose not to receive credit limit increases in future and the right to reduce their limit at any time; and consumers will have better automated payment options. Consumers will be able to do both of these online.*
- **Right to reject:** *consumers will be given more time to reject increases in their interest rate or their credit limit.*
- **Right to information:** *consumers at risk of financial difficulties will be given guidance on the consequences of paying back too little; and all consumers will be given clear information on increases in their interest rate or their credit limit including the right to reject.*
- **Right to compare:** *consumers will have an annual statement that allows for easy cost comparison with other providers*

The new rules, which are voluntary, although there is references to this in the OFT's Irresponsible Lending Guidance are designed to ward off what Gordon Brown has described as 'sharp practices' by credit card lenders and interest rates. It is estimated that the new regulation will cost the industry and save the customer £533 million over the first two years of its operation.

ENHANCED POWERS FOR THE INFORMATION COMMISSIONER

On 6th April, a new law came into force that gave the Information Commissioner's Office (ICO) the power to fine data controllers who have committed serious breach of the Data Protection Act 1998 anything up to £500,000. Robert Goldstone, from Walker Morris, explains more.

"These increased powers have been introduced in response to a number of high profile data security breaches in both the private and public sectors, including a government department's loss of confidential records relating to child benefit claims and

the theft from a bank employee of a laptop containing confidential customer details.

The ICO traditionally lacked powers to police and enforce data security breaches satisfactorily without bringing criminal proceedings. The Financial Services Authority (FSA), on the other hand, did have the power to fine organisations regulated by it for such breaches. Therefore, only organisations in the financial sector have to date been seriously reprimanded for data security breaches. The FSA has, in fact, in recent years fined a number of financial institutions considerable amounts

for data security breaches, including fining one bank £3 million for not having adequate systems and controls in place to protect customers' information from being lost or stolen.

The new laws do not, however, provide the ICO with *carte blanche* to issue fines for any breach of the DPA. Breaches must be classed as 'serious' and, before issuing any fines, the ICO must take into consideration the seriousness of the breach and the likelihood of substantial damage or distress being caused by such breach. In addition, the ICO must be satisfied that the data controller either (i) deliberately contravened the DPA; or (ii) knew or ought to have known that there was a risk that contravention would occur. There is a defence where a data controller takes reasonable steps to prevent the breach.

Before a fine is actually served, the ICO must issue a notice of intent on the data controller following which the data controller has a certain time to make written representations in response to the ICO's notice. The ICO will then decide whether to serve a fine. If a fine is served, a data controller may appeal the fine to the Information Tribunals Service.

To ensure undue hardship is not imposed on an organisation that has seriously breached data security, the ICO has stated that it will take a pragmatic and proportionate approach to serving any fines. In doing so it will take into account an organisation's financial resources, sector, size and the severity of the breach.

Comment

In light of the ICO's increased powers, any organisation that controls personal data (i.e. data relating to individuals such as general customer information and details) should take the opportunity to review its procedures and practices in relation to data protection compliance.

Failing to adequately put in place robust procedures and policies to ensure compliance with the DPA now not only has serious reputational repercussions but also the risk of substantial financial sanctions."

Robert Goldstone is an associate of Walker Morris and works as part of the Commercial Group.

For more information please call 0113 283 2500 or email robert.goldstone@walkermorris.co.uk



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IPHONE Vs BLACKBERRY

Chances are that you're familiar with the iPhone and Blackberry already, whether it was intentional or not. You either own one or have been told you *should* own one by friends, colleagues or even by the products' relentless advertising and product placement. So what if it's the latter and you still haven't joined the super phone club? Which do you choose? We've been looking at some of the reviews.....

For some time, professional reviewers and independent testing laboratories have been putting the iPhone and Blackberry through their paces, only to reach the same conclusion; they perform equally well, leaving no hands-down 'winner'.

First, to draw up their similarities then – our online research shows that both have an equally adequate battery life of 3 hours under constant use and between 10 and 12 hours when idle. The two phones have

proven equally as durable as well, despite the iPhone's nimbler appearance, with its touch-face and sleekness.

The iPhone, however, has more storage, a faster CPU (central processing unit) and more RAM (random-access memory) making it the perfect gaming phone. For everyday business use though, Blackberry has more text and email capacity and can change voice to text, and vice-versa, more efficiently than the iPhone. However, both are able to browse the web and link well to the most popular social networks, making them handy if you or your company use Twitter, for example.

What's also great for the businessperson with the Blackberry is that, because it was first to market, it links easily with Microsoft Exchange. MS Exchange's major features consist of electronic mailing, calendars, contacts and tasks and support for data storage and access to web-based information. The iPhone has

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recently also began linking with MS Exchange but reports say that it is less seamless than when used with a Blackberry and still requires some de-bugging.

One area the Blackberry lags behind in, and the iPhone excels at, is its applications or 'apps.' One reviewer rather cruelly declared that 'the Blackberry app is like a pawn shop that only sells 8-track players.' Apple, however, encourages iPhone users to develop their own applications, allowing them to create almost anything on their phone that their mind and imagination can conceive. Not only this, but the iPhone apps can actually make your *whole* life easier. The remote application, for example, turns your iPhone into a stereo remote.

What the Blackberry does do well though is security. Not only is it telling that President Obama uses a Blackberry but an official statement from Blackberry says; *'The BlackBerry® Enterprise Solution has been approved for storing and transmitting sensitive data by the North Atlantic Treaty Organization (NATO) as well as*

government organizations in the United States, Canada, the United Kingdom, Austria, Australia and New Zealand.'

The iPhone's security shouldn't be dismissed entirely though. All new iPhones come equipped with MobileMe which allows the user to find their lost iPhone as well as remotely wiping its memory clean.

Another simpler yet fundamental point is that some Blackberry users have been known to complain about Blackberry's rather miniscule keys on its 'qwerty' keyboard. Whilst some prefer this more traditional tool for typing, the iPhone's touch screen keypad has received much praise making it one of its finest assets.

So which one wins it for you? A recent ongoing poll by Wired magazine online showed that, when asked which they preferred, 11,102 browsers said the Blackberry, compared with, an almost replicable, 11,251 votes for the iPhone. Let the battle continue!

MP HELPS IN THE FIGHT AGAINST LOAN SHARKS

The BCCA has always made the point that consumer choice and access are key to preventing desperate consumers from being lured to an illegal money lender or loan shark, as they are most typically known.

Recently it has been reported in BIS's Spring newsletter that Mr Brennan MP joined the Birmingham-based illegal money lending team on an operation – the first time a minister has shadowed a team executing a warrant. It said:

'The joint operation with the Department for Work and Pensions resulted in three people being arrested on suspicion of illegal money lending and benefit fraud.

The minister attended the 6:30am briefing and, once the house had been secured, he joined team manager Tony Quigley to see first-hand the detailed and forensic searches conducted by the investigators.

Mr Brennan MP said: "Loan sharks prey on the most vulnerable and cast a dark shadow over many communities across the country. These teams are at the forefront of the fight against illegal money lending, and that's why their work is so important, as I've seen here on this operation."

The operation was also shadowed by national and local media and Mr Brennan appeared live on GMTV the next morning to talk about what he'd seen and the importance of the team's work.

The operation was also an excellent example of partnership working, with the illegal money lending team and the DWP counter fraud investigation service supported throughout by Blackpool Trading Standards and Lancashire Police.'

RACHAEL CORCORAN

NEW CHIEF EXECUTIVE OF THE BCCA

As previously announced, Rachael Corcoran is now Chief Executive of the BCCA following Geoff's retirement at the end of March.

Rachael's background

After studying a law degree at Liverpool University, Rachael completed her Post Graduate Diploma in Legal Practice at Chester College of Law, as her original intention was to become a solicitor. After passing the course, however, Rachael decided to change her career direction and use her legal knowledge in a different way.

In July 2003, Rachael began working with Geoff Holland as a Consumer Advisor for what was then known as Cheshire County Council, in their Trading Standards department. Rachael was then promoted to the Business Support Team as a Fair Trading Officer. Whilst there, Rachael specialised in advising businesses on their terms and conditions, and dealt with many business related enquiries. After three years at Cheshire County Council, Rachael moved to Wirral Trading Standards, where she was recruited as Fair Trading Manager, managing a team of four Fair Trading Officers.

Rachael joined the BCCA in July 2007 as Assistant Chief Executive. On the 1st October last year she was promoted to Chief Executive Designate.



What Rachael says....

'I intend to keep up the hard work that Geoff has done over the past six years. I want to continue liaising with government departments on new and existing legislation and maintain the excellent relationships that Geoff established.'

'I will also continue to fight for the survival of the centralised cheque clearing system in the UK as I know this issue is a significant concern to our membership.'

'I would also like to develop the website and the member publications. Where possible, I will try and meet as many of the membership as I can, discuss any concerns and help them to stay in business!'

'This year's conference is going to be held at the Marriott Forest of Arden Hotel for the 7th year running. I believe that last year was the best conference we've ever done so we're going to look at what made it so successful and try to build on that success in the future. My target is to continue to recruit high calibre speakers, provide a compliment of service providers in the trade exhibition and, last but not least, put on a good lunch!'

'The BCCA has got a strong team. Lindsay and Becky bring added value to the Association and I am confident we'll be able to deliver the services members want.'

- **I am happiest when** I'm in Orlando, Florida with my husband
- **My favourite TV show is** Only Fools and Horses
- **My favourite food is** butternut squash
- **I cannot tolerate** laziness
- **I would love to visit** Las Vegas
- **My motto in life is** just get on with it!



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NEW MEDIA RELATIONS ASSISTANT AT THE BCCA

At the beginning of 2010, the BCCA started the recruitment process for a newly created post within the Association of Media Relations Assistant. The BCCA was looking for an individual that had some journalistic experience but was also able to carry out a significant amount of admin work to support the work that Lindsay does.

We wanted the new recruit to be able to write text for the newsletter and news sheet as well as writing content for the website and other member communications.

Becky Lucas started work for the BCCA on 9 March and already she has proved to be a great asset to the team. Becky is an aspiring journalist and has a degree in English with journalism and spent time in Brighton writing articles for a free magazine called 'Absolute Brighton' as well as contributing to an online magazine called 'Culture 24.' Becky also has a significant amount of admin experience through other employment that she has undertaken.

Becky has excellent research skills and has a natural ability to write.

I would like to welcome Becky to the BCCA.



GEOFF HOLLAND'S RETIREMENT SEND-OFF

On Tuesday 30th March, BCCA staff and members of the Executive dined at Oddfellows in Chester for Geoff's retirement 'do. Michael Liley, BCCA Chairman, thanked Geoff for all his hard work and dedication to the job over the past six years, presenting him with a watch and holiday vouchers from the BCCA.



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