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Consultation Response:

FCA guidance consultation on branch and ATM closures or conversions

Response by the Money Advice Trust

Date: July 2020

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Introduction

About the Money Advice Trust

The Money Advice Trust is a charity founded in 1991 to help people across the UK tackle their debts and manage their money with confidence.

The Trust's main activities are giving advice, supporting advisers and improving the UK's money and debt environment.

In 2019, our National Debtline and Business Debtline advisers provided help to more than 199,400 people by phone and webchat, with 1.97 million visits to our advice websites.

In addition to these frontline services, our Wiseradviser service provides training to free-to-client advice organisations across the UK and in 2019 we delivered this free training to over 981 organisations.

We use the intelligence and insight gained from these activities to improve the UK's money and debt environment by contributing to policy developments and public debate around these issues.

Find out more at www.moneyadvicetrust.org

Public disclosure

Please note that we consent to public disclosure of this response.

Introductory comment

We welcome the opportunity to comment on the FCA guidance to firms on maintaining access to cash. It is vital that consumers and small businesses can easily access cash into the future. Like other organisations, we remain concerned that continued closures of bank branches and a loss of access to free ATMs will have a disproportionate impact on people in vulnerable circumstances.

We recognise that there is work being undertaken to try to protect access to cash, for example the Community Access to Cash pilots that are being set up currently.¹ Alongside this, LINK has put in place a scheme to fund extra free ATMs.² We also note that the Government has announced an intention to legislate to protect access to cash in the Budget in March 2020.³ In our view, this legislation needs to be put in place as soon as possible. We hope that the FCA guidance can complement this work.

We are pleased to see the FCA has decided to launch guidance with an aim of achieving “fair outcomes” for consumers. However, we are concerned that the guidance does not go far enough to ensure a fair outcome. Without legislation in place to protect access to banking services for consumers and small businesses, it would appear that FCA guidance may have a limited ability to influence commercial decisions by firms. We would suggest the guidance needs to be strengthened in a number of areas.

It is helpful to see the FCA’s expectations set out that firms should *“carefully consider the impact of a planned closure or conversion on their customers’ everyday banking and cash access needs, and other relevant branch services”*.

It is also helpful that the FCA sets out its expectations that firms should keep the FCA informed of its plans throughout the process so that the FCA can monitor *“whether customers are being treated fairly”*. This oversight might help to deter firms from taking hasty action that has not been systematically evaluated or thought through.

However, it is not clear to us what action the FCA can take to prevent a firm taking action to close branches or to remove a free ATM even if the FCA considers this action to be unfair to consumers. For example, if a firm does not put in place alternative access to cash for consumers, it does not appear that there is a requirement on firms to do so before the closure can take place. In addition it is unclear what the remedy is or what action the FCA can take to ensure compliance if the FCA feels that a firm has acted unfairly.

¹ <https://communityaccesstocashpilots.org/>

² <https://www.link.co.uk/about/news/link-access-to-cash-commitment/>

<https://www.link.co.uk/about/news/first-free-to-use-atm-installed-post-lockdown-goes-live-in-huyton/>

³ <https://www.which.co.uk/news/2020/03/budget-2020-chancellor-poised-to-protect-access-to-cash/>

Comments on the draft guidance

We note that the guidance states that closures are decisions for the firm to take.

“2.9 The decision about whether to close or convert a site is a decision for a firm to take, but in implementing these decisions, firms must have due regard to the interests of their customers and treat them fairly.”

We would like to see the FCA go further in rules or guidance, to prevent firms from closing sites where there is consumer detriment and no solid alternatives for accessing cash in place. We can only presume that this reflects that the FCA has a lack of sufficient regulatory powers in place. If this is the case, it demonstrates a requirement for early primary legislation to be put in place to enable regulators to adequately protect access to cash for consumers and small businesses.

We welcome the FCA proposals in relation to requirements for firms to carry out a robust analysis of the proposed measures on their customers.

“2.10 So firms should ensure that they have carried out a robust analysis of a proposed closure or conversion on their customers, particularly in terms of lost access and potential harms to vulnerable consumers and SMEs or micro-enterprises (as appropriate).”

These proposals appear to be comprehensive and far-reaching. However, if there is no requirement on firms to alter their proposals or carry on with the proposed closures, then it is unlikely to be as effective a measure as we would wish.

The FCA requires firms to analyse the availability of alternative provision and to set out how this will fill in gaps in provision following closure.

“2.18 The firm should give us a clear summary of the services available at the sites it proposes to close or convert, and how customers who use these services would access alternatives (that either already exist, or that the firm is proposing to make available). We would also expect to see specific information about how the needs of vulnerable customers and SMEs or micro-enterprises (as appropriate) may continue to be met, as well as any remaining gaps in provision created by the proposed closure or conversion.”

However, the guidance falls short as it does not require firms to put the alternative provision proposals it has identified in place, such as sharing services with other providers, or commissioning mobile banking hubs, new free ATMs and so on.

We are pleased to see a specific section in the guidance addressing people in vulnerable circumstances. But again, there is no compulsion on firms to take specific action if they find that a particularly vulnerable group is affected by the closure proposals. This issue should be reconsidered.

The section in the guidance setting out how firms should communicate with their customers about potential closures is helpful. However, in section 2.24, set out below, it seems easily possible for customers to have been informed that a closure is taking place, but at the same time be told that the firm has not put any alternatives in place and that the closure will go ahead regardless. We cannot see how this guidance puts safeguards in place to ensure that this does not happen.

“When a decision to close or convert a site has been made, firms should ensure that they provide customers with information that enables them to understand:

- *When the closure or conversion is planned to take place*
- *How the customer can continue to access banking services and cash and other relevant branch services after the closure or conversion (including through physical and telephone or digital channels), and what those alternatives offer in terms of service and functionality*
- *How the customer can access help or assistance from the firm during and after the closure or conversion, including, for example, any training offered by the firm on using online banking”*

As we have said, we would like to see the guidance strengthened to ensure that alternative provision **must** be put in place by the firm, before a closure can take place.

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