

For the attention of The Central Bank of Ireland.

The following paper is submitted on behalf of the Irish Banking Culture Board in response to the Consultation Paper on the Consumer Protection Code, CP 158.

7th June 2024

Introduction

A key purpose of the Irish Banking Culture Board (IBCB) is to work with our member banks (AIB, Bank of Ireland and PTSB) and wider stakeholders to build trustworthiness in the Irish retail banking industry. We proceed from the proposition that a robust and trusted banking sector is essential for society, the people, the economy and overall prosperity of Ireland. The banking sector is facing fundamental structural and strategic challenges which will continue to result in changes impacting the Irish economy and wider society, however the protection of consumers must continue to be at the forefront of decision-making of all players within the wider financial services sector. The Consumer Protection Code (the Code) is a fundamental element of this protection which helps to promote and underpin trust in the financial services industry and the customers it serves.

The IBCB is comprised of eleven Directors, with the majority being non-bank. In addition to our Chair and CEO, there are six non-bank Directors drawn from across Irish society including specific representation of consumers encompassing individuals, SMEs and the Farming sector. The views expressed in this submission reflect this representation. In addition, we have also consulted with wider industry stakeholders and attended panel presentations on the proposed revisions to the Code to inform the views set out in this submission.

In this context and following our original response in the IBCB CPC discussion paper, 30th March 2023,¹ we continue to positively support the CP 158 Consultation Paper on the Consumer Protection Code (04/24) by the Central Bank of Ireland² (CBI) and welcome the opportunity to participate in the current formal consultation process. Given that the IBCB's membership is made up of the three main retail banks in Ireland, our responses to questions within the Consultation Paper (CP) are reflective of the Irish retail banking sector only and more specifically, around core elements of positive behaviour and culture we consider are for the benefit of customers, staff and wider society³.

We have therefore not commented in this submission on any issues with a competition, pricing, interest rate, operational cost or market composition aspect. The Code outlines the rights of

¹ <https://www.irishbankingcultureboard.ie/wp-content/uploads/2023/06/Central-Bank-of-Ireland-Consumer-Protection-Code-CPC-Review-2023.pdf>

² https://www.centralbank.ie/docs/default-source/publications/consultation-papers/cp158/cp158-consultation-paper-consumer-protection-code.pdf?sfvrsn=45d631a_5

³ This submission covers sections 2.1, 2.2, 2.3, 2.4, 2.6, 2.7, 3.2 and 3.5. of the CP

consumers and the obligations of firms including our Member Banks to provide clear accurate information, to deal with errors and complaints promptly and to comply with consumer protection laws. It also sets out guidance how to treat customers fairly. Overall, the Code is designed to promote transparency, fairness and trust between business and consumers. It plays a vital role in safeguarding consumers from unfair practices and helping to maintain a level playing field in the marketplace.

Throughout our submission we make references to the most recent findings of the IBCB's regular independent research with Bank Customers and Staff (2023), *éist*⁴, which provides useful and timely insights into many of the perspectives and concerns that are impacting trust levels in the retail banking sector in Ireland. We will also draw on other feedback we have received from customers, staff, stakeholders and advocates including through our regular customer listening sessions and ongoing engagement on various other initiatives as part of our overall Customer Work Programme⁵.

A main area of focus of the IBCB Work Programme to date is improving Financial Awareness and Inclusion for various cohorts in Irish Society, IBCB research has identified this as a concern for many consumers and business owners. Improving financial awareness as early as possible is a key enabler in preventing knowledge gaps for customers at future life stages when key financial decisions are being made. Stakeholder feedback has highlighted that technology changes, complexity of modern financial processes and a lack of access to financial advice can adversely impact financial decisions and financial outcomes for many customer cohorts. Our submission therefore includes a particular emphasis on financial awareness, inclusion and accessibility. We strongly support the work of the CBI in promoting and protecting consumer protection in Ireland and would be happy to participate in any further initiatives in this regard. We welcome this review of the Code and hope that this submission will be of use in finalising the ultimate version.

Question 2.1

Securing Customers Interest - SCI
Do you have any comments on the Securing Customers Interests Standards for Business, Supporting Standards for Business or the Draft Guidance on Securing Customers Interests

We support the broad premise that customers interests are best served through well functioning, financial services markets providing appropriate levels of availability and choice from sustainably profitable, resilient, well run consumer focused firms who secure their customers' needs.

The CBI vision to incorporate consumers interests into the culture, strategy, business model and decision making of a Firm is another step in ensuring consumers are at the forefront of decision-

⁴ IBCB *éist Public Trust in Banking Report 2023*, <https://www.irishbankingcultureboard.ie/ibcb-eist-2023-slow-recovery-in-trust-continues-in-the-banking-sector/>

⁵ <https://www.irishbankingcultureboard.ie/work-programme/#>

making within a Firm and to have their interests represented throughout the Firm. The draft guidance for Securing Customers Interests (SCI), while outlining expectations does not prescribe the detail on what can or should be done by Firms for different scenarios or set of individual circumstances. It is therefore for the Firms themselves to determine, supported by the Guidance, what actions should be taking to secure customers interests. While we are broadly supportive of this approach, the absence of detail carries a potential risk around consistency of application within Firms for differing values and standards which may impact on consumer outcomes. We expect that when supervision of SCI begins, this will in part ensure standards are consistent across the Firms. It would be helpful for the CBI to clarify its intended approach in this regard. The application of SCI should remain an area for ongoing engagement between the CBI and Firms in order to promote the development of a broadly consistent approach across the sector, whilst recognising that each organisation will need to deploy, embed and evaluate SCI in a manner which is effective for their own organisation.

We note the application of individual conduct standards under the IAF aligns with the application of the Code's conduct-related 'Standards for Business' by ensuring that the behaviour and actions of individuals working in firms contributes to their obligations under the Code. This linkage should help to underpin a focus on overall improved organisational culture and conduct, good decision making and accountability for products and service provided to customers.

While SCI is a new concept to Ireland, we note similar concepts exist across the wider international financial landscape which we consider could be useful for the CBI to examine and identify any relevant learnings for Ireland. Of particular relevance are the UK's FCA Consumer Duty (introduced in July 2023⁶) which champions protection of the consumer through governance of product, price and value, consumer understanding and consumer support and the Australian Best Interests Duty⁷. We further note that the IAF Act 2023 as well as the UK and Australian Regimes include the concept of "reasonableness" which appears to be absent from the S17a regulations. We would view the inclusion of the concept in regulations as being "effective and proportionate" as required under the Central Bank Act 2010 and would encourage the CBI to incorporate this into the regulations.

While we support the objective of the introduction of SCI to support better outcomes for customers, the requirement to adopt the Code "throughout the Firm" could be challenging both for smaller Firms that may not yet have a fully mature/effective customer engagement model and also potentially for larger Firms offering a full product suite and by virtue of customer size and staff numbers will have more of a change programme to embed cultural change. In this regard, while we note the twelve month implementation period, we would express a note of caution that this could prove to be a tight enough deadline to facilitate all the changes set out in the Code particularly for cultural change. We would encourage the CBI to review interim progress across

⁶ <https://www.fca.org.uk/firms/consumer-duty>

⁷ ASIC Regulatory Guide 273 RF 273 : mortgage Brokers: Best interests duty
<https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwiEy8vXioCGAxWSWUEAHbS-AdYQFnoECB4QAQ&url=https%3A%2F%2Fasic.gov.au%2F&usg=AOvVaw2aEEzupmal5aOn-ApnY1oQ&opi=89978449>

the sector to ensure that the twelve month timeline remains feasible and appropriate as originally envisaged.

Question 2.2

Digitalisation
<ol style="list-style-type: none">1) Do you have any comments on the proposed Code enhancements with regard to digitalisation?2) What are your views on the proposed requirements on Banks where they are changing or ceasing branch services

1)The IBCB supports the proposed Code enhancements in relation to digitalisation. It promotes consumer protection as a key determinant ahead of making commercial decisions and that digital platforms are “easy to use and navigate”. We welcome this as it should enable a wider customer base over the medium term to access digitalised services and enjoy the benefits. We support the requirement that when transitioning from a traditional to a digital business model the Firm must consider customer impacts and appropriate mitigants to address identified issues for customers. We consider that complying with the Securing Customers Interests requirements will also assist Firms in ensuring that consumers are, when applicable, considered and represented from the perspective of innovation, design and technology development through additional digitalisation.

The key challenge is to balance increased digitalisation with the needs of customers who may be less comfortable with technology and those who have additional support needs. The IBCB has previously noted our concerns around aspects of the advancement of digitalisation including in our responses to the Retail Banking Review (July 22)⁸, CPC Discussion Paper (Mar 23)⁹and the National Payment Strategy Consultation Paper (Jan 24)¹⁰. While we recognise that digitalisation can bring multiple benefits of convenience, including speed and efficiency, we also recognise the challenges that exist for many consumer groups. The IBCB’s independent éist 2023 Public Trust in Banking report¹¹ found that while 81% of respondents use digital banking services either ‘Frequently’ or ‘Very Frequently’ there is also a significant proportion of the customer population who are not yet using digital banking either due to inability (non-IT savvy), security concerns or simply, a wish to not use it on personal grounds. The challenges and risks of digitalisation, including: financial accessibility, exclusion, lack of supports and options for customers, potential

⁸ <https://www.irishbankingcultureboard.ie/wp-content/uploads/2023/06/Department-of-Finance-Retail-Banking-Review-2022.pdf> Pg 8

⁹ <https://www.irishbankingcultureboard.ie/wp-content/uploads/2023/06/Central-Bank-of-Ireland-Consumer-Protection-Code-CPC-Review-2023.pdf>

¹⁰ IrishBankingCultureBoard:NPS paper

¹¹ <https://www.irishbankingcultureboard.ie/publications/eist-2023-public-trust-in-banking-report/> pg.24

for increased fraud, must be mitigated against, particularly for customers in a vulnerable position.

It is worth highlighting that in our engagement with consumers and advocacy groups, fear of fraud is cited as the primary source of concern for customers in their online banking and prevents some customers from embracing digital tools.

A recent IBCB Customer Listening event for Older People (Over 65's, April 24) found that a perception exists that Banks have a leaning towards digital channels for customer service whether at a branch or online with human support as a secondary option. While some users within this cohort can adapt to innovation, challenges are more profound when problems are identified to do with a process or service often exacerbated by poor IT skills.

The IBCB welcomes the proposed requirement within the new Code that technology must produce consistent and objective outcomes for users and agree that the maintenance of customer trust and confidence is a priority. In that content, we support the proposal that customer impacts must be considered carefully and appropriate mitigants identified to address issues, in particular for customers who may be vulnerable. Building out a robust Customer Impact Assessment that objectively assesses customer impact with sufficient mitigation, before making the decision, will be key to the success of the new Code.

Advances in technology should in principle, be utilised to enhance customer relationships. We support the principle that innovation in the banking sector and customer service should be co-dependents alongside service with a human touch.

2)The new requirements under the Code for changing or ceasing branch services are to be welcomed given they provide for more in-depth consideration, risk assessment and mitigation around the impact of the cessation of a service. The additional notice requirement will also provide more support for Customers to seek alternative providers. We recognise that business models, and aspects of distribution channels will remain under review and note the requirement that any material change to products and services and their delivery to customers, should include a proactive assessment of the risks and customer impact. This approach should support consumer overall trust and confidence that their needs are being appropriately considered.

We support the changes informed by the recommendations of the Retail Banking Review including customer notice periods for closure or significantly changing services in a branch. We would highlight that terms such as “significantly changing” could be ambiguous for interpretation and suggest detail is provided for Firms to ensure clear and consistent understanding. We also note the requirement to publish board-approved assessment of the impact of the changes to customer which adds further transparency. While Banks have to conduct ex-post assessment to include a survey of impacted customers nine months after changes, we consider that it would be helpful for the CBI to describe acceptable methodologies to be used by Firms, provide some guidance on sample size (%) for customer surveys and provide greater insight and expectations of the “requirement to rectify material issues that may have arisen”.

Question 2.3

Informing Effectively
Do you have any comments on the informing effectively proposals
Are there any specific challenges regarding implementation of the new Informing Effectively Standard for Business.

The CPC Consultation Paper states that communications should be clear, accurate and up to date, and written in plain and accessible language avoiding the unnecessary use of technical terms. This Standard proposes to shift the focus of Firms from meeting disclosure requirements in a “tick-box” way to support compliance, to a duty to present information that through communication and disclosure, Firms are seeking to effectively inform their customers.

This is a welcome shift particularly in relation to the use of plain and accessible language which should help all customers to better understand the detail of products and associated risks.

There should also be greater transparency in communication when things go wrong. We agree that good quality information can empower customers to make informed decisions and that the key is sufficient information, at the right time and in the right way. Appropriate regulation and supervision of information disclosure will help to improve communications and disclosure to consumers. We balance these comments with an observation that in the pursuit of informing effectively, Firms should be mindful of the potential for “information overload”. In some extreme cases, it could serve to actually disengage rather than further inform/ engage the consumer. We are also aware, that there have been additional disclosures and warnings, footnotes, explanatory information added for mainly retail and marketing purposes during the current Code period and suggest a CBI review on the impact or influence of this information on customers could be appropriate.

The IBCB strongly agrees that Firms must have a customer-focussed culture which must be evident throughout the design and delivery of their products and services, including how information is presented to customers. Firms should be able to provide this evidence in their supervision activities with CBI, however we consider that this is an area where it will be beneficial for the CBI to not be overly prescriptive regarding required evidence. In our view, Firms should have a certain degree of flexibility in relation to how they evidence their compliance with this requirement. In this context further clarification of the CBI’s expectations, supervisory approach and guidance would be helpful for industry. This could include examples of ‘what good looks like’ and/or case studies.

Additionally the European Accessibility Act ¹²comes into effect in 2025 which will include heightened responsibilities for accessibility. We suggest the CBI ensures that the requirements of the proposed regulations are aligned to those of the Act.

¹² <https://ec.europa.eu/social/main.jsp?catId=1202>

Question 2.4

Mortgage Credit and Switching
Do you have any comments on the proposed enhanced disclosure requirements for mortgages.

The IBCB recognises that an efficient, competitive, profitable Irish retail banking sector is essential. New entrants to the sector, be they digital or more traditional, are to be welcomed, with the provision that they are appropriately regulated to facilitate a level playing field and consumers are effectively protected.

It is important that consumers are protected at all stages of the mortgage journey. Firms must enable mortgage customers to make informed decisions, facilitate switching and support when in distress.

Low levels of financial literacy in Ireland impact on consumers' understanding and decision-making regarding financial services products, including mortgage products. In general, communication of activities and products, using clear language, is vitally important to empower consumers. Behavioural studies such as those used by CBI and CCPC/ESRI, coupled with effective data analysis, could be further developed in the mortgage market to further help consumers and could be tailored to take account of borrowers' circumstances and needs.

We note that the CBI within the Code has addressed feedback that highlighted the importance of clear information on offers and incentives such as cashbacks. In part, this is to ensure the true cost of credit is fully understood. The IBCB supports this approach as a means to addressing financial literacy concerns. IBCB research consistently finds that financial literacy is frequently identified as a barrier for customers in managing their finances and remains a key risk for consumers, particularly in their credit decisions. This is also evident in feedback to the IBCB from a wide range of stakeholders and advocacy groups and is further supported by studies by CCPC, NALA and Department of Finance which confirm that financial literacy, wellbeing, and resilience levels pose challenges for many Irish consumers^{13 1415}.

¹³ CCPC Financial Capability and Wellbeing (2019) <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2018/12/Financial-capability-2018.pdf>

¹⁴ NALA Financial Literacy in Ireland 2022 <https://www.nala.ie/research/financial-literacy-in-ireland/>

¹⁵ <https://www.gov.ie/en/publication/9bb21-mapping-report-on-the-development-of-a-national-financial-literacy-strategy/>

Question 2.6

Frauds and Scams

What other initiatives might the CBI and other state agencies consider to collectively protect consumers from financial abuse including frauds and scams.

Are there any other circumstances that we should consider within the proposed definition of financial abuse.

We fully support the CBI statement that the sophisticated nature of financial frauds now requires a co-ordinated “whole of system” approach across industry and public sector agencies. Working together with other regulatory authorities within the EU framework and law enforcement agencies in the State, the CBI also has a central role in addressing this growing risk. Firms must continue to invest in fraud / scam prevention and consumers also have a responsibility to be alert and fraud aware supported by guidance, customer communications and wider anti-fraud campaigns and promotions.

The IBCB attended the recent CBI Workshop on the National Payments Strategy (April 24) which included a focus on Scams and Frauds. Attendees strongly agreed that a pan-industry approach and extensive cross collaboration is now required to effectively address and mitigate the challenges posed. Individual Firms cannot by themselves effectively protect the Irish public from the increasingly sophisticated scams and frauds being perpetrated. Pooling of intelligence and wider resources and agencies under a “National Task-Force” is an essential proactive step.

As highlighted under 2.1, feedback received by the IBCB at a recent Older Persons (Over 65) customer listening session, confirmed that the risk of loss from frauds and scams materially undermines trust and confidence with this cohort from engaging with new technology. This concern is not limited to just this customer cohort.

As outlined in the Department of Finance, National Payment Strategy, summary of all Consultation Papers submitted (April 24)¹⁶ there is growing support to replicate best practices and anti-fraud initiatives in the UK such as “Take Five to Stop Fraud”¹⁷ and “Stop Scams UK”.¹⁸ More public initiatives with transparent information available for consumers will only help to further build trust across the wider consumer population. Our member banks¹⁹ individually

¹⁶ DoF – NPS summary : <https://assets.gov.ie/291073/b6cf34be-c336-443d-9547-6a78caa0cedc.pdf>

¹⁷ <https://www.takefive-stopfraud.org.uk/>

¹⁸ <https://stopscamsuk.org.uk/about-stop-scams-uk>

¹⁹ <https://aib.ie/security-centre>
<https://www.bankofireland.com/security-zone/fraudster-tactics/suspicious-texts/>
<https://www.ptsb.ie/help-and-support/help-with-banking/fraud-and-financial-crime/>

continue to promote anti-fraud messages alongside other industry stakeholders²⁰ and believe CBI / CCPC have a central role to play in heightening awareness of key messages to the public from time to time.

The FSPO annual review of complaints for 2023,²¹ published in March 2024, acknowledges the growth in complaints for Disputed Transactions which is the second most reported theme for all Bank complaints received (24%). The Ombudsman comments that “the upward trend continues in the number of complainants referencing fraud. Financial fraud is becoming more sophisticated, and as technology moves ahead, it can often result in even the savviest of consumers falling prey to seemingly legitimate, but fraudulent, schemes and scams”.

It is important to note that the FSPO cannot investigate the specific instances of fraud, as that is a matter for An Garda Síochána. If a suspected criminal offence relating to a fraud or scam has been perpetrated, the consumer can often feel let down that the Banking system cannot do more in terms of holistic customer support and resolution. We consider that industry and An Garda Síochána need to continue working together to support the consumer through a challenging, vulnerable time and to better mitigate the risks from frauds and scammers.

Question 2.7

2.7 – Protecting Consumers in Vulnerable Circumstance
<p>What are your views on the amendments to the Code in relation to consumers to in vulnerable circumstances? Do you have any comments on the draft Guidance on Protecting Consumers in Vulnerable Circumstances?</p> <p>Is the role of a Trusted Contact Person clear? What more could a Trusted Contact Person do?</p>

Section 2.7 provides an extensive update including a revised and more expansive definition of vulnerability, with additional requirements for staff training, enhanced reporting, customer disclosure requirements with the recognition of Trusted Contact Persons alongside the separate draft guidance on protecting consumers in vulnerable circumstances (annex 5).

The IBCB welcomes the guidance which aims to help Firms develop a culture to effectively aid consumers in vulnerable situations. The update modernises the Code around the definition of vulnerability, what it means to be vulnerable and how the Code can provide better consumer protection. The IBCB considers the update as progressive in that it seeks to integrate an understanding of vulnerability into the Firms culture, ensuring that addressing vulnerable customers’ needs is an essential aspect of a customer-centric approach. It acknowledges that Firms must secure the interests of all customers, but that vulnerable consumers will require additional protections and support. As outlined in the consultation paper, vulnerability is not always a static, innate or permanent characteristic of any person. Any circumstance that makes

²⁰ <https://bpfi.ie/publications/fraudsmart-payment-fraud-report-2023/>

²¹ <https://www.fspo.ie/documents/Overview-of-Complaints-2023.pdf>

a person more prone to suffer poor outcomes, if Firms do not act with the appropriate degree of care, makes that person vulnerable to poor outcomes. The IBCB agrees that the potential for suffering harm or poor outcomes exists across a spectrum – a spectrum of risk for customers and Firms alike where they might not be applying the appropriate standard of care.

To support vulnerable consumer protection, the Code is placing additional requirements on Firms which whilst not onerous in isolation, could be considered ambitious in overall scale to cover staff training, reporting and disclosure and the recognition of Trusted Contact Persons. We suggest that obtaining customer consent detailing circumstances of vulnerability could be a challenge in part, dependent on customer engagement. This will require sensitive handling by staff and question how Firms and their staff, best support the customer with recording vulnerability, if the customer does not give consent.

The IBCB attended a workshop²² on CPC (13th May) which suggested that discussions with the Data Protection Commissioner (DPC) were ongoing to help resolve the potential for future conflicts arising in Firms to do with gaining / not gaining customer consent and potential implications for GDPR. An agreed approach between DPC and the CBI on the exact conduct obligations ahead of the formal launch of CPC will be required to support the orderly implementation of the Code. Data protection obligations must always be considered when recording and processing information particularly when it includes Special Category Data. Vulnerability will also give rise to consideration of customer's capacity which draws in Assisted Decision-Making (Capacity) (Amendment) Act 2022 implications.

The concept and role of a 'Trusted Contact Person' (TCP) is to be welcomed however the span of coverage and responsibility remains unclear. We understand that it is intended to support a customer which allows a Firm to communicate directly with a TCP, when there may be difficulty in dealing with a customer (language / vulnerability / cognitive ability) or where financial abuse, including fraud, is suspected. This is broadly progressive and serves to support the customers best interests. We would however hold a concern when financial abuse is suspected. While the Firm may be able to identify a pattern of financial abuse it is unlikely that it can always identify the abuser. The Firm could then unwittingly be accepting the perpetrator as a TCF with a risk that the customer situation and circumstances are potentially more exposed. We suggest additional safeguards around on-boarding TCP are required to reduce the risk of this type of situation and to support Firms in satisfactorily obtaining consent around the appointment of a TCP when a customer lacks capacity.

Question 3.2

SME Protections
Are there elements of the revised Code that you think should be applied to SMEs
Do you have any comments on the change to the definition of "consumer" under the revised Code to include incorporated bodies of less than €5m annual turnover

²² <https://kpmg.com/ie/en/home/insights/2024/03/consumer-protection-code-consultation-paper-consulting.html>

We note the CBI's intention to consolidate the SME regulation into the revised Code as part of further work post implementation of the revised Code. In this regard, we expect further industry engagement on final proposals before providing a specific IBCB perspective on this amendment.

We acknowledge the CBI intention that further elements of the revised Code could be extended to all SMEs to ensure that the regulatory framework provides appropriate protection for SME customers. Enhanced protection for consumers is usually a positive however for SMEs, we recommend proportionality in how such protections are extended in the review period.

Whilst the proposed extension will include more consumers under the Code, we caution the impact of any unintended consequences. It is important the efficient supply of credit does not become more complex or protracted due to adherence of the Code regulations.

The proposed increase for incorporated bodies with an annual turnover of less than €5m per annum (currently €3m) is acknowledged. We view this movement in banding as reasonable given its original introduction (2006). It could however be viewed as a simple, rudimentary metric for determining consumer status. A concern exists that determining inclusion exclusively by turnover may therefore, not always be supporting those SME customers who could most benefit from consumer status inclusion. Feedback from Industry including SFA report²³ confirmed 81% of SME respondents confirm financial literacy as important but only 46% confirmed a good understanding on financial literacy.

Question 3.5

Miscellaneous Enhancements :
Handling of Complaints and Errors:
Do you have any comments on the proposed revised requirements for handling of errors or complaints.

We fully support the culture and ethos that requires Firms to take ownership and responsibility for managing errors identified and complaints received from customers. A healthy culture typically will avoid a blame game for mistakes and instead, ensure that errors and complaints when they happen provide for essential corporate learnings to mitigate against any further repetition and result in enhanced processes and training for all.

The revised Code obliges Firms to analyse errors and complaints on a regular basis to identify trends &/or other potential issues in a timely manner. We believe a robust and objective root cause analysis should be conducted regularly. The majority of internal Management Information is available quarterly if not, monthly and typically will have information in relation to complaints

²³ www.ibec.ie%2Ffsfa%2F-%2Fmedia%2Fdocuments%2Ffsfa-documents%2Ffsfa-financial-literacy-amongst-irish-sme.pdf&usg=AOvVaw2oKVcqQP7gBXkttLTgbNu&opi=89978449

which is useful to review in a timely manner. In our view, a review of complaints conducted on a six monthly basis as set out in the Consultation Paper could be too long in the event of a systemic issue lying undetected. Relevant staff involved in the management of complaints and errors should also be trained to identify the potential for systemic issues and/or be able to apply a wider read across to other parts of the business.

We note the proposed withdrawal of the requirement to report outstanding errors which affects consumers, if unresolved after 40 days. This withdrawal is partly in lieu of the enhanced root cause analysis taking place, with additional obligations for more significant errors which are, as yet, not confirmed but subject to further engagement between the CBI and Firms. We would comment that the withdrawal of the 40 day reporting carries a potential risk that remediation of errors could feature slower closure times which may not be in the best interests of consumers and would encourage the CBI to consider this in the context of its ongoing supervision. That said, in mitigation a requirement will exist to urgently escalate significant errors to the Board which based on industry feedback will require more clarity on the definitions of “significant errors” and the mechanism for reporting of same to support internal processes. We suggest that guidance in this regard would be helpful for Firms to fully understand the level of Senior Management and Board engagement expected by the CBI.

The FSPO annual report on complaints (2023)²⁴ advises that customer service was the No 1 theme for most complaints about banking services in 2023, as was the case in 2022. The Ombudsman added “customer service remains the primary source of complaints made by consumers to this Office in 2023, representing 24% of all such complaints. Complaints relating to customer service issues can include a provider’s failure to provide information, and accessibility and communication issues”. The FSPO also highlighted it is common for complainants to reference failures during the provider’s internal complaint handling process. A focus on an efficient and effective complaints management system is essential across all Firms. The IBCB considers that the enhancements outlined in the Code should assist with reducing these types of complaint given the emphasis on culture, root cause analysis and securing customer interests.

The FSPO also has a key role to play in the trust levels of consumers in relation to complaint management. Recent data indicates protracted timelines for a complaint to be closed at the FSPO, c.15% (777) can take over 12 months to close with isolated examples over 24 months. Focus on improving these timelines will further support wider customer trust and confidence within the financial landscape.

²⁴ <https://www.fspo.ie/documents/Overview-of-Complaints-2023.pdf> : Pg 11 Ombudsman Customer Service. Page 26 analysis of complaints received and volumes. Pg 8 timelines.