

Welsh Parliament:

Economy, Infrastructure and Skills Committee

Inquiry into Covid-19 and its impact

Date: 26 May 2020

Address: Welsh Parliament, Economy, Infrastructure and Skills Committee, The Senedd, Cardiff CF99 1NA

Sent to: SeneddCommunities@senedd.wales

Introduction

1. UK Finance is the collective voice for the banking and finance industry. Representing more than 250 firms across the industry, we act to enhance competitiveness, support customers and facilitate innovation.
2. We welcome the opportunity to provide evidence to the Committee's inquiry into the impact of the Covid-19 pandemic on matters within the Committee's remit.
3. Few of us could have predicted in the new year that come mid-May we would be two months into a UK-wide lockdown, and the upheaval for businesses and customers alike from the financial and social effects of the pandemic continues to drive uncertainty.
4. The governments of the UK are engaged in a difficult balancing act between trying to tackle the effects of the Covid-19 epidemic, and attempting to find a route towards establishing some kind of resumption of 'business as usual' that will give the economy a much-needed stimulus, with many households experiencing severe financial pressures due to the coronavirus pandemic.
5. Since the start of the pandemic in the UK and the lockdown implemented in March, the banking and finance industry has been actively delivering on its collective responsibility to fight the war against Covid-19. Frontline financial services workers are playing a critical role in ensuring essential services continue to operate during lockdown.
6. The Committee's inquiry is timely as the initial peak of the virus is passing and we can now begin to take stock of the impacts on society, the industry and the economy and our responses to them.
7. Measures implemented by the industry and the UK government in response to the crisis directly relate to aspects of the Committee's work including housing and supporting people who are or may become vulnerable as a result of the virus and its impact on their health, livelihood and household incomes.
8. It is appropriate, therefore, that we highlight to the Committee the broad range of support schemes and forbearance measures being delivered by our members across the industry in response to Covid-19.

Support for individuals and households

9. The banking and finance industry has led efforts to support customers and households, delivering:

- a three-month mortgage-payment holiday,
- a repossession moratorium,
- a three-month mortgage-offer extension,
- a three-month credit-card-payment holiday,
- a three-month personal loan payment holiday,
- a fee-free £500 overdraft buffer,
- an increased contactless limit from £30 to £45,
- third-party payments to enable carers to get cash for vulnerable and shielded customers, and
- product transfers so customers—including those on holidays—are not moved to reversion rates when fixed-rate mortgages expire.

10. Additionally, it has helped:

- Pay.UK to facilitate government support payments working with optimised fraud protections,
- the Royal Voluntary Service and the NHS to develop advice for carers using prepaid debit cards,
- the Association of Convenience Stores to facilitate cardholder-not-present transactions to help vulnerable and shielded customers, and
- the Home Office to promote awareness of domestic and financial abuse.

11. We recognise, however, that there is more to be done:

- we will work with the Gambling Commission following publication of its report to help customers with problem gambling,
- we are transitioning to digital government documentation,
- we will map access to cash, and
- we are providing definitive guidance on customer protection under section 75 of the Consumer Credit Act.

12. We also need to look forward. Unwinding customer support when there are major uncertainties about future employment and income is a huge challenge, yet 1.6 million customers who took mortgage holidays in the first month will soon start to roll off and estimates of demand for debt advice range from three to six million customers. Therefore:

- we are working on solutions for customers who cannot revert to a capitalised mortgage,
- we are speaking with the Money and Pensions Service and the three free-to-use debt charities to gauge demand for debt advice and identify customer typographies and scalable triage, alongside added capacity to meet demand, and
- we are engaging closely with the Financial Conduct Authority following the publication on 22 May of its updated draft guidance on mortgages and coronavirus

Contact

13. If you have any questions relating to this response, please contact

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Principal, Devolved Government and Social Housing