

The Banking Code



**BRITISH BANKERS'
ASSOCIATION**



APACS

Association for Payment
Clearing Services

THE BUILDING SOCIETIES ASSOCIATION

The Banking Code

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The **Banking** Code

Setting standards for banks, building societies
and other banking service providers

March | 2003

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Contents

	PAGE
INTRODUCTION	3
KEY COMMITMENTS	4
INFORMATION	5
Helping you to choose products and services which meet your needs	5
Interest rates	5
Charges	6
Terms and conditions	7
Changing your account	8
Advertising and marketing	9
ACCOUNT OPERATIONS	10
Running your account	10
Cards and PINs	12
PROTECTION	12
Your personal information	12
What you can do to protect your accounts	13
LENDING	16
Lending	16
FURTHER ASSISTANCE	18
Complaints	18
Monitoring	19
Getting help	20
GLOSSARY	21

INTRODUCTION

1 Introduction

What the code covers

- 1.1** This is a voluntary code which sets standards of good banking practice for financial institutions to follow when they are dealing with **personal customers** in the United Kingdom. It provides valuable protection for you and explains how financial institutions are expected to deal with you day-to-day and in times of financial difficulty.

The code applies to:

- current accounts, including **basic bank accounts**;
- **card** products and services;
- loans and overdrafts;
- savings and deposit accounts, including mini cash and TESSA ISAs; and
- payment services, including foreign-exchange services.

It does not cover mortgages, investments or insurance. These are separately regulated by the Financial Services Authority or by other codes. There is a list of these codes in section 16.

Also, this code does not cover Premium Bonds.

About this code

- 1.2** As a voluntary code, it allows competition and market forces to work to encourage higher standards for the benefit of customers.

Within the code, 'you' means the customer and 'we' means the financial institution the customer deals with.

You can check which financial institutions follow the code by contacting the Banking Code Standards Board, the independent organisation which monitors how well financial institutions are meeting the code. (Their contact details are on page 19.) The types of financial institution currently include:

- banks;
- building societies;
- credit card companies; and
- National Savings and Investments.

The standards of the code are covered by the four key commitments found in section 2.

Not all the financial institutions covered by this code offer all the products and services listed in section 1.1 above.

Unless it says otherwise, all parts of this code apply to all the products and services listed above, whether they are provided by branches, over the phone, by post, through interactive TV, on the internet or by any other method.

Throughout this code, words in the text which are shown in **bold** print are defined in the glossary at the end of the code.

This revised edition is effective from 1 March 2003 unless otherwise shown.

KEY COMMITMENTS

2 Our key commitments to you

We promise that we will do the following:

- a Act fairly and reasonably in all our dealings with you by:**
 - meeting all the commitments and standards in this code, in the products and services we offer, and in the procedures our staff follow;
 - making sure our products and services meet relevant laws and regulations;
 - having secure and reliable banking and payment systems; and
 - considering cases of financial difficulty sympathetically and positively.
- b Help you to understand how our financial products and services work by:**
 - giving you information about them in plain English;
 - explaining their financial implications; and
 - helping you choose the one that meets your needs.
- c Deal with things that go wrong quickly and sympathetically by:**
 - correcting mistakes quickly;
 - handling your complaints quickly;
 - telling you how to take your complaint forward if you are still not satisfied; and
 - cancelling any bank charges that we apply due to our mistake.
- d Publicise this code, have copies available and make sure that our staff are trained to put it into practice.**

INFORMATION

3 Helping you to choose products and services which meet your needs

3.1 Before you become a customer, we will:

- give you clear information explaining the key features of the services and products you tell us you are interested in;
- give you information on a **basic bank account** if we offer one and it would appear to meet your needs;
- give you information on a single product or service, if you have already made up your mind; and
- tell you what information we need from you to prove your identity (by law, we have to check your identity).

3.2 We will tell you if we offer products and services in more than one way (for example, on the internet, over the phone, in branches and so on) and tell you how to find out more about them.

3.3 Once you have chosen an account or service, we will tell you how it works.

3.4 When you open a joint account, we will give you extra information on your rights and responsibilities.

4 Interest rates

4.1 You can find out about our interest rates by:

- phoning our helpline;
- looking on our website;
- looking at the notices in our branches; or
- asking our staff.

4.2 When you become a customer, we will give you information on the interest rates which apply to your accounts, and when we will deduct interest or pay it to you. We will also tell you our website address, our helpline numbers and the other ways in which you can find out about changes in the interest rates on your accounts.

4.3 If you ask us, we will also give you a full explanation of how we work out interest.

Changes in interest rates

- 4.4 We will keep you informed about changes in the interest rates on your accounts and will tell you about the ways we will do this.
- 4.5 When we change the interest rates on your accounts, we will update the information on our telephone helpline and our website within three working days. To help you compare rates, the old rate will also be available on our website and our helpline.

Interest on savings accounts

- 4.6 To help you compare interest rates on all our savings accounts more easily, at least once a year we will send you a summary of these products and their current interest rates unless your account has less than £500 in it. This summary will also include:
- accounts that are no longer available; and
 - details of how you can find out about the current interest rates that apply to your accounts.
- 4.7 We will also tell you the different interest rates which have applied to your account during the year and any changes in the Bank of England base rate (unless we have already told you personally about these or if your account has less than £500 in it).
- 4.8 If you have a variable-rate savings account with £250 or more in it and the interest rate has fallen significantly compared to the Bank of England base rate, we will contact you within a reasonable period of time to:
- tell you that this has happened;
 - tell you about our other savings accounts and offer to help you to switch to one of these accounts if you want to;
 - tell you that you can withdraw all the money in your account; and
 - give you a reasonable period of time to switch to another account or withdraw the money without any notice period or any charges.

5 Charges

- 5.1 When you become a customer, we will give you details of any charges for the day-to-day running of the account you have chosen.

- 5.2 You can also find out about these charges by:
- phoning our helpline;
 - looking on our website; or
 - asking our staff.
- 5.3 If we increase any of these charges or introduce a new charge, we will tell you personally at least 30 days before the change takes effect.
- 5.4 We will tell you the charge for any other service or product before we provide that service or product, and at any time you ask.
- 5.5 Before we deduct interest or charges for **standard account services** from your current or savings account, we will give you at least 14 days' notice of how much we will deduct.

Cash machine charges

- 5.6 We will give you details of any charges we make for using **cash machines** when we issue the **card**.
- 5.7 You will not be charged more than once for any transaction at one of our **cash machines**.
- 5.8 When you use a **cash card** at one of our **cash machines**, a message on the screen will tell you, before you commit to making a withdrawal, the amount (if any) you will be charged for the transaction and who is making the charge.
- 5.9 When you use a **card** other than a **cash card** at one of our **cash machines**, a message on the screen will tell you, before you commit to making a withdrawal, the amount (if any) we will charge you for the transaction. The message will also tell you that the card issuer may charge you for the transaction.
- 5.10 We will show **cash machine** charges on your statement of account.

6 Terms and conditions

- 6.1 When you become a customer or accept a product for the first time, we will give you the relevant terms and conditions for the service you have asked us to provide.
- 6.2 All written terms and conditions will be fair and will set out your rights and responsibilities clearly and in plain language. We will only use legal or technical language where necessary.

Changes to terms and conditions

- 6.3 When you become a customer, we will tell you how we will let you know about changes to terms and conditions.
- 6.4 If the change is to your disadvantage, we will tell you about it personally at least 30 days before we make the change. At any time up to 60 days from the date of the notice you may, without notice, switch your account or close it without having to pay any extra charges or interest for doing this.
- 6.5 We may make any other change immediately and tell you about it within 30 days.
- 6.6 If we have made a major change or a lot of minor changes in any one year, we will give you a copy of the new terms and conditions or a summary of the changes.

7 Changing your account

Cooling off

- 7.1 If you are not happy about your choice of current or savings account (except for a **fixed-rate** account) within 14 days of making your first payment into the account, we will help you switch to another of our accounts or we will give all your money back with any interest it has earned. We will ignore any notice period and any extra charges.

Moving your account

- 7.2 If you decide to move your current account to another financial institution, we will provide them with information on your standing orders and direct debits within five **working days** (reducing to three **working days** from 1 August 2003) of receiving their request to do this. Also, we will close your current account when you ask us to do so.
- 7.3 If you want to transfer your current account to us, we will tell you:
- how the process for transferring your account will work and who is responsible for each step in the process;
 - what information your old financial institution will pass to us;

- what features you will be offered with the new account so that you can compare your new account with features on your old account; and
- how long the transfer is likely to take.

We will give you what you need to operate the account within 10 **working days** of approving your application.

- 7.4 We will cancel any bank charges you would have to pay as a result of any mistake or unnecessary delay by us when you transfer your current account to or from us.

Closing your account

- 7.5 Under normal circumstances, we will not close your account without giving you at least 30 days' notice.

Branch closure

- 7.6 If we plan to close or move your branch, we will tell you at least eight weeks beforehand, and 12 weeks beforehand if yours is the last bank or building society branch within a five-mile radius. We will tell you how we will continue to provide banking services to you.

8 Advertising and marketing

- 8.1 We will make sure that all advertising and promotional material is clear, fair, reasonable and not misleading.
- 8.2 We will take care when sending marketing material to you, particularly if it relates to loans or overdrafts, or if you are under 18.
- 8.3 Unless you specifically give your consent or ask us to, we will not pass your name and address to any company, including other companies in our group, for marketing purposes. We will not ask you to give your permission in return for **standard account services**.
- 8.4 We may tell you about another company's services or products, and if you say you are interested, that company may contact you directly.
- 8.5 When you become a customer, we will give you the opportunity to say that you do not want us to contact you for marketing purposes. At least once every three years, we will remind you that you can do this.
- 8.6 We will not insist that you buy an insurance product from us when we agree to provide you with a lending product.

ACCOUNT OPERATIONS

9 Running your account

Statements

- 9.1 To help you manage your account and check entries on it, we will give you regular account statements unless this is not appropriate for the type of account you have (such as an account where you have a passbook).
- 9.2 We will normally provide you with a statement every month, every three months or, in any case, at least once a year. You can ask us to provide you with account statements more often than is normally available on your type of account, but there may be a charge for this service.
- 9.3 If you have a **card** which allows you to withdraw money from your account, we will provide you with account statements at least every three months if the **card** has been used.

Clearing cycle

- 9.4 We will tell you about the clearing cycle, including when you can withdraw money after paying into your account, and when you will start to earn interest.

Direct debits, standing orders and recurring transactions

- 9.5 We will tell you how direct debits, standing orders and **recurring transactions** work and how you may cancel one of these when you no longer need it.
- 9.6 We will tell you about the direct debit guarantee, which protects you if a direct debit you have not authorised is taken from your account. If any money is wrongly taken from your account under a direct debit, we will refund your account as soon as you tell us about it.

Cheques

- 9.7 We will keep original cheques paid from your account, or copies, for at least six years unless we have already returned these to you.
- 9.8 If, within a reasonable period after the entry has been made on your statement, there is a dispute with us about a cheque paid from your account, we will give you the cheque or a copy as evidence. If there is an unreasonable delay after you have told us about it, we will add the amount of the cheque to your account until we have sorted the matter out.

- 9.9 We will tell you how we will deal with unpaid cheques and out-of-date cheques.
- 9.10 If we need to tell you that a cheque you have written (or another item) has been returned unpaid, we will do this either by letter or in another private and confidential way.

Foreign-exchange services

- 9.11 We will give you an explanation of the service, details of the exchange rate and an explanation of the charges which apply to foreign-exchange transactions which you are about to make. If this is not possible, we will tell you how these will be worked out.
- 9.12 If you want to transfer money abroad, we will tell you how to do this and will give you:
- a description of the services and how to use them;
 - details of when the money you have sent abroad should get there and the reasons for possible delays;
 - the exchange rate applied when converting to the foreign currency; and
 - details of any commission or charges which you will have to pay and a warning that the person receiving the money may also have to pay the foreign bank's charges.
- 9.13 If money is transferred to your bank account from abroad, we will tell you the original amount received and any charges. If the sender has agreed to pay all charges, we will not take off charges when we pay the money into your account.

Protecting your account

- 9.14 We will tell you what you can do to help protect your accounts. You can find out more about what you can do to help in section 12 of this code.
- 9.15 If you tell us that your cheque book, passbook, **card** or **electronic purse** has been lost or stolen, or that someone else knows your **PIN** or **other security information**, we will take immediate steps to try to prevent these from being used.

10 Cards and PINs

Cards

- 10.1** We will only send you a **card** if you ask for one or to replace a **card** you already have.
- 10.2** If you do not recognise a **card** transaction which appears on your statement, we will give you more details if you ask us. In some cases, we will need you to give us confirmation or evidence that you have not authorised a transaction.
- 10.3** From 1 September 2003, your statement will show the rate of commission or charge (if any) we apply to foreign-currency card transactions.
- 10.4** From 1 September 2003, we will warn you when an introductory promotional interest rate on your credit card is about to come to an end.

PINs

- 10.5** We will give you your **PIN** (personal identification number) separately from your **card**. We will not reveal your **PIN** to anyone else.
- 10.6** We will tell you about our systems to allow you to choose or change your **PIN**. This should make it easier for you to remember.

PROTECTION

11 Your personal information

Confidentiality

- 11.1** We will treat all your personal information as private and confidential (even when you are no longer a customer). We will not reveal your name and address or details about your accounts to anyone, including other companies in our group, other than in the following four exceptional cases when we are allowed to do this by law.
- If we have to give the information by law.
 - If there is a duty to the public to reveal the information.
 - If our interests require us to give the information (for example, to prevent fraud) but we will not use this as a reason for giving information about you or your accounts (including your name and address) to anyone else, including other companies in our group, for marketing purposes.

- If you ask us to reveal the information, or if we have your permission.

Bankers' references

- 11.2** If we are asked to give a **banker's reference** about you, we will need your written permission before we give it.

Data protection

- 11.3** We will explain to you that, under the Data Protection Act, you have the right to see the personal records we hold about you.
- 11.4** We will tell you if we record your phone conversations with us.

12 What you can do to protect your accounts

This section is all about what you can do to help prevent your accounts being misused.

Keeping us up-to-date

- 12.1** Please make sure you let us know as soon as possible when you change your:
- name;
 - address;
 - phone number; or
 - e-mail address (if this is how we communicate with you).

Checking your account

- 12.2** We recommend that you check your statement or passbook regularly. If there is an entry which seems to be wrong, you should tell us as soon as possible so that we can sort it out.
- 12.3** If we need to investigate a transaction on your account you should co-operate with us and the police, if we need to involve them.

Taking care

- 12.4** The care of your cheques, passbook, **cards, electronic purse, PINs** and **other security information** is essential to help prevent fraud and protect your accounts. Please make sure that you follow the advice given below.

- Do not keep your cheque book and **cards** together.
- Do not allow anyone else to use your **card, PIN, password** or **other security information**.
- If you change your **PIN** you should choose your new **PIN** carefully.
- Always learn your **PIN, password** and **other security information**, and destroy the notice as soon as you receive it.
- Never write down or record your **PIN, password** or **other security information**.
- Always take reasonable steps to keep your **card** safe and your **PIN, password** and **other security information** secret at all times.
- Keep your card receipts safe and dispose of them carefully.
- Never give your account details or security information to anyone unless you know who they are and why they need them.

12.5 If you send a cheque through the post, it will help to prevent fraud if you clearly write the name of the person you are paying the cheque to and put extra information about them on the cheque. For example:

- if you are paying a cheque to a large organisation such as the Inland Revenue, write on the cheque the name of the account you want the cheque paid into (for example, Inland Revenue, account – J Jones, reference xxxyyz); or
- if you are paying a cheque into a bank or a building society account, always write on the cheque the name of the account holder (XYZ Bank, account – B Brown).

You should draw a line through unused space on the cheque so unauthorised people cannot add extra numbers or names.

What to do if you lose your cheque book, passbook, electronic purse or card, or if someone else knows your PIN

12.6 It is essential that you tell us as soon as you can if you suspect or discover that:

- your cheque book, passbook, **card** or **electronic purse** has been lost or stolen; or
- someone else knows your **PIN, password** or **other security information**.

12.7 The best way of telling us about the loss will usually be by phone, using the numbers we have given you, or by e-mail to the address we have given you for this purpose.

Cancelling payments

- 12.8** If you want to cancel a payment or series of payments you have authorised, you should do the following:
- To cancel a cheque or standing order, you must tell us (we cannot cancel cheques covered by a cheque guarantee card).
 - To cancel a direct debit, you can either tell the **originator** of the direct debit or tell us. We recommend you do both.
 - To cancel a **recurring transaction**, you must tell the **originator**. We recommend you keep proof of the cancellation.

It may not be possible to cancel payments if you do not give enough notice of your decision to cancel.

Liability for losses

- 12.9** If you act fraudulently, you will be responsible for all losses on your account. If you act without reasonable care, and this causes losses, you may be responsible for them. (This may apply if you do not follow section 12.4.)
- 12.10** Unless we can show that you have acted fraudulently or without reasonable care, your liability for the misuse of your **card** will be limited as follows:
- If someone else uses your **card** before you tell us it has been lost or stolen or that someone else knows your **PIN**, the most you will have to pay is £50.
 - If someone else uses your **card** details without your permission for a transaction where the cardholder does not need to be present, you will not have to pay anything.
 - If your card is used before you have received it, you will not have to pay anything.

Account aggregation services

- 12.11** If you use an **account aggregation** service you may be liable for any fraud or mistakes that happen on your accounts as a result.

Electronic purse

- 12.12** You should treat your **electronic purse** like cash in a wallet. If you lose your **electronic purse** or it is stolen, you will lose any money in it, in just the same way as if you lost your wallet.

- 12.13** However, unless we can show that you have acted fraudulently or without reasonable care, your liability for the misuse of your **electronic purse** will be as follows:
- If money is transferred to your **electronic purse** by unauthorised withdrawals from your account before you tell us it has been lost, stolen or misused, the most you will lose is £50.
- 12.14** You will not lose anything if money is transferred from your account to your **electronic purse** after you have told us it has been lost or stolen or that someone else knows your **PIN**.

LENDING

13 Lending

- 13.1** Before we lend you any money or increase your overdraft, credit card limit or other borrowing, we will assess whether we feel you will be able to repay it.
- 13.2** If we offer you an overdraft, or an increase in your existing overdraft limit, we will tell you if your overdraft is repayable on demand.
- 13.3** If we cannot help you, we will explain the key reason why if you ask us to. We will give this in writing if you ask.
- 13.4** If you want us to accept a **guarantee** or other **security** from someone for your liabilities, we may ask you for your permission to give confidential information about your finances to the person giving the **guarantee** or other **security**, or to their legal adviser. We will also:
- encourage them to take independent legal advice to make sure that they understand their commitment and the possible consequences of their decision (where appropriate, the documents we ask them to sign will contain this recommendation as a clear and obvious notice);
 - tell them that by giving the **guarantee** or other **security** they may become liable instead of, or as well as, you; and
 - tell them what their liability will be.
- We will not take an unlimited guarantee.

Credit reference agencies

- 13.5** When you open your account, we will tell you when we may pass your account details to **credit reference agencies** and the checks we may make with them.

- 13.6** We may give information to **credit reference agencies** about the personal debts you owe us if:
- you have fallen behind with your payments;
 - the amount owed is not in dispute; and
 - you have not made proposals we are satisfied with for repaying your debt, following our formal demand.
- 13.7** In these cases, we will give you at least 28 days' notice that we plan to give information about the debts you owe us to **credit reference agencies**. At the same time, we will explain to you the role of **credit reference agencies** and the effect the information they provide can have on your ability to get credit.
- 13.8** We may give **credit reference agencies** other information about the day-to-day running of your account if you have given us your permission to do so.
- 13.9** If you ask, we will tell you how to get a copy of the information that **credit reference agencies** have about you, or their leaflets that explain how credit referencing works. You should contact them direct. They may charge a small fee for this. Their details are as follows:
- | | | |
|--|--|--|
| Experian | Equifax | Callcredit |
| PO Box 8000 | Dept 1E, PO Box 3001 | PO Box 491 |
| Nottingham | Glasgow | Leeds |
| NG1 5GX | G81 2DT | LS3 1WX |
| www.experian.co.uk | www.equifax.co.uk | www.callcredit.co.uk |

Financial difficulties – how we can help

- 13.10** We will consider cases of financial difficulty sympathetically and positively. Our first step will be to try to contact you to discuss the matter.
- 13.11** If you find yourself in financial difficulties, you should let us know as soon as possible. We will do all we can to help you to overcome your difficulties. With your co-operation, we will develop a plan with you for dealing with your financial difficulties and we will tell you in writing what we have agreed.
- 13.12** The sooner we discuss your problems, the easier it will be for both of us to find a solution. The more you tell us about your full financial circumstances, the more we may be able to help.
- 13.13** If you are in difficulties, you can also get help and advice from debt counselling organisations. We will tell you where you can get free money advice. If you ask us to, we will work with debt counselling organisations, such as Citizens Advice Bureaux, money advice centres

or The Consumer Credit Counselling Service. Their contact details are as follows:

- National Debtline – 0808 808 4000
(www.nationaldebtline.co.uk)
- Consumer Credit Counselling Service –
0800 138 1111 (www.cccs.co.uk)
- Money Advice Scotland – 0141 572 0237
(www.moneyadvicescotland.org.uk)
- Federation of Independent Advice Centres –
020 7407 4070 (www.fiac.org.uk)
- Citizens Advice Bureaux – You can get the phone
number of your local bureau from the phone book,
the local library or www.nacab.org.uk
- Citizens Advice Scotland – 0151 550 1000
(www.cas.org.uk)

FURTHER ASSISTANCE

14 Complaints

Internal procedures

- 14.1** If you want to make a complaint, we will tell you how to do this and what to do if you are not happy about the outcome. Our staff will help you with any questions you have.
- 14.2** When you become a customer, we will tell you about the availability of our procedures for handling complaints fairly and quickly. These procedures meet the requirements of the Financial Services Authority.
- 14.3** Within five working days of receiving your complaint, we will send you a written acknowledgement.
- 14.4** Within four weeks, we will write to you again with our final response, or to explain why we need more time to respond.
- 14.5** If we have not already sent it, we will send you our final or other response within eight weeks and will tell you how to take your complaint further if you are still not satisfied.

Financial Ombudsman Service

- 14.6** We will display on our website and in all our branches a notice explaining that we are covered by the Financial Ombudsman Service (FOS). The FOS is available to settle certain complaints you make if they cannot be

settled through our internal complaints procedures.

The contact details of the FOS are as follows:

- The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London E14 9SR
Website: www.financial-ombudsman.org.uk
Phone: 0845 080 1800

- 14.7** National Savings and Investments (NS&I) has an independent arbitration scheme to settle disputes between NS&I and its customers.

- The Independent Adjudicator for National Savings and Investments
1st Floor, South Quay Plaza
183 Marsh Wall
London E14 9SR

As a government department, NS&I also comes under the Parliamentary Ombudsman scheme which deals with complaints of poor management. For such a complaint, you should write to your MP asking them to refer your complaint to the Parliamentary Commissioner for Administration.

15 Monitoring

- 15.1** We have a 'Code Compliance Officer' and our internal auditing procedures make sure we meet the code.

Banking Code Standards Board

- 15.2** The code is monitored by the Banking Code Standards Board whose directors include a majority of independent members as well as representatives of financial institutions. Their address is:

- Banking Code Standards Board
33 St James's Square
London SW1Y 4JS.
Phone: 020 7661 9694
Website: www.bankingcode.org.uk

16 Getting help

- 16.1** If you have any enquiries about this code, you should contact the British Bankers' Association, The Building Societies Association or the Association for Payment Clearing Services. Their addresses and phone numbers are shown at the front of this booklet. Or, contact the Banking Code Standards Board at the address above.

Copies of the code

- 16.2** All financial institutions that follow this code will make copies of it available to all their **personal customers** and have notices in all their branches and on their websites explaining that copies of the code are available and how you can get one.
- 16.3** You can get a copy of this code and guidance notes on how this code should be followed from the Banking Code Standards Board, whose contact details are given in section 15.2, or from the British Bankers' Association or The Building Societies Association at the addresses shown at the front of this code.

Further information

- 16.4** You can get more information on a range of banking matters from the British Bankers' Association's (BBA) 'BankFacts' leaflets, factsheets and information leaflets, from The Building Societies Association (BSA), and from the Association for Payment Clearing Services' (APACS) 'payment facts'. Also, the BBA, BSA and APACS have customer helplines (the phone numbers are given at the front of this code).
- 16.5** If we offer you insurance that is designed to repay the money you have borrowed in case you have any problems such as ill health or redundancy, this will be covered by separate regulation. Until further notice, this will be the General Insurance Standards Council's Private Customer Code or the Association of British Insurers' General Insurance Business Code. (It is planned that these will be replaced in November 2004 by the Financial Services Authority.) The contact details are as follows:

- The Financial Services Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS
Phone: 020 7676 1000
www.fsa.gov.uk
- General Insurance Standards Council
110 Cannon Street
London
EC4N 6EU
Phone: 020 7648 7800
www.gjisc.co.uk
- Association of British Insurers
51 Gresham Street
London
EC2V 7HQ
Phone: 020 7600 3333
www.abi.org.uk

16.6 Mortgages are covered by The Mortgage Code. Details are available from:

- The Mortgage Code Compliance Board
6 Frederick's Place
London
EC2R 8BT
Phone: 020 7556 7373
www.mortgagecode.co.uk

From late 2004, responsibility for regulating mortgages will move to the Financial Services Authority, whose details are given in section 16.5.

GLOSSARY

Glossary

These definitions explain the meaning of words and terms used in the code. They are not precise legal or technical definitions.

Account aggregation

Account aggregation services allow the customer to have details of some or all of the on-line accounts he or she holds with financial institutions, and other information, presented on one web page. These services may be operated by a financial institution (with

whom the customer may already hold an account) or they may be provided by a website not owned by a financial institution.

Banker's reference

An opinion about a particular customer's ability to enter into, or repay, a financial commitment.

Basic bank account

A basic bank account (also known as an 'introductory' or 'starter' account) will normally have the following features.

- Employers can pay income directly into the account.
- The Government can pay pensions, tax credits and benefits directly into the account.
- Cheques and cash can be paid into the account.
- Bills can be paid by direct debit, by transferring money to another account or by a payment to a linked account.
- Cash can be withdrawn at cash machines.
- There is no overdraft facility.
- The last penny in the account can be withdrawn.

Card

A general term for any plastic card which a customer may use to pay for goods and services or to withdraw cash. In this code, it includes debit, credit, cheque guarantee and charge cards. It does not include **electronic purses**.

Cash card

A **card**, other than a charge card or credit card, which allows the cardholder to withdraw cash from a cash machine which is covered by the LINK network.

Cash machine

An automated teller machine (ATM) or freestanding machine which a customer can use their **card** in to get cash, information and other services.

Credit reference agencies

Organisations, licensed under the Consumer Credit Act 1974, which hold information about people that is useful to lenders. Financial institutions may contact these agencies for information to help them make

various decisions, for example, whether or not to open an account or provide loans or grant credit. Financial institutions may also give the agencies information.

Electronic purse

Any card, or function of a card, which contains real value in the form of electronic money which someone has paid for beforehand. Some cards can be reloaded with more money and can be used for a range of purposes.

Fixed rate

An interest rate which is guaranteed not to change over a set period of time.

Fixed term

This applies to products and services which have a set lifetime. The customer may be charged if the financial institution agrees to alter the product or service before the end of its life.

Guarantee

A promise given by a person called 'the guarantor' to pay another person's debts if that person does not pay them.

Originator

A company (either a retail or service organisation) which collects payments from a customer's account in line with the customer's instructions. This only applies to direct debits or **recurring transactions**.

Other security information

A selection of personal facts and information (in an order which only the customer knows) which is used for identification when using accounts.

Out-of-date cheque

A cheque which has not been paid because the date written on the cheque is too old (normally older than six months).

Password

A word or an access code which the customer has chosen, to allow them to use a phone or internet banking service. It is also used for identification.

Personal customer

A person who has an account (including a joint account with another person or an account held as an executor or trustee, but not including the accounts of sole traders, partnerships, companies, clubs and societies) or who receives other services from a financial institution.

PIN (personal identification number)

A confidential number which allows customers to buy things, withdraw cash and use other services at a cash machine.

Recurring transaction

A regular payment (other than a direct debit or standing order) collected from a customer's card account by an **originator**, in line with the customer's instructions. Recurring transactions are not covered by the Direct Debit Guarantee.

Security

A word used to describe valuable items such as title deeds to houses, share certificates, life policies and so on, which represent assets used as support for a loan or other liability. Under a secured loan, the lender has the right to sell the security if the loan is not repaid.

Standard account services

Opening, maintaining and running accounts for transmitting money (for example, by cheque or debit card). These services would normally be provided in basic or current accounts.

Unpaid cheque

This is a cheque which, after being paid into the account of the person it is written out to, is returned 'unpaid' (bounced) by the financial institution whose customer issued the cheque. This leaves the person the cheque was written out to without the money in their account.

Working days

Monday to Friday, not including bank holidays.

