

PCAs in Northern Ireland and comparisons to Great Britain

Introduction

1. This appendix performs two functions:
 - First, it details the PCAs currently offered to new customers, or closed to new customers but still used by existing customers, by the nine largest banks in Northern Ireland.
 - Second, it presents a comparison of the levels of fees and charging structures of the clearers, and some large banks based in Great Britain, in order to see if there are any clear differences in either the level of fees or the way in which customers are charged for their PCA between Great Britain and Northern Ireland.

PCAs in Northern Ireland

2. This section lists the different PCA products currently offered to new customers, or closed to new customers but still used by existing customers, by the nine largest banks in Northern Ireland.¹
3. The PCAs have been grouped by charging structure. We distinguish between four categories of PCAs:
 - (a) traditional PCAs, which have transaction and maintenance charges if customers go into authorized overdraft;
 - (b) fee-free PCAs which have no maintenance or transaction charges when the customer is in authorized overdraft;

¹We have excluded banks with a smaller share of the Northern Irish PCA market, such as HSBC, Co-operative Bank, cahoot, first direct, smile, and IF.

- (c) packaged accounts which have a monthly subscription but no transaction charges regardless of whether the account is overdrawn; and
- (d) other PCAs which are not fee-free, for example where a fixed monthly charge is made when the account goes into authorized overdraft but transaction charges are not levied.

4. Table 1 lists PCAs for the nine largest banks. We recognize that this simplifies the charging structures; there are other charges which are not listed, the ways in which charges are applied may differ between banks, and some accounts have exemptions for charges under certain conditions. We do not provide details of charges applied in relation to unauthorized overdrafts (see Appendix 4.6). Features and facilities will differ between accounts. The table indicates the PCAs where there are more than 10,000 customers in Northern Ireland.

TABLE 1 Summary of PCAs offered in Northern Ireland (for the nine largest providers) grouped by charging structures (as at September 2006)

Bank	Account name	Conditions eg minimum credit	Introduced/withdrawn	Monthly charge	Authorized o/d rate %	Unauthorized o/d rate %	Credit interest rate % (gross)	Transaction and/or maintenance charges if authorized overdraft	Exemptions to the banks normal charges on this account	>10,000 account holders
<i>(i) Traditional PCAs</i>										
Bol	Clear 1	£1,500/month credit	Since 2004		Base + 4	20.75	0	Yes	1-year fee-free, then £200 buffer	
Bol	Clear 2	£500/month credit	Since 2004		Base + 8	24.75	0	Yes	1-year fee-free	✓
Bol	Clear 3		Since 2004		Base + 14.75 [⌘]	31.75	0.1	Yes		
Bol	Traditional current account	Mandated salary	Withdrawn April 2004		Base + 14	30.75	0	Yes		✓
Bol	Advantage interest paying current account	Mandated salary	Withdrawn April 2004		Base + 14.75	31.5	0.1	Yes		✓
Bol	Student Current Account				0 Negotiable	12 Base+Agreed +12%	0.5 No	Yes Yes		✓ ✓
First Trust	Current Extra		Withdrawn before 1999		Base + 9.0	Base +21%	0.1	Yes		
Northern	Current account		Withdrawn Feb 2005		Negotiable (base +2.49 maximum)	14.75	0	Yes	Charge cap applies	✓

Bank	Account name	Conditions eg minimum credit	Introduced/withdrawn	Monthly charge	Authorized o/d rate %	Unauthorized o/d rate %	Credit interest rate % (gross)	Transaction and/or maintenance charges if authorized overdraft	Exemptions to charges	>10,000 account holders
<i>(ii) No fees for authorized overdrafts (fee-free PCAs)</i>										
Bol	Graduate account	Salary to be mandated. Register within 3 years of graduation, account applies for 2 years			0 (up to £1,000 limit)	12.0	0	No		
Bol	Student account	Student loan or parental contribution			0 (up to £1,000 limit)	12.0	0.5	No		✓
First Trust	Student + account	Students	Since Oct 2003		Free (up to £1,850)		No		Some ancillary charges exempt	
First Trust	Medical & dental student account	Students	Since 2001		Free (up to limit of £2,000)		No		Some ancillary charges exempt	
First Trust	Graduate account	Graduated in last 2 years	Since 2000		Free (up to limit of £1,000)		No		Some ancillary charges exempt	✓
First Trust	Legal Postgrad account	Students	Since Aug 2002		Free (up to limit of £1850)		No		Some ancillary charges exempt	
Northern	Current Account Plus		Feb 2005-April 2006		10.24	14.75	0.10		No dd/so charges	✓
Northern	Northern Choice		Since April 2006		7.24	14.75	2.00			✗
Northern	Northern Freedom	Must be 18-27 years of age	Since April 2006		0	15.31	2.00			✗
Northern	Student and Graduate accounts	Graduate account for 3 years	Withdrawn April 2006		0	15.31	0.10			✓
Ulster	Personal current account	(Was a traditional PCA until November 2005)			11.5	25.5	0			✓

<i>Bank</i>	<i>Account name</i>	<i>Conditions eg minimum credit</i>	<i>Introduced/ withdrawn</i>	<i>Monthly charge</i>	<i>Authorized o/d rate %</i>	<i>Unauthorized o/d rate %</i>	<i>Credit interest rate % (gross)</i>	<i>Transaction and/or maintenance charges if authorized overdraft</i>	<i>Exemptions to charges</i>	<i>>10,000 account holders</i>
Ulster	Current plus	(Was a traditional PCA until November 2005)			11.5	25.5	0.1			✓
Ulster	Student	Students, minimum course length 2 years			0	12.7	0			
Ulster	Graduate	Available for 1 year after graduation			0	12.7	0			
Abbey	Abbey account preferred in-credit	£1,000 credit per month			16.9	28.7	2.5 (6 for first 12 months on balance up to £1000)			✓
Abbey	Abbey account preferred overdraft	£1,000 credit a month			9.9	28.7	0.1			✓
Abbey	Abbey account (student)				0	28.7	1.5			
Abbey	Abbey account (graduate)				0	28.7	1.5			
Abbey	Abbey account (16–18)	One payment in per month			N/A	28.7	1.5			
Abbey	Instant plus account				N/A	28.7	0.1			
A&L	Premier Direct	£500 minimum monthly funding			0 for 12 months, 5.9 thereafter	5.9	Base less 1% (6.10 on balances up to £2,500 for first 12 months), Balances over £2,500 receive 0.1			
A&L	Premier	£500 minimum monthly funding			0 for 12 months, 7.9 thereafter	7.9	1.5 on balances up to £2,500. Balances over £2,500 receive 0.1			

<i>Bank</i>	<i>Account name</i>	<i>Conditions eg minimum credit</i>	<i>Introduced/ withdrawn</i>	<i>Monthly charge</i>	<i>Authorized o/d rate %</i>	<i>Unauthorized o/d rate %</i>	<i>Credit interest rate % (gross)</i>	<i>Transaction and/or maintenance charges if authorized overdraft</i>	<i>Exemptions to charges</i>	<i>>10,000 account holders</i>
Halifax	High interest current account	£1,000 a month funding			15.9	28.8	5.12 (on balances up to £2500)			
Halifax	Moneyback current account	£1,000 a month funding (to get 1% moneyback on debit card)			7.9	28.8	0.5			
Halifax	Current account	£1000 a month funding			13.9	28.8	2.50			✓
Halifax	Current account	Less than £1,000/month paid in			18.9	29.8	0.1			✓
Halifax	Student current account	Students			0	24.2	2.0			
Halifax	Extras	£1,000 a month funding (gives packaged benefits eg free travel insurance, discounts off other insurance)	Closed July 2003		12.9	28.8	1.5			
Halifax	Cardcash	Available to customers aged 16/17			No overdraft facility	No overdraft facility	1.50			
Halifax	Cardcash	Available to customers aged 18+	Withdrawn Jan 2005		No authorized overdraft facility	29.8	0			✓
Nationwide	Flexaccount				7.75	24.9	0.25–4.25 depending on amount credited a month			✓
The Woolwich	Current Account				15.6	27.5	0.1			✓

Bank	Account name	Conditions eg minimum credit	Introduced/withdrawn	Monthly charge	Authorized o/d rate %	Unauthorized o/d rate %	Credit interest rate % (gross)	Transaction and/or maintenance charges if authorized overdraft	Exemptions to charges	>10,000 account holders
<i>(iii) Packaged accounts</i>										
Northern	Northern Choice Plus		Since April 2006	£30/quarter	7.24	14.75	2.50			[X]
Northern	Northern Prestige		Since April 2006	£50/quarter	Negotiable (base + 2.49 maximum)	14.75	3.00			[X]
First Trust	Bonus			Monthly account maintenance only (£2/month if in credit, £8.50/month if overdrawn)	Base + 9	Base + 21%	0.1			
First Trust	Packaged account		Since Dec 2003	Monthly account maintenance (£8/month)	Base + 9	Base + 21%	1.25-2.05		£100 interest and fee-free overdraft buffer, no dd/so charges, no overdraft transaction fees.	
Ulster	U First		Since 2001	£7/month	9.3 (amounts over £250)	23.10	0.5-1.0		£250 overdraft buffer	✓
Ulster	U First Gold		Since 2004	£11/month	7.1 (amounts over £250)	20.6	1.5-2.0		£250 overdraft buffer	
<i>(iv) Fixed charge for authorized overdrafts</i>										
A&L	Current Account			£5/month if overdrawn	17.08	17.08	0	Monthly charge only		✓
A&L	Young Worker Current Account	Must be 16-21 years of age and minimum £100/month credit		£3/month if overdrawn		0	0.25	Monthly charge only		
Northern	Cheque-Master		Withdrawn Feb 2005	£7.50/month only if overdrawn	7.24	14.75	0.1	Monthly charge only		✓

<i>Bank</i>	<i>Account name</i>	<i>Conditions eg minimum credit</i>	<i>Introduced/ withdrawn</i>	<i>Monthly charge</i>	<i>Authorized o/d rate %</i>	<i>Unauthorized o/d rate %</i>	<i>Credit interest rate % (gross)</i>	<i>Transaction and/or maintenance charges if authorized overdraft</i>	<i>Exemptions to charges</i>	<i>>10,000 account holders</i>
Northern	Principal	By invitation only	Withdrawn April 2006	£7.50/month only if overdrawn	Negotiable (base + 2.49 maximum)	14.75	0.1	Monthly charge only		✓

Source: CC analysis.

Note: N/A = not applicable.

Comparison of Northern Ireland and Great Britain charges and interest rates

5. In this section we summarize the key differences between charges and interest rates in Northern Ireland and those on offer from some large banks based in Great Britain and from the non-clearers.² In making a comparison between the PCA markets in Northern Ireland and Great Britain, we are not assuming that the market for PCAs in Great Britain is a competitive or well-functioning market. However, the Great Britain PCA market makes an interesting comparison because both Great Britain and Northern Ireland operate under the same regulatory regime, and because a number of banks active in Northern Ireland are also active in Great Britain.³

6. There remains a distinct difference between the traditional PCAs operated by Bol, First Trust and Northern and the fee-free accounts offered by the large banks based in Great Britain, the non-clearers, Ulster, and Northern's new accounts.

7. Both the clearers and the large banks based in Great Britain tend to offer packaged accounts, whereas the non-clearers in general do not. Ulster, First Trust and Northern have accounts with monthly or quarterly subscriptions. Similarly Barclays (eg Additions, Additions Plus, and First Additions account), HSBC (eg Bank Account Plus), Lloyds TSB (eg Select, Select Plus accounts, Gold Service, Gold Service Plus, Platinum Current, Platinum Current Plus, Premier and Premier Plus accounts), and NatWest (eg Current Plus, Advantage Blue, and Advantage Gold accounts) offer packaged accounts.

Credit interest

8. There are similarities between the large banks based in Great Britain and the clearers (with the exception of Northern's new accounts) in terms of the low level of

²The five largest banks based in Great Britain are HBOS, RBS/NatWest, HSBC, Lloyds TSB and Barclays. HBOS has been included in the non-clearer grouping as it has a presence in Northern Ireland as Halifax. We therefore base our comparison with the remaining four largest banks (large banks based in Great Britain): Barclays, HSBC, Lloyds TSB and RBS/NatWest.

³For example, Ulster/RBS and the non-clearers operate in both Great Britain and Northern Ireland.

credit interest offered—see Tables 1 and 2. The differences with the non-clearers are visible in the provision of credit interest, although some PCAs have qualifying conditions to be eligible for higher rates of credit interest. The non-clearers often offer significant credit interest on PCAs, whereas the clearers tend to offer only nominal credit interest (less than 1 per cent).⁴

9. Table 2 shows the credit interest paid on non-packaged PCAs for the large banks based in Great Britain as well as the clearers and non-clearers. In general, the large banks based in Great Britain offer zero or very low credit interest, in common with the clearers in Northern Ireland, other than Northern on its new accounts. Table 2 assumes that all introductory offers (such as preferential rates of interest for the first 12 months by Abbey and A&L) have expired.

⁴Two exceptions are Northern's new PCA suite and Lloyds TSB which offer credit interest of 3.98 per cent on its 'Classic plus' account.

TABLE 2 Credit Interest on PCAs in Great Britain and Northern Ireland (September 2006)

<i>Bank</i>	<i>Account</i>	<i>Interest rate (gross) %</i>
<i>Clearers</i>		
Bol	Clear 1, Clear2, Traditional Current Account	0.00
Bol	Clear 3, Interest Paying Current Account	0.10
Bol	Student Account	0.50
First Trust	Packaged Account	1.25–2.05
First Trust	Bonus, Current Extra	0.10
First Trust	Current Account	0.00
Northern	Northern Choice, Northern Freedom	2.00
Northern	Northern Choice Plus	2.50
Northern	Northern Prestige	3.00
Northern	Chequemaster, CA Plus, Principal, Student and Graduate	0.10
Northern	Current Account,	0
Ulster	Current Plus Account	0.10
Ulster	Ufirst	0.50–1.00
Ulster	Ufirst Gold	1.5–2.0
Ulster	Current Account	0.00
<i>Non-clearers</i>		
Abbey	Preferred in credit	2.50
Abbey	Preferred overdraft	0.10
A&L	Premier direct	3.75
A&L	Premier current account (for account applications from 3 October 2005)	1.50–0.10
A&L	Current Account	0.00
A&L	Young Worker Account	0.25
Halifax	High interest current account	0.10–5.00
Halifax	Moneyback current account	0.50
Halifax	Current Account	0.10–2.50
Halifax	Extras	1.50
Nationwide	Flex account	0.25–4.25
Woolwich	Current Account	0.10
<i>Large banks based in Great Britain</i>		
Barclays	Bank account	0.10
Barclays	Additions	0.10
HSBC	Bank Account	0.10
HSBC	Bank Account Plus	2.47
HSBC	Premier	0.10–2.18
Lloyds TSB	Classic Account, Gold Service, Graduate Account	0.10
Lloyds TSB	Classic Plus, Gold Service Plus	3.93
Lloyds TSB	Graduate Gold	2.00
RBS	Royalties Premier	0.25–0.75
RBS	Royalties Gold	0.25
RBS	Royalties	0.20
RBS	Interest Paying Current Account	0.10
RBS	Graduate/Student Royalties	2.00
RBS	R21	2.25
NatWest	Current Plus	0.10
NatWest	Advantage Gold	0.25
NatWest	Advantage Gold	0.25

Source: CC analysis of published information.

Authorized overdraft charges

10. The traditional PCA currently offered by BoI, First Trust and Northern charge both transaction and maintenance charges when the account is operated in authorized overdraft. These charges are summarized below.

Authorized overdraft transaction charges

11. Table 3 shows the authorized overdraft transaction charges levied by BoI, First Trust and Northern. The charges apply to the traditional PCAs when a customer uses their authorized overdraft. The other banks do not have an equivalent charge.

TABLE 3 **Authorized overdraft transaction charges**

<i>Bank</i>	<i>Account</i>	<i>Charge</i>	<i>Amount £</i>
BoI	All accounts (Clear 1 customers will not incur transaction fees if they do not overdraw their account by more than £200)	Cheques, manual debit, standing orders	0.58
BoI	All accounts (Clear 1 customers will not incur transaction fees if they do not overdraw their account by more than £200)	PASS and Switch withdrawals, direct debits	0.43
First Trust	Current account/Current Extra account	Cheques/manual debit transactions, standing order debits	0.59
First Trust	Current account/Current Extra account	Automated debit transactions (online, telephone. Visa debit, direct debit, banklink withdrawals)	0.43
Northern	Current Account	Cash withdrawals at counter and cheques	0.58
Northern	Current Account	Direct debits, ATM withdrawals, telephone Internet banking payments, standing orders, maestro payments.	0.43

Source: CC analysis of published information.

Authorized overdraft maintenance charges

12. Table 4 shows the maintenance charges for the clearers which provide traditional PCAs. The other banks do not levy authorized overdraft maintenance charges.⁵

⁵With the exception of the A&L Current Account which charges £5 a month. This account is offered to those customers who cannot commit to a credit of £500 a month. The other A&L current accounts do not levy an authorized overdraft monthly charge.

TABLE 4 **Authorized overdraft maintenance charges**

<i>Bank</i>	<i>Account</i>	<i>Charge</i>	<i>Amount £</i>
Bol	All accounts	Account maintenance charge per quarter	8.00
First Trust	Current Account, Current Account Extra	Account maintenance charge per quarter	7.50
Northern	Cheque Master, Principal	Account maintenance charge per month	7.50
Northern	Current Account,	Account maintenance charge per quarter	7.50

Source: CC analysis of published information.

Overdraft arrangement charges

13. Table 5 shows the overdraft arrangement charges for Bol and First Trust. These two banks levy an annual charge to all PCA customers with an authorized overdraft. The remaining clearers, non-clearers and the large banks based in Great Britain either do not levy a charge or only do so when a high overdraft limit is requested (for example, over £7,500).

TABLE 5 **Authorized overdraft arrangement charges**

<i>Bank</i>	<i>Account</i>	<i>Charge</i>	<i>Amount</i>
Bol	All accounts (including Clear 1 overdrafts >£200)	Set up fee, and annual review fee	£25.00
First Trust	All accounts	Arrangement fee for borrowings: New overdraft, and renewal	1% of agreed facility (minimum £30)

Source: Bank websites accessed between 16 June and 7 July 2006.

Standing order and direct debit charges

14. Table 6 shows charges for setting up, amending or cancelling a standing order or direct debit. Only two banks, First Trust and Bol, apply these charges.

TABLE 6 **Standing order and direct debit charges**

<i>Bank</i>	<i>Account</i>	<i>Charge</i>	<i>Amount £</i>
Bol	All accounts	Direct debit set-up	4.50
Bol	All accounts	Direct debit cancellation	8.00
Bol	All accounts	Standing orders—manual payment	5.00
Bol	All accounts	Standing orders—set-up/amendment/cancellation	4.50
First Trust	Current Account, Current Extra, Bonus account	Direct debit set-up; standing order set-up/cancel/amendment	4.50

Source: CC analysis of published information.

ATM charges

15. We asked the banks to provide details of the charges they apply to their own customers for using an ATM outside the UK—see Table 7.

TABLE 7 Charges for using an ATM outside the UK

<i>Bank</i>	<i>Charges for using an ATM outside the UK</i>
Bol	Bol customers can not use their ATM card in ATMs abroad except the Republic of Ireland (at no additional charge).
First Trust	Currency conversion fee (2–2.75%) Cash handling fee (1–1.5% min £1) (Not applicable on Euro withdrawals)
Northern Ulster	3.5% (min £2.5 max £9) To withdraw cash abroad customers must apply for a Travel Cash Card (free). Transaction fee of 0.25%, processing fee 2.65% PLUS £2. Since May 2006, transaction fee waived
A&L Halifax	1.5% (£1.50 min) plus a 2.75% conversion fee £1.50 plus 2.75% commission
Nationwide	No charges
Barclays (Woolwich)	2% (£2 min) plus 2.5% charge included in sterling conversion
HSBC	1.5% (min £1.75)
Lloyds TSB	1.5% (min £2 max £4.50) £1 debit card fee 2.75% cash withdrawal fee
RBS/NatWest	2.65% exchange rate transaction fee 2.25% (max £4) ATM fee

Source: Bank responses to CC queries.

16. Almost all banks charge their customers for using ATMs abroad.⁶ There appears to be no clear difference in the level of charges applied by the clearers in comparison with the other banks surveyed. However, there is a difference in terms of the functionality offered by some of the clearers in comparison with the large banks based in Great Britain or to the non-clearers. Plans for changes in functionality are discussed in Appendix 4.9.

⁶Nationwide is the only exception: it levies no up-front fee for ATM withdrawals outside the UK.