



The Money Charity Response - Open Banking VRP Proposition Paper (December 2020)

The Money Charity is a financial capability charity whose vision is to empower people across the UK to build the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives, helping them achieve their goals and live a happier, more positive life as a result.¹

We welcome the opportunity to respond to the Open Banking VRP Proposition Consultation Paper (9 November 2020).

The Money Charity welcomes Open Banking and looks forward to the emergence of a range of new consumer propositions. We see considerable opportunities for OB to improve financial capability, for example via analytics, budget support, the optimisation of consumer decisions, automation etc. At the same time there are certain risks, old and new, which the regulatory authorities should try to design out of the system as far as possible.

We wish to comment on two areas of risk addressed by the VRP Consultation Paper: consumer protection and the consumer journey.

¹ See box on back page.

1. Consumer protection

The Consultation Paper refers to consumer protection being “guided under the FCA’s Principles for Business” (page 9). In our view, this is not sufficient by itself, as the FCA’s principles are high-level and permit a wide range of interpretations, for example around the phrase “due regard to the interests of its customers” (Principle 6). We would prefer that OB adopts clear rules to cover all the key consumer protection points around VRPs. Ultimately this is more efficient, as firms will be clear exactly what they can and cannot do and need not waste time testing the limits.

As OB propositions develop, we will need to decide what to say about them and whether to recommend them² when they come up in our financial capability workshops and publications. Making sure that key issues in consumer protection are covered is central to making a proposition “recommendable”.

We have concerns about potential loss of control by consumers of their permissions and data. We would like to see clear rules and technical systems to make sure that:

- A customer VRP permission is limited to the specific permission they have been asked to authorise.
- The terms of the permission are completely clear to the consumer.
- The permission is easily reversible or amendable.
- The consumer’s data are not on-sold.
- The consumer retains practical control of their data along sub-contracting and commercial chains.

In the world of Internet commerce, data are becoming the “new gold”. The temptation to monetise and/or misuse data is strong and regulators need to think carefully about how this valuable resource is managed in a way that is fair to all parties, especially to the consumer who is the ultimate source of the data.

The problems that arose a few years ago³ with continuous payment authorities (CPAs) illustrate the sort of permission risk that may arise with VRPs: consumers found their accounts being “swept” by certain creditors, who were in effect prioritising the repayment of their particular debt over all other calls on the consumer’s money including essential living expenses. Consumers found CPAs difficult to cancel. The FCA tightened the rules, but CPAs remain a powerful method (more so than DDs) for creditors to extract money from customer accounts.

² We are speaking here not about individual brands, but about generic OB VRP and other OB propositions.

³ <https://www.fca.org.uk/news/news-stories/continuous-payment-authorities-it-your-right-cancel>

It has been reported by the *Times* newspaper that this account sweeping behaviour has already happened with at least one FS provider using Open Banking.⁴ The problem with this behaviour is not only that it should not have happened, but that it damages the reputation of Open Banking before many consumers have even tried it.

The OB paper says that the purpose of VRPs is to “empower consumers” (page 3). This principle of consumer empowerment should guide the way the rules are written.

2. The customer journey

Two points on the customer journey, again from our financial capability point of view:

2a. In its current form (Consultation Paper page 14) the wireframe looks difficult to us, containing jargon, acronyms and long sentences. For example, “Mobile Telecom Co needs your permission to set up VRP with your ASPSP to make variable payments within the consent parameters you have agreed below.” (Third screen on wireframe)

We realise this may be draft wording, but we think it is essential the customer journey be thoroughly tested with real consumers, including people who are less digitally savvy, so the journey is clear and expressed as far as possible in the language consumers themselves use and in the order that seems logical to consumers.

2b. We think the presentation of the VRP journey may lead to confusion between the contract price and the VRP parameters. For example, the monthly contract may be £72 but the consumer may be asked to sign a VRP consent for any value between £50 and £100, so may be left confused as to what they have agreed to.

Again, we recommend that these presentations be thoroughly tested to find a form that consumers understand clearly.

⁴ <https://www.thetimes.co.uk/article/loans-firm-emptied-my-accounts-n8t7h7q5t?shareToken=0c39f1a0df6809057f54e03df72e7934>

The Money Charity is the UK's financial capability charity providing education, information, advice and guidance to all.

We believe that everyone achieves financial wellbeing by managing money well. We empower people across the UK to build the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives, helping them achieve their goals and live a happier, more positive life as a result.

We do this by developing and delivering products and services which provide education, information and advice on money matters for those in the workplace, in our communities, and in education, as well as through influencing and supporting others to promote financial capability and financial wellbeing through consultancy, policy, research and media work.

We have a 'can-do' attitude, finding solutions to meet the needs of our clients, partners, funders and stakeholders.

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