



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

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Mr John McGuinness
Chairman
Joint Committee on Finance, Public
Expenditure and Reform, and Taoiseach
Leinster House
Dublin 2

19 December 2016

RE: Royal Bank of Scotland (RBS) and Ulster Bank Ireland DAC (Ulster Bank)

Dear Mr McGuinness

I refer to the letter of 7 December 2016, regarding the above. I appreciate the concerns raised by the Committee regarding how customers of Ulster Bank may have been treated. Clearly any circumstance where customers may not have been treated in a way which was in compliance with any relevant consumer protection requirements would be of concern to the Central Bank.

Our supervisory response to any such concern is determined by the nature of the issues and also the impact on customers. I can confirm to you that the Central Bank has been engaging with Ulster Bank in relation to this matter. However, as you may be aware, due to the



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confidentiality requirements imposed by domestic and EU legislation, which provides for confidentiality of information relating to ongoing supervision and limits disclosure to circumstances specifically provided for in Section 33AK of the Central Bank Act 1942, we are not in a position to provide details of our supervisory engagement with regulated entities.

As part of the framework to protect SME customers of banks the Central Bank has, since 2009, imposed a code of conduct on lenders which sets out requirements as to how they are to treat SME customers who may be in financial distress. This code requires lenders to give SME borrowers reasonable time to resolve their arrears problem and lenders must endeavour to agree an approach which will assist the borrower to resolve their issues. A process for handling complaints from SME customers is also prescribed in the recently enhanced SME Regulations. If, following the formal complaints process, customers are not satisfied with the outcome of the investigation, the matter may also be referred to the Financial Services Ombudsman (FSO), which is the relevant independent body for investigating individual complaints. (The borrower's ability to do so will depend on whether inter alia the borrower falls within the scope of the class of persons who can make complaints to the FSO)

In addition, I would draw the Committee's attention to RBS' public statement that *"For SME customers of Ulster Bank in the Republic of Ireland that were in GRG during the period 2008-2013, we are working to see how we can apply the same support where appropriate. SME customers of Ulster Bank in the Republic of Ireland can contact the GRG Customer Helpdesk if they have any queries"* and attach a copy of the RBS announcement in this regard.

While the Central Bank does not have a statutory remit to investigate individual complaints of customers of financial services, we do accept information from consumers of financial services in the context of our ongoing supervisory activity. In this regard, if there is information that the Committee wishes to bring to our attention, I would be happy to accept and consider it in the context of our supervisory activity, as referenced above.

Yours sincerely

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.