



Cape House, Westend Office Park, Snugborough Road, Blanchardstown, Dublin 15, D15 Y9DV  
Telephone: +353 1 811 2300

Credit Authorisations Team  
Consumer Protection: Credit & Lending Division  
Central Bank of Ireland

By email only: [codereview@centralbank.ie](mailto:codereview@centralbank.ie)

07 June 2024

**Response to CP158 – Consultation Paper on the Consumer Protection Code**

Dear Sir/Madam

Shop Direct Ireland Ltd (“SDI”), trading as Very, welcomes the opportunity to respond to the review of the Consumer Protection Code, and to the proposals and draft regulations set out in CP158.

As the Central Bank is aware, SDI is regulated as a High-Cost Credit Provider operating as an online, digital integrated credit provider and retailer supported by a contact centre. It provides running account credit purely to facilitate the purchase of retail goods from its own online store, within an integrated business model. It does not provide credit in cash form for the purchase of goods or services from anyone other than SDI. Additionally, high-cost credit is only part of its business, with retailing activities also forming a substantial part through the sale of goods to consumers who purchase from SDI without opening a credit account, using debit or credit cards.

SDI has responded in detail to some of the relevant questions in the Consultation Paper outlined in the attached appendix but at a general level we wish to reiterate our concerns on one particular aspect of the Consultation Paper, namely the proposed segregation of regulated and unregulated activity given the nuanced model of SDI’s business as a fully integrated credit and retail provider, thereby not fitting directly into the traditional High-Cost Credit Provider (previously moneylender) mould. As a business, we have serious concerns about the proposals in Regulation 73 of Part 2 – Information about Regulatory Status and would ask that the CBI give due consideration to the alternative option we have proposed in our response – namely a wording change to the Regulatory Disclosure rather than a full segregation. We would be happy to engage directly with the CBI on this matter.

Yours faithfully

A handwritten signature in black ink, appearing to read 'John Goodwin', with a horizontal line extending to the right.

John Goodwin  
Finance Director, SDI

**Shop Direct Ireland Limited**



Cape House, Westend Office Park, Snugborough Road, Blanchardstown, Dublin 15, D15 Y9DV

Telephone: +353 1 811 2300

## CONSUMER PROTECTION CODE CONSULTATION PAPER CP158 RESPONSE BY SHOP DIRECT IRELAND LIMITED, TRADING AS VERY JUNE 2024

### Chapter 2: Principal Policy Proposals

#### Section 2.1 Securing Customers' Interests:

#### Do you have any comments on the Securing Customers' Interests Standard for Business, Supporting Standards for Business or the draft Guidance on Securing Customers' Interests set out in Annex 5?

SDI welcomes the introduction of Securing Customers' Interests Standards for Business and the supporting guidance documentation. SDI recognises the alignment of Securing Customers' Interests with the requirements of the Conduct Standards as set out in the Individual Accountability Framework and believes that the Guidance on Securing Customers' Interests and the examples as set out will also help firms to understand what is expected of them.

SDI also welcomes the reiteration that proportionality continues to be at the heart of the Code's approach to consumer protection and in particular notes from the Guidance on Securing Customers' Interests at **Section 1.4 Proportionality** that "*consumer protection requirements should be proportionate in terms of achieving the outcome sought without being unduly burdensome or costly*". In this context, SDI has concerns about the proposals to segregate its regulated activity from its unregulated activity on its website, business stationery and in its communications with customers given the integrated business model it operates. While these concerns are addressed in more detail later in this consultation response, SDI wishes to highlight here that **Section 2.7 Unregulated Activities of Regulated Firms** in the Guidance on Securing Customers' Interests "*... firms are required to take appropriate steps to mitigate the risk that a customer will understand an activity to be, or to carry the protections of, a regulated activity where this is not the case*", may best be served by amending the wording of the Regulatory Disclosure so that it can be used across an integrated business model such as SDI's without the need to completely separate its website which would involve significant cost and could be detrimental to its business

#### Section 2.2 Digitalisation:

#### Do you have any comments on the proposed Code enhancements with regard to digitalisation?

SDI believes that the proposed "Pause Statement" in regulation 43 (1) & (2) in its current format could cause unnecessary customer delays in availing of the credit product requested by them.

## Shop Direct Ireland Limited

Registered Office: Cape House, Westend Office Park, Snugborough Road, Blanchardstown, Dublin, D15 Y9DV.

Reg No. 106058. Vat no. 4799561M

Directors: R. Butler, J. Goodwin, T. Franklin (British)

Shop Direct Ireland Limited trading as Very is regulated by the Central Bank of Ireland.



Cape House, Westend Office Park, Snugborough Road, Blanchardstown, Dublin 15, D15 Y9DV

Telephone: +353 1 811 2300

In practice, SDI’s model is that customers shop online on SDI’s own website and may decide to apply online for a credit limit to allow them to purchase the goods on credit. If the “Pause Statement” in its current format is used when the customer hits the button to apply for the credit, the wording suggests that the customer is automatically going to be approved for that credit limit -“*You are about to enter into a financial contract. Think carefully about whether this financial service is right for you*”, whereas the contract doesn’t become effective until after credit assessment is carried out and the customer accepts same. Regulation 43 (2) stipules that “*A regulated financial service provider shall not agree to provide the financial service until the consumer has acknowledged the warning*”. The proposed delay whereby the customer must acknowledge that they are entering a contract, would mean that customers may not be able to shop at the time of their choosing, should they wish to shop on credit given that the approval of the credit limit could take longer. SDI therefore suggests amending this wording to “*You are about to apply for a financial contract. Think carefully about whether this financial service is right for you*”.

SDI also believes that the proposal to notify customers of the upcoming expiry of the cooling off period under Regulation 45, *A regulated financial service provider that has provided a financial service to a consumer by means of a digital platform, to which a right of withdrawal (a ‘cooling off’) period applies, shall contact a consumer at least 3 working days, but no more than 7 working days, prior to the expiry of the withdrawal period, to remind the consumer of the consumer’s right of withdrawal, the date on which this right expires, and how the consumer can exercise this right*”, would be duplicating the provision of this information to customers as the details of the Right to Withdraw and how to do so are clearly called out in SDI’s Credit Agreement that the customer receives upon being approved for a credit limit. Duplicating this information could be deemed to be information overload given the extent of information that already must be provided to customers when availing of financial services and could have the opposite effect of confusing them.

SDI is also mindful that its average credit limit is c. €500 and so the provision of this repeat information does not appear to lend itself to proportionality relative to the size of the credit limits being availed of by SDI’s customers, compared to more sizeable financial products such as personal loans or mortgages for example. SDI therefore suggests that this provision be removed, at least for High-Cost Credit Providers.

**Section 2.5 Unregulated Activities:**

**Are there other actions that firms could take to ensure that customers understand the status of unregulated products and services and the potential impact for consumers?**

SDI believes that the regulations as set out suggest that its website, business stationary and electronic communications with its customers would have to be effectively separated out into two distinct businesses to reflect regulated and unregulated activity. This would be detrimental to its business model, which is an integrated retail and financial service offering, and have serious implications to

## Shop Direct Ireland Limited

Registered Office: Cape House, Westend Office Park, Snugborough Road, Blanchardstown, Dublin, D15 Y9DV.

Reg No. 106058. Vat no. 4799561M

Directors: R. Butler, J. Goodwin, T. Franklin (British)

Shop Direct Ireland Limited trading as Very is regulated by the Central Bank of Ireland.



Cape House, Westend Office Park, Snugborough Road, Blanchardstown, Dublin 15, D15 Y9DV

Telephone: +353 1 811 2300

	<p>its ongoing viability.</p> <p>While SDI is regulated as a High-Cost Credit Provider, it is not a “traditional” High-Cost Credit Provider that provides cash loans. SDI’s credit offering is simply a credit limit to allow customers purchase goods directly from its own online store. The credit cannot be used elsewhere.</p> <p>As set out in SDI’s submission to CP118 in June 2018, the integrated nature of SDI’s model means that there is no clear division between its regulated financial services activities and its non-regulated retail activities, so it is impractical for it to have entirely separate sections of its website, as envisaged by Regulation 73(1) – (3). Similarly, distinguishing between regulated and non-regulated activities for the purposes of the regulatory disclosure statement is not clear cut in such an integrated business model. SDI fully recognises the requirement for transparency as to the nature of its activities, and for avoiding consumer confusion as to the nature of its products and services but would ask that this is recognised in Regulation 73. Indeed, as drafted Regulation 73(3) in particular would suggest that regulatory disclosure is not required unless the relevant activities are solely moneylending, and therefore in an integrated model such as SDI’s, entailing a mix of retail and financial services, disclosure should not be made.</p> <p>SDI suggests that this could be addressed if the Central Bank of Ireland could confirm in its response, or by amending regulation 73, that in the context of a business which consists of an integrated high-cost credit and retail activity, regulation 73 does not require a complete separation of activities, and that when high-cost credit and retail activity are presented together and in association with each other, the use of the disclosure statement will not breach regulation 73.</p> <p>An alternative option could be to amend the wording in the regulatory disclosure to be clearer about what regulated activity actually means e.g., “SDI trading as Very is regulated by the Central Bank of Ireland in relation to the provision of credit limits. Where retail products are not bought using SDI’s approved credit limit, regulatory requirements in relation to credit limits do not apply”, or words to that effect.</p>
<p><b>Section 2.6 Frauds and Scams:</b></p>	
<p><b>What other initiatives might the Central Bank and other State agencies consider to collectively protect consumers from financial abuse including frauds and scams?</b></p>	
	<p>SDI believes that most regulated firms and industry representative groups already make very good efforts to keep customers informed about potential scams and the supports that are in place to help protect them and advise them what to do if they are impacted by a scam. The CCPC and BPFi are very prominent in this space already. SDI does therefore not believe that there are other initiatives required at this time.</p>

## Shop Direct Ireland Limited

Registered Office: Cape House, Westend Office Park, Snugborough Road, Blanchardstown, Dublin, D15 Y9DV.

Reg No. 106058. Vat no. 4799561M

Directors: R. Butler, J. Goodwin, T. Franklin (British)

Shop Direct Ireland Limited trading as Very is regulated by the Central Bank of Ireland.



Cape House, Westend Office Park, Snugborough Road, Blanchardstown, Dublin 15, D15 Y9DV

Telephone: +353 1 811 2300

	<p>As a business, SDI's Cyber Security team is constantly reviewing security measures to ensure protection of its customers' data is at the forefront of its operations. SDI also provides its customers with video tutorials, FAQs, and a customer care support team to help educate them on the pitfalls of cyber-crime and offer help and support.</p> <p>The provision of key information and awareness needs to be balanced with the risk that information overload can cause fear and anxiety amongst customers and frighten customers away from using financial products which is not the intention.</p>
--	---

**Section 2.7 Protecting Consumers in Vulnerable Circumstances:**

**What are your views on the proposed amendments to the Consumer Protection Code in relation to consumers in vulnerable circumstances? Do you have any comments on the draft Guidance on Protecting Consumers in Vulnerable Circumstances?**

	<p>As with other aspects of the Code, reasonable steps and proportionality are also welcome in this area.</p> <p>However, it is not clear from the Guidance on Protecting Consumers in Vulnerable Circumstances when/how firms are expected to advise customers that they have the option to appoint a Trusted Contact Person and clarification on this would be welcome as it would entail process and operational changes to communications with and information provided to customers. There also appears to be significant information around the context of appointing a Trusted Contact Person and what can/cannot be discussed with that person and guidance on how this should be communicated to customers should also be provided.</p> <p>Furthermore, the range of topics on which it appears a firm can/should engage with a nominated Trusted Contact Person as set out in Regulation 35 (1) (a-c) does appear to touch on sensitive personal data e.g. 35 (1) (b) (ii) <i>the consumer's health status</i>, and firms are likely to be concerned about broaching this subject with a Trusted Contact Person for fear of offending a customer and possibly causing a data breach bearing in mind GDPR concerns.</p> <p>It is therefore difficult to see how this model would work in practice and more detailed guidance on this would be welcome if this Regulation is to remain.</p> <p>As regards Regulation 37 regarding <i>Disclosure by consumers of sensitive information</i>, SDI also has concerns around a firm's ability to demonstrate compliance with the whole area of Vulnerable Customers in instances where consumers may not "<i>consent to the recording of the information</i>". While firms may have policies, procedures, and training for its staff on how to recognise when a customer might be deemed to be vulnerable, if a customer does not give permission for that vulnerability to be recorded, how are firms expected to demonstrate that they have recognised a possible vulnerability? Specific guidance on this would be welcome.</p>
--	---

## Shop Direct Ireland Limited

Registered Office: Cape House, Westend Office Park, Snugborough Road, Blanchardstown, Dublin, D15 Y9DV.

Reg No. 106058. Vat no. 4799561M

Directors: R. Butler, J. Goodwin, T. Franklin (British)

Shop Direct Ireland Limited trading as Very is regulated by the Central Bank of Ireland.



Cape House, Westend Office Park, Snugborough Road, Blanchardstown, Dublin 15, D15 Y9DV  
Telephone: +353 1 811 2300

<b>Is the role of the trusted contact person clear? What more could a Trusted Contact Person do?</b>	
	See above comments also. SDI does not believe the role, or concept of a Trusted Contact Person is sufficiently clear noting process and GDPR concerns that firms and customers will likely experience in implementing this in practice.
<b>Chapter 3 Additional Policy Proposals:</b>	
<b>Section 3.1 Consumer Credit:</b>	
<b>Are there other protections within the General Requirements under the revised Code that we should apply to High-Cost Credit Providers?</b>	
	SDI does not consider that there are other protections within the revised Code that should apply to High-Cost Credit Providers. SDI welcomes the reiteration by the CBI that a risk-based approach to consumer protection and regulatory matters remains at the forefront of the revision of the Code. As SDI provides low value loans and is considered low risk from an AML point of view, proportionality remains key to the elements of the revised Code that should apply to High-Cost Credit Providers.
<b>Section 3.5 Miscellaneous Enhancements:</b>	
<b>Handling of Errors and Complaints</b>	
<b>Do you have any comments on the proposed revised requirements for handling of errors or complaints?</b>	
	<p>Transparency for error and complaints handling is imperative to good customer outcomes and SDI believes the requirements of the code reflect this. However, a clear definition of “<i>errors that affect consumers</i>” in the context of the provision of high-cost credit would we welcome.</p> <p>Operational errors in relation to logistics for retail product delivery for example are a regular occurrence and are dealt with instantly. However, if the customer happens to be a high-cost credit customer, does this operational error need to be logged on the proposed Error Log even though the error may not have affected the credit account? SDI would suggest that these types of errors do not need to be logged on such an Error Log but would welcome clarification on this point. SDI’s Risk Management Framework records Risk Events and while much of the detail set out in Chapter 11 is recorded, any requirement to implement a new Error Logging system would require significant cost.</p> <p>Another consideration would be in relation to a possible duplication of recording. If, for example, an error results in a customer(s) complaint, the complaint is logged on the Complaints Log. Does the introduction of the proposed Errors Log, mean that much of the detail will need to be effectively logged twice? This would create what would appear to be an unnecessary administrative burden when the most important thing is that the event and complaint are dealt with appropriately from a customer point of view. Further clarification on this would be welcome.</p>

## Shop Direct Ireland Limited

Registered Office: Cape House, Westend Office Park, Snugborough Road, Blanchardstown, Dublin, D15 Y9DV.

Reg No. 106058. Vat no. 4799561M

Directors: R. Butler, J. Goodwin, T. Franklin (British)

Shop Direct Ireland Limited trading as Very is regulated by the Central Bank of Ireland.



Cape House, Westend Office Park, Snugborough Road, Blanchardstown, Dublin 15, D15 Y9DV  
 Telephone: +353 1 811 2300

**Record Keeping by Firms**

**Do you have any comments on the proposed changes to the record keeping requirements?**

SDI would like clarification on what “consumers who do not become a formal client of the firm” means in practice.

In SDI’s business model, once a consumer is approved for a credit limit, and accepts the credit agreement, they are deemed to be a customer, regardless of whether they go on to use that credit limit or not (they may decide for example to shop on a non-credit basis, notwithstanding the provision of the approved credit limit). Also, as the credit limit is a running account, there is no end date on it.

For consumers who apply for a credit limit and are declined following credit assessment and do therefore not go on to have a credit limit, affordability data is used to build predictive credit risk models and analyse new models versus old models over a period. The proposed deletion period of 12 months as set out in Regulation 119 (2) would not allow reliable credit risk modelling which is crucial to maintaining a robust debtor book and effective lending policies and practices and good customer outcomes. If SDI must build a separate deletion programme for this cohort of consumers, this will entail significant programme and process change, resource and budget and does not appear to be in the spirit of proportionality as referenced earlier in this submission in terms of being “unduly burdensome or costly”.

**General**

**Do you have any views on our analysis of the costs associated with the implementation of the proposals set out in this consultation paper?**

SDI has serious concerns around some of the proposed regulations as set out in the Consultation Paper as referenced above. While the CBI has stated that it believes the benefits far outweigh the costs and that “... that those costs are already implicit in the framework and should not be additionally significant”, SDI does not agree with that sentiment.

As referenced throughout this submission, there are elements of the revised Code that will be new for SDI in its capacity as a High-Cost Credit Provider coming under the remit of the Code for the first time, notably:

- The proposals to segregate its website, stationery, and communications between regulated and non-regulated activity.
- The possible requirement to build a new Error Logging system.
- The possible requirement to build a new data deletion programme.

Each of the above, together with the proposed amendments to other elements of the Code will mean a significant spend for SDI from an IT investment alone, notwithstanding the resource and training costs that go alongside this. The proposed segregation of the website alone would likely run into

**Shop Direct Ireland Limited**

Registered Office: Cape House, Westend Office Park, Snugborough Road, Blanchardstown, Dublin, D15 Y9DV.

Reg No. 106058. Vat no. 4799561M

Directors: R. Butler, J. Goodwin, T. Franklin (British)

Shop Direct Ireland Limited trading as Very is regulated by the Central Bank of Ireland.



Cape House, Westend Office Park, Snugborough Road, Blanchardstown, Dublin 15, D15 Y9DV

Telephone: +353 1 811 2300

	millions of euros and given the size of SDI's business this would be detrimental to it.
<b>What are your views on the proposal for a 12-month implementation period? Should some proposals be implemented sooner?</b>	
	SDI believes it could be more difficult for firms to implement requirements on a phased basis due to resource and budget restrictions. Therefore, SDI considers that full implementation should occur at the one time. The added complexity of aging systems that require significant IT development and testing means that a minimum of 12 months implementation would be needed for most of the proposed changes. However, as referenced in other responses within this submission, some of the proposals require significant IT & resource investment and if those proposals remain as they are currently proposed, SDI will require a minimum of 18 months to budget, plan, scope & resource such changes.

## Shop Direct Ireland Limited

Registered Office: Cape House, Westend Office Park, Snugborough Road, Blanchardstown, Dublin, D15 Y9DV.

Reg No. 106058. Vat no. 4799561M

Directors: R. Butler, J. Goodwin, T. Franklin (British)

Shop Direct Ireland Limited trading as Very is regulated by the Central Bank of Ireland.