

Information provided on monthly statements

Current practice

1. In late June 2005, the CC asked each of the six main store card providers whether or not the following information was included on store card statements:
 - APR;
 - estimated interest charges on outstanding debt when only minimum amount is repaid;
 - Wealth Warning;
 - level of insurance charges;
 - level of late payment and other charges; and
 - cancellation rights and methods.
2. In summary, the responses indicated that:
 - one of the providers stated the APR (and two others provided the monthly interest rate);
 - two stated the level of interest charged on outstanding debt when only the minimum amount was repaid, one giving a detailed explanation;
 - three included a Wealth Warning;
 - four included the levels of insurance charges;
 - only one routinely listed the levels of late payments or other charges, although most of the others indicated such charges could be payable in principle or showed the level if the charges had been applied. (Note: GECF told us, just before the publication of our provisional findings in September, that it too was now showing levels of late charges.); and
 - none of the providers included information on cancellation rights and methods, although at least one (Ikano) provided a telephone number for enquiries.
3. Two providers (Style and HSBC) effectively applied the APACS Best Practice Guidelines on monthly statements for credit card issuers; another [redacted] intended to apply these guidelines (see paragraph 4.19). Two others [redacted] also indicated they were reviewing the information carried on monthly statements.
4. The detailed responses are contained in Table 1.

TABLE 1 Responses to questionnaire

	<i>Arg Card Services</i>	<i>Creation</i>	<i>GECF</i>	<i>HSBC-John Lewis</i>	<i>HSBC-Marks & Spencer</i>	<i>HSBC-Harvey Nichols</i>	<i>Ikano</i>	<i>Style</i>
APR	No	No	No	Yes	Yes	Yes	No—but monthly interest rate shown	No—but monthly interest rates for different transactions
Estimated interest charges when only minimum amount is repaid	No	No	No	Yes*	Yes†	Yes‡	No	Yes
Wealth Warning	No	No	Yes§	Yes¶	Yes#	Yes~	No	Yes
Level of insurance charges	Yes (when charged)	No	Yes	N/A—no insurance offered with this card	Yes	Yes	No	Yes
Level of late payment and other charges	Yes (when charged)	No—although states that a charge will be made for late payments	Only shown when applied★	No (but plans to add APACS summary box by end of 2005)	Yes—on reverse of statement	Yes—on reverse of statement; charges (if made) stated on front of statement	No	Yes—in summary box on reverse of statement
Cancellation rights and methods	No	No	No	No	No	No	No	No

Source: CC Questionnaire (June 2005).

*With explanation on reverse of statement: 'The figure shown on your statement is an indication of the interest you will be charged on your next statement if you pay the minimum amount due and this reaches us on the due date. Please note the interest charged will differ from the figure shown if a change is made to either your interest rate, your statement date or if any other transactions are debited to your account on your next statement.'

†With explanation on reverse of statement 'Estimated interest shown overleaf is based on an amount which would be payable by you if you paid the minimum amount for the statement period and it reached us on the last day of payment.'

‡With explanation on reverse of statement: 'The figure shown on the front of your statement is an indication of the interest you will be charged on your next statement, if you pay the minimum amount due and this reached us by the due date. Please note the interest charged will differ from the figure shown if a change is made to your statement date or interest rate, if new transactions are made or fees are incurred.'

§GECF Wealth Warning as follows: 'Only ever making the minimum repayment will significantly increase the time taken to clear your balance and cost you more.'

¶HSBC-John Lewis Wealth Warning as follows: 'Only ever making the minimum payment will significantly increase the time taken to clear your balance and cost you more.'

#HSBC-Marks & Spencer Wealth Warning as follows: 'IMPORTANT. Only ever making the minimum repayment will significantly increase the time taken to clear your balance and cost you more. Please note if you do not pay your present balance in full, interest will continue to be charged on the total value of your statement, not just on the outstanding balance. Interest is charged daily and therefore the earlier we receive your payment the less interest you will be charged.'

~HSBC-Harvey Nichols Wealth Warning as follows: 'If you make only the minimum payment each month, it will take you longer and cost you more to clear your balance.'

★GECF told us, immediately before the publication of our provisional findings, that from mid-August, it was including the following information in relation to late payment fees on its monthly card statements: 'As part of our commitment to make our business as transparent to our customers as possible, we wish to remind all of our customers about fees and charges. Please ensure that you at least make the minimum payment by the due date shown on your statement otherwise a late fee of £15 can be applied to the account to cover administration costs. This will be shown clearly on your statement. If you have any questions about this or any other part of your account just call the customer services number on this statement.'

Recommendations for information on monthly statements

- Table 2 charts the likely impact of proposed new laws and voluntary regulations on post-contractual information for store cards.

TABLE 2 Likely impact of proposed legislation and recommendations

<i>Information on statements</i>	<i>Consumer Credit Bill</i>	<i>OFT's recommendations</i>	<i>APACS (voluntary; for credit cards)</i>
APR	No	Yes	No*
Estimated interest charges on outstanding debt when only minimum amount is repaid	No	No	No†
Wealth Warning	Yes	Yes	No‡
Level of insurance charges	No	No	Yes
Level of late payment and other charges	No	Yes	Yes
Cancellation rights and methods	No	No	No

Source: [CC from information supplied by DTI, OFT and APACS]

*This is not part of the APACS Best Practice Guidelines for the information that should be in a Summary Box on credit cardholder statements; however, it is part of the requirement of *The Banking Code* which (almost) all credit card providers have signed.

†The APACS Guidelines require that information on interest charging is provided on statements. This is information on the dates between which interest is charged for different product features (eg, purchases, cash advances and balance transfer).

‡The requirement for a Wealth Warning is part of a separate APACS Guideline, which is also now encompassed within *The Banking Code*.