

# Consumer Protection Code

for financial services firms

Your little red book



FINANCIAL REGULATOR  
*Rialtóir Airgeadais*

*free*  
**for independent information**

## About us

We are an independent watchdog set up by the Government to:

- regulate firms that provide financial services; and
- help you make informed decisions about your personal finances.

We do not sell anything. We give you free, independent information in plain English and help answer your questions.

Crystal  
Mark  
15180



Clarity approved by  
Plain English Campaign

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# What is the Consumer Protection Code?

The Consumer Protection Code ('the code') is a set of principles and rules that financial services firms must follow when they:

- provide financial products and services to you;
- give you financial information and advice;
- advertise financial products or services; and
- handle your complaints.

We, the Financial Regulator, have developed the code to protect you, and we will regularly monitor the firms we regulate to make sure they follow it.

This little book gives you a summary of the main ways the code protects you. Visit our website, **[www.itsyourmoney.ie](http://www.itsyourmoney.ie)**, for more information on your rights or to download the full version of the code.

## How will the code affect me?

The code contains general principles, common rules and advertising rules that apply to a wide range of products and services provided by the types of firms listed on page 4.

There are also some more specific rules (see page 16) that apply when you buy certain products or services from those firms. For example, there are special rules that apply to loans and mortgages.

If you are not satisfied with how a financial services firm is dealing with you, or you think that they are not following the principles or rules of the code, you can make a complaint. See pages 13 and 25 for more information.

### **Firms we regulate must:**

- ✓ deal with you professionally and fairly and act in your best interests;
- ✓ try to find out as much about you as they need to know to provide a product or service that is right for you;
- ✓ make sure the product or service they recommend or offer to you is suitable for you;
- ✓ be able to show why the firm feels the product or service they recommend is suitable for you; and
- ✓ deal with you openly and fairly.

# Which firms does the code apply to?

We regulate most of the financial services firms in Ireland, and most of the firms we regulate have to follow the code.

These firms include:

- banks;
- building societies;
- insurance companies;
- credit unions (for some services, such as insurance);
- insurance and mortgage intermediaries (brokers and agents); and
- investment firms and stockbrokers providing products and services such as insurance policies, long term deposits, personal retirement savings accounts (PRSAs) and tracker bonds.

The code may also apply to certain firms that provide financial services in Ireland but have their head office in another country in the European Union (EU), as long as they are authorised by the financial services regulator in that country.

If you want to check that we regulate the firm you are dealing with, phone us on **1890 200 469** or go to **[www.itsyourmoney.ie](http://www.itsyourmoney.ie)**

## What is not covered by the code?

The code does not cover the following firms, people and services.

- Savings and loan services provided by credit unions.
- Stockbroking and other investment services when they are covered by the EU law shown below.
- Moneylenders (they are covered by consumer credit law and a separate code).
- Bureaux de change (a service that allows you to buy and sell foreign money).
- Money transmitters (a service that allows you to send and receive money).
- Non-deposit-taking lenders (firms that lend money but do not provide any services where you deposit money).
- Occupational pension scheme trustees.



**Some investment services are not covered by the code because they are covered by a new EU law on financial services, the Markets in Financial Instruments Directive (MiFID), which will be introduced in November 2007.**

# General principles

Under the general principles of the code, firms must:

- ✓ treat you **honestly, fairly and professionally**;
- ✓ **act in your best interests** when providing products or services to you;
- ✓ give you the **information** necessary for you to make an informed decision; and
- ✓ **handle any complaints** you have about the firm's dealings with you quickly, efficiently and fairly.

## Firms must not:

- ✗ **mislead you**, on purpose, about the advantages and disadvantages of any product or service;
- ✗ put you under **too much pressure or use too much influence** on you to persuade you to buy a product or service; or
- ✗ **prevent you from getting access to basic financial services** (such as a bank account).

# Common rules

Rules that apply to all products and services are called common rules. Some of the areas covered by the common rules of the code are:

- limits on selling practices;
- limits on cold-calling (contacting you by phone or in person to try to sell you something);
- the information you are entitled to get;
- providing information on charges;
- suitable products;
- handling your complaint fairly; and
- advertising.

We have explained each of these in more detail on the next few pages.

## Limits on selling practices

- **Firms must not charge you a fee for an optional extra** product or service unless you have said that you want to buy it.
- Firms must make sure the **name of a product or service does not give you the wrong impression** of its benefits.

- When a firm provides a product or service to you, they **cannot make it a condition that you must buy another separate product or service** from them.



Sometimes your provider can insist that you buy one product to be able to qualify for another (for example, you must usually buy mortgage protection insurance if you want to get a mortgage to buy a home).

However, under this code, even when you must buy the product you can still choose which firm you buy it from. For example, you don't have to take the mortgage protection insurance your mortgage lender offers you - you are free to shop around.



## Limits on cold-calling

Cold-calling means contacting you by phone or in person when you did not ask the firm to contact you.

### **The code places limits on how firms may contact you by phone or in person to sell a financial product or service.**

They can only contact you in some circumstances. For example, they can contact you if:

- the call is about a product or service you bought from them in the last year (or a similar product or service);
- they want to offer you an insurance protection policy;
- you have given your written permission to be contacted;
- they have received a referral about you, for example from a solicitor or an existing customer; or
- your number is in the business section of the phone directory.

Even in the limited circumstances where firms are allowed to contact you, **they can only do so between 9am and 9pm, Monday to Saturday (and not at all on a Sunday or on a bank or public holiday)** unless you have given them permission to contact you at other times.

At the beginning of any call or visit, the caller must say who they are and why they are calling. They must then give you the chance to say whether you want the call to continue or not. If you ask them not to contact you again, they must make sure they do not contact you again.

## The information you are entitled to get

Firms providing a product or giving you advice must give you all the relevant information about the product or service before you buy it. This information must include the **terms and conditions**, and details of any **fees or charges** that apply.

All printed information must be clear and in a font size that is easy to read.

Before providing a product or service to you, firms must give you their written **terms of business**. This sets out details such as:

- the name, address and contact details of the firm;
- what services the firm is authorised to provide and who has authorised them;
- if the firm is a tied agent (can only offer you advice on, or provide products from, one provider), the name of the firm it is tied to and the service the tie applies to;
- any charges or fees that the firm applies;
- a summary of the firm's complaints procedure; and
- the name of relevant **compensation scheme** (if any) and how much protection it offers you (see page 11).

If a firm makes an important change to their terms of business, they must let you know (if the change will affect you).

## Compensation schemes

Compensation schemes are schemes that may be able to give you some financial compensation if the financial services firm you invest through or deposit your money into goes out of business and cannot return your money or investments. This only applies to regulated firms.

Check the firm's terms of business (which they must give you) to see if the firm is part of a compensation scheme.

There are limits to the schemes so for more information on the schemes and what you are entitled to, go to our website **[www.itsyourmoney.ie](http://www.itsyourmoney.ie)**

## Providing information on charges

Firms have to give you information about the costs of products and services.

### **Firms must:**

- ✓ tell you what the charges are before providing a service;
- ✓ give you at least 30 days notice if they plan to increase the charges or plan to introduce any new charges (if the change affects you);
- ✓ make sure that each statement they send you shows all the charges they applied during the period covered by that statement;

- ✓ if charges are built up and then charged at regular times, tell you at least 10 business days before they are taken from your account (unless they are for €12.70 or less); and
- ✓ correct any mistakes in any charge or price quickly, efficiently and fairly.

## Suitable products

Firms must make sure they only offer you products and services that are suitable for your needs. They have to try to find out enough information about you to understand your needs before they can offer or recommend a product or service to you.

Any product or service a firm offers or recommends must be **the most suitable for you from the range of products or services available to the firm you are dealing with**. They must also be able to show the reasons why a product or service is suitable for you.

This rule does not apply if you:

- tell the firm which product and provider you want to use, without getting any advice from the firm;
- are buying or selling foreign currency; or
- are looking for a basic banking product (such as a

current account, an overdraft, an ordinary deposit account or a term deposit account with a term of less than one year) and the firm has told you about any limits on the account and any cheaper alternative that is available.

## Handling your complaint fairly

If you have a problem dealing with a financial services firm, you should complain to the firm first. **Firms must have a written procedure in place for dealing with complaints. They must handle your complaint quickly, efficiently and fairly.**

Your financial services firm must write to you within five business days of receiving your complaint (if they have not already sorted it out). They must give you details of a person you can contact, and they can't let more than 20 business days go by without letting you know how your complaint is being dealt with.

The firm must let you know of the result of their investigation within five business days of them finishing it. They must tell you that you have the right to go to the Financial Services Ombudsman or Pensions Ombudsman if you are not satisfied and want to have your complaint investigated further. See page 25 for more information on the Financial Services Ombudsman scheme and the Pensions Ombudsman.

If the firm does not sort out your complaint within 40 business days they must:

- ✓ let you know how much longer they expect it will take to sort out;
- ✓ let you know you have the right to pass your complaint to the relevant ombudsman; and
- ✓ give you contact details of the relevant ombudsman.

For more guidance on the complaints process and how to make an effective complaint, go to our website, **[www.itsyourmoney.ie](http://www.itsyourmoney.ie)**. Or, you can order or download a copy of our fact sheet '**How to make a complaint**'.

## Advertising

Firms must make sure that their advertising is **fair and not misleading**. 'Advertising' includes radio, print, television and other types of promotional items such as brochures and product information.

Under the code, firms must also include a number of important warnings when they advertise particular products. There are some examples shown on page 15.

Advertisements for fixed-rate loans must show the following warning.

**"Warning: You may have to pay charges if you pay off a fixed-rate loan early."**

Advertisements that contain information on the investment's past performance must include the following warning.

**"Warning: Past performance is not a reliable guide to future performance."**

Advertisements for interest-only mortgages must contain the following warning.

**"Warning: the entire amount that you have borrowed will still be outstanding at the end of the interest-only period."**

These warnings must be in a box, in bold and in a larger font size than the normal font size used in the advertisement.

# Rules for specific products and services

There are some specific rules that apply if you are buying a particular type of product or service, such as:

- banking products and services;
- loans and mortgages;
- insurance products and services; and
- investment products.

We explain some of the rules that apply to these products and services below.

## Rules that apply to banking products and services

The following rules apply to products and services, such as current accounts, deposit and savings accounts.

### **Firms must:**

- ✓ give you a statement at least once a year on any current or deposit account with over €20 in it;
- ✓ tell you how you can avoid costs such as penalty fees or penalty interest on your account, if they apply (for example, charges for taking out more money than

you have available in your account or going over your overdraft limit if you have one);

- ✓ warn you about the risks involved in having a joint account and find out if there are any limits you want to put on the account (for example, needing the signature of both account holders to withdraw money);
- ✓ let you know at least 10 days beforehand that your account will mature (come to the end of its term), if you have a term deposit with a term of one year or more; and
- ✓ make sure any money you pay directly to the account is credited to your account on the same day (this does not include cheques as they need to clear first).

## **Rules that apply to loans and mortgages**

These rules apply to products and services such as personal loans, mortgages and credit cards.

### **Firms must:**

- ✓ if you fall behind with your mortgage payments, let you know as soon as possible about the amount of interest, fees and any other charges that apply;
- ✓ tell you in writing what the total costs of your existing loans are compared with the total cost of any mortgage consolidation loan you are considering (a

consolidation mortgage is a single mortgage you may take out to pay off other loans or mortgages);

- ✓ tell you what your responsibilities are and warn you to get legal advice if you are guaranteeing a loan for someone else; and
- ✓ tell you about the costs and risks of taking out a lifetime mortgage. (This is a type of mortgage, offered to people who are over 60 and own their own home. It is designed to let you borrow against the equity in your home so you can receive a cash sum. You don't make repayments but interest is added to your loan each year. The mortgage is usually paid off when you sell your home or die. Go to our consumer website **www.itsyourmoney.ie** for more information on this kind of product. Or, you can order or download a copy of our booklet '**Equity Release – using your home to get a cash sum**'.)

### **Firms must not:**

- ✗ offer you a pre-approved loan or mortgage that you have not asked for;
- ✗ increase your credit card limit unless you ask them to; or
- ✗ insist that you buy payment protection insurance, or include the cost of it in their initial loan-repayment quote.



## **You do not have to take out payment protection insurance.**

When you take out a loan, mortgage or credit card, you may be offered payment protection insurance (PPI). It is up to you whether you take out this insurance and you do not have to buy it from your lender. Your lender cannot refuse to give you a loan or mortgage because you do not want this insurance. You do not have to take out payment protection insurance but you may want to buy it in certain circumstances. For more information, go to our website, **[www.itsyourmoney.ie](http://www.itsyourmoney.ie)**. Or, you can order or download our '**Payment protection insurance**' fact sheet.

## Rules that apply to insurance products and services

These rules apply to products and services such as car, home, travel, life, income protection and serious-illness insurance.

### **Firms must:**

- ✓ tell you how long their quote is valid for, and make sure you are aware of any special conditions or restrictions that apply to the cover they are offering you;
- ✓ explain clearly the restrictions, conditions and exclusions that apply to a serious-illness policy;
- ✓ for an income protection insurance policy, explain the meaning of disability, the benefits available under the policy and how your benefit will be reduced by payments from other sources, such as social welfare or sick pay;
- ✓ tell you about any discounts that apply or any extra premium being charged, when they give you a quote;
- ✓ tell you that your cover or any claim you make could be affected if you give incorrect or incomplete information when applying for cover;
- ✓ issue your policy document within 10 business days of providing you with cover;

- ✓ If you ask for it, give you a written reason for refusing to cover you for car insurance;
- ✓ have a written procedure in place for dealing with claims;
- ✓ help you if you need to make a claim, and let you know about any new issues which affect the outcome of your claim within 10 business days of knowing about them; and
- ✓ let you know their decision on your claim within 10 business days of making the decision. If the firm refuse to pay your claim, they must explain the reasons why, in writing.

## **Rules that apply to investment products**

These rules apply to investment products such as tracker bonds, long-term deposits and PRSAs.

### **Firms must:**

- ✓ give you a projection of the value, after tax, at the end of years 1, 2, 3, 4, 5, 10, 15 and 20 (if these apply), before they sell you the product;
- ✓ use realistic growth rates when producing a projection of the future values of the investment and make it clear that they are only estimates and are not guaranteed;

- ✓ give you a statement at least once a year showing the opening and closing balances, the lodgements and withdrawals made during the year, the total invested up to the date of the statement and, all the charges they have taken; and
- ✓ if they are selling you a tracker bond, give you a **'key features document'** setting out the important details about the product (including how the tracker bond works, where your investment goes, if and how you can get access to your investment, and any tax that applies).

**Firms must not:**

- ✗ recommend that you carry out a transaction that is not in your best interests, or do more transactions than are necessary.

# What are my responsibilities?

- You should **always give full and accurate information**. Be honest when filling in application forms and do not give any false details or leave out important information.

If you do give incorrect information when you are buying a product or service, you may have difficulties if you have a claim or want to make a complaint. Remember, the financial services firm must offer or recommend a product or service based on the information available to them at the time, so giving incomplete or false information could lead to you being offered or recommended something that is not suitable for you.

- **Read the terms and conditions of the product or service** carefully before you buy. It is important to read the 'small print' and make sure you know all the details of the product or service, such as what is covered and what is not, what charges may apply and so on.
- **Ask questions** if you do not fully understand the product or service being offered. Our information can help you understand financial products so that you can ask the right questions and make the right decisions for your needs.

- **Shop around** to make sure you get the best value on offer. Don't take the first product you see.
- Help **protect yourself against fraud** by being careful with documents that have your personal details on them, such as bank statements and bills. Keep your credit cards or debit cards in a safe place and don't write down your PIN (personal identification number) or carry it with your cards.
- Always **make sure you are dealing with a firm that is regulated**, so that you have some protection if things go wrong.



# What should I do if I am not satisfied with a firm's service?

If you are not satisfied with the way a firm has dealt with you, you should:

- explain the problem to the firm involved and go through their complaints procedure; and
- if you have followed the procedure and you are still not happy with the way the firm has handled your complaint, send your complaint to the relevant ombudsman.

## What is the role of the Financial Services Ombudsman and the Pensions Ombudsman?

The **Financial Services Ombudsman** deals with complaints against financial services firms, including financial advisors. It is independent of the Financial Regulator and the financial services industry, and the service is free.

The Financial Services Ombudsman looks at the evidence from you and from the firm involved, and takes account of all the relevant rules and laws, including the Consumer

Protection Code, if appropriate, before deciding on a solution. The Financial Services Ombudsman is independent and impartial.

By law, you and the firm you are complaining about must keep to the Financial Services Ombudsman's decision. However, either side can appeal against the decision to the High Court.

All financial services firms and financial advisors who are regulated by the Financial Regulator are covered by the ombudsman scheme. To check if the firm you are dealing with is regulated by us, call us on 1800 200 469. If the firm you are dealing with is not regulated by us, you may still be able to ask the Financial Services Ombudsman to investigate your complaint.

**The Financial Services Ombudsman can only deal with your complaint after you have tried to sort it out with your financial services firm.**

The **Pensions Ombudsman** investigates and decides on complaints and disputes involving occupational pension schemes and Personal Retirement Savings Accounts (PRSAs). He is completely independent and impartial.

For more information about referring your complaint to the Financial Services Ombudsman or the Pensions Ombudsman, go to **[www.itsyourmoney.ie](http://www.itsyourmoney.ie)**, download or order our fact sheet '**How to make a complaint**' or contact the relevant ombudsman directly.

## **Contact details:**

### **Financial Services Ombudsman's Bureau**

3rd Floor Lincoln House,  
Lincoln Place,  
Dublin 2.

Phone: 1890 88 20 90 or 01 662 0899

Email: [enquiries@financialombudsman.ie](mailto:enquiries@financialombudsman.ie)

Web: [www.financialombudsman.ie](http://www.financialombudsman.ie)

### **Office of the Pensions Ombudsman**

36 Upper Mount Street,  
Dublin 2.

Phone: 01 647 1650

Email: [info@pensionsombudsman.ie](mailto:info@pensionsombudsman.ie)

Web: [www.pensionsombudsman.ie](http://www.pensionsombudsman.ie)

## What is the role of the Financial Regulator?

We check that firms keep to the Consumer Protection Code and other relevant laws. If necessary, we take appropriate action to enforce the code. If you are concerned that a firm has broken the rules of the code, or if you have questions about the code, please contact us.

**We do not investigate individual complaints,** as that is the role of the Financial Services Ombudsman. However, information you give us can be important to help us monitor whether firms are treating their customers in a fair, honest and professional way. We cannot give out details of the outcome of any investigations we carry out.

The Financial Regulator has developed the code to protect you. Visit our website, **[www.itsyourmoney.ie](http://www.itsyourmoney.ie)** for more information on your rights.



# FINANCIAL REGULATOR

## *Rialtóir Airgeadais*

Nothing in this booklet is intended to be, or should be considered as:

- 1 an invitation, offer or incentive to you or any other person to enter into a financial arrangement;  
or
- 2 advice on, or a recommendation of, any particular product provider.

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# How to contact us...

## Phone In

consumer help-line,  
lo-call 1890 77 77 77

## Log In

[www.itsyourmoney.ie](http://www.itsyourmoney.ie)  
[consumerinfo@financialregulator.ie](mailto:consumerinfo@financialregulator.ie)

## Drop In

Information Centre,  
6-8 College Green, Dublin 2