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28 January 2020

Dear,

We are writing to you to understand more about your new overdraft pricing and the measures you have in place to help customers who may be adversely impacted by the changes you are making to this pricing. This letter asks you to provide more information on both points.

The FCA's new rules on overdraft pricing, set out in our Policy Statement PS 19/16, come into force on the 6th of April 2020 (and the repeat use rules came into force on 18th December 2019). Our package of remedies will make overdraft pricing simpler, fairer and easier to manage. We expect that the changes will result in a fairer distribution of charges, particularly benefitting vulnerable consumers, who are disproportionately hit by high unarranged overdraft charges.

We wish to underscore that our rules require you to take measures to help and support those customers who are worse off because of these changes. This is important for all customers and particularly those who are or may be vulnerable.

Operationally, you will need to ensure you are able to support all customers with the changes now and once the rules are in place.

We appreciate your constructive engagement throughout the implementation period, we would now be grateful for the following information. Could you please provide:

- A summary of how you arrived at your new overdrafts rate(s). This should include:
 - Which internal factors were considered in setting your new overdraft rate(s)
 - Which external factors were considered in setting your new overdraft rate(s)
 - How these factors were taken into account in setting your new overdraft rates
 - A timeline of key decisions, particularly, any points where you substantively revised your rates
 - A summary of decision-making executive meetings where setting your new overdrafts rate(s) has been discussed and, where available, minutes of those meetings. This should include attendance lists.
 - Any pricing paper proposals that you put to your decision-making committee
- A summary of your approach to dealing with customers who will be worse off following your pricing changes and the measures you are taking to support them. We would like further information on the number of consumers who will be worse off due to a change in their overdraft rate and your strategy for communicating with them and supporting them to deal with this change.

You have previously provided us with your initial strategy for repeat overdraft users, these are customers whose overdraft use indicates that they are experiencing or at risk of financial difficulties.

For the avoidance of doubt, we note that we are requesting the material above voluntarily.

We would be grateful if you could provide us with a response by 10 February 2020. Please could you reply to Sheldon Mills and David Geale directly.

We may wish to meet with you following receipt of this information to discuss in further detail, and we will be in touch shortly to organise this where needed.

Yours sincerely,

Sheldon Mills

David Geale

Director of Competition

Director of Retail Banking Supervision