
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations implement Directive 2014/92/EU of the European Parliament and of the Council of 23rd July 2014 on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features (“PAD”) (OJ L257, 28.8.2014, p.214).

Part 2 imposes obligations upon payment service providers (principally banks and building societies) that are intended to help consumers make an informed choice when choosing payment accounts (principally personal current accounts). Regulation 3 requires the Financial Conduct Authority (“FCA”) to publish a list of the most representative services linked to a payment account and subject to a fee. When describing those services, this list (“the linked services list”) will, where applicable, use terms and definitions that have been standardised at European Union level. Regulation 6 requires payment service providers to make available to consumers a glossary of the terms and definitions in the linked services list, and regulation 7 requires that payment service providers use the terminology in the linked services list in their contractual, commercial and marketing information. Regulation 8 requires payment service providers to provide prospective customers with a fee information document that meets the criteria set out in Schedule 1 before they enter into a contract for a payment account (which includes a requirement that the fee information document complies with any relevant implementing technical standards adopted by the European Commission). Regulation 10 requires payment service providers to provide their payment account customers with an annual statement of fees and regulation 12 tasks the Money Advice Service with establishing and maintaining a website that will allow consumers to compare the fees charged by payment service providers for the services featured in the linked services list.

Part 3 requires payment service providers to offer a service that allows its payment account customers to switch between payment accounts (“a switching service”). Payment service providers are required to ensure that any switching service offered meets the requirements set out in Schedule 3 (see regulation 14). However, the requirement to offer a Schedule 3 compliant switching service will not apply in instances where the payment service provider is a party to and complies with any switching service that the Payment Systems Regulator has designated as an alternative arrangement in accordance with the requirements set out in Schedule 4 (see regulations 14 and 15).

Part 4 requires credit institutions that have been designated by the Treasury in accordance with the procedure set out in Schedule 6 to offer eligible consumers a payment account with basic features. Regulation 19 sets out the nature of the services that will be offered as part of a payment account with basic features, and regulation 23 prescribes the eligibility criteria.

Part 5 makes provision regarding the FCA. Regulation 28 requires the FCA to monitor payment service providers’ compliance with the requirements of Parts 2, 3 and 4 of these Regulations. Regulation 29 confers power on the FCA to require payment service providers to provide it with such information as it may specify for this purpose. Regulation 30 gives the FCA a power of direction over payment service providers, by virtue of which the FCA may require a payment service provider to take specified action (or refrain from taking specified action) in order to secure compliance with the requirements of Parts 2, 3 and 4. Regulation 33 gives the FCA the power to publish statements censuring payment service providers for failure to comply with requirements imposed by these Regulations and regulation 34 gives the FCA the power to impose financial penalties on payment service providers in respect such failures. Regulation 35 gives the FCA the power to discipline individuals responsible for the management of a payment service provider that has breached a requirement imposed by these Regulations. Regulation 42 introduces Schedule 7, which applies

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certain provision in the Financial Services and Markets Act 2000 (c. 8) (“FSMA”) with modifications in respect of the FCA’s functions under the Regulations.

A Transposition Table setting out how the PAD is transposed into UK law is available from HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ.

A full impact assessment of the effect that these Regulations will have on the costs of business and the voluntary sector is available from HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ or on <http://www.hm-treasury.gov.uk> and published alongside the Regulations on <http://www.legislation.gov.uk/>.

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