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General Secretary: Mark Brown

Mr. Andrew Bailey  
Chief Executive  
Financial Conduct Authority  
25 The North Colonnade  
London  
E14 5HS

19<sup>th</sup> February 2019

Dear Mr. Bailey

### **Lloyds Banking Group - Gaming Overdraft Charges.**

Affinity- with 30,000 members – is the largest independent trade union representing staff in the Lloyds Banking Group.

Lloyds Banking Group has been accused of introducing a new set of overdraft charges for customers to maximise profits before the fee structure it uses is due to be banned by the Financial Conduct Authority.

Lloyds Banking Group removed all fees and charges for unplanned overdrafts and introduced a fixed charge of 1p per day for every £7 of borrowing a few years ago. In November 2018, the Bank announced that it would introduce a tiered system from 14<sup>th</sup> January 2019, which would result in most customers being charged more. Under the new system, customers who go overdrawn by less than £1,250 will pay an annual interest rate of some 61%. Lloyds, which is the biggest overdraft provider in the UK, is expected to make significant profits from these new charges. The new charges and how they compared with the current charging structure are set out overleaf.

In December 2018, the FCA published proposals to reform the way banks and building societies charge for overdrafts. It wants to simplify: “overdraft pricing - ensuring the price for each overdraft will be a simple, single interest rate – no fixed daily or monthly charges”. We understand that the new rules will be effective from the end of this year. The Bank knows its pricing structure is going to be banned but in the meantime is taking advantage of its customers in the most egregious way possible.

Rachel Reeves, the MP for Leeds West said: “While these fees might be legal, they are not within the spirit of the FCA’s recommendations. It is unacceptable for financial institutions to try and game the system at the expense of customers, particularly those struggling with their finances”.

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Mr. Antonio Horta-Osorio, Group Chief Executive of Lloyds Banking Group, is taking advantage of the FCA's timeframe and using that to extract as much revenue as possible from customers and there is nothing anyone can do about it. The FCA should take the unprecedented step of writing to Mr. Horta-Osorio making it clear that the actions of Lloyds Banking Group are undermining consumer confidence in the UK banking system. To treat customers so cynically is unacceptable.

Yours sincerely



Mark V Brown  
General Secretary