

Undertaking

Introduction

As a qualifying body, the FSA can challenge firms using terms which it views as unfair under the Unfair Terms in Consumer Contracts Regulations 1999 (the Regulations). The FSA has been reviewing contract terms which have been referred to us by consumers, enforcement bodies and consumer organisations. This has led to the following firms undertaking not to use terms which may be considered unfair.

We have a duty under the Regulations to notify the Office of Fair Trading (OFT) of the undertakings we receive. The OFT has a duty to publish details of these undertakings. The OFT does so on its Consumer Regulation Website. The FSA policy is to publish details of the undertakings and the undertakings on its website. Both publications will name the firms and identify the specific term and the part of the Regulations, which relate to the term's fairness.

In general, firms should regularly assess whether their terms and conditions in consumer contracts meet the standards of fairness set out in the Regulations and consider what steps they need to take to comply with the Regulations.

Please be aware that the publication of the undertakings may attract more consumer complaints both to the FSA and direct to firms, which will need to be addressed. We encourage firms to consider the undertakings that the FSA publishes in the review of their terms and conditions.

Skipton Building Society undertaking

Name of business	Skipton Building Society	Lead organisation	FSA
Trading sector	Building Society investment account	Contract identifier	Investment account – Terms and conditions
Original term	Application of the Regulations (Schedule 2 paragraph or as indicated)	How changed	New term
14	<p>The term may impose personal liability on consumers for loss of money from their investment accounts due to fraud, even if the building society has been negligent in its security procedures.</p> <p>It appears to breach 1(b) as it inappropriately excludes consumers' legal rights where the building society gives inadequate performance.</p>	<p>Term amended so that the consumer is not liable for any loss due to fraud caused by the building society's negligence. The consumer needs to notify the building society of any fraud only when he should reasonably have discovered it.</p> <p>The new term reads 'You will be responsible for any withdrawals from the account to which the Account Document relates unless you have previously notified the Society promptly of the loss or theft of the Account document</p>	14

		after you discovered it or should reasonably have discovered it or the withdrawal is effected due to the negligence of the Society to such extent as that negligence causes financial loss'.	
Other information	Firm was co-operative in amending term.		
Undertaking accepted	27 November 2003		