

How BCR Monitors Incentivised Switching Scheme (ISS) Participants

This note provides a generalised overview and is not a legal document. For further details please use the links embedded and the standard agreements provided on the BCR website.

Banking Competition Remedies Ltd (BCR)

BCR was set up as an independent entity under the Alternative Remedies Package (ARP) agreed between the Treasury (HMT), the European Commission and Royal Bank of Scotland (RBS).

The ARP set the criteria for any awards along with relevant timelines for decision making and disbursements of funds.

All application windows to join the Incentivised Switching Scheme are currently closed.

Regular Reporting

Since the commencement date of ISS (25 February 2019), BCR has focussed on the monitoring of delivery. How we do this is outlined below.

ISS participants are required to report **monthly** the following information:

- the aggregate number of Target Customers who have become Transferring Target Customers;
- a list of Target Customers who have been rejected from becoming customers;
- the aggregate number of In-Flight Customers;
- the proportion of the relevant Dowry payment that has been paid directly to Transferring Target Customers;
- a brief explanation of how any remaining amounts of the Dowry payment have been applied for the benefit of Transferring Target Customers; and
- any additional information requested by BCR.

BCR is required to report **quarterly** to the ISS participants the following information:

- the aggregate amount of BCA Element and Loan Element distributed to all ISS participants;
- whether these amounts equal or exceed dowry thresholds;
- the aggregate number of Target Customers sent communication materials in respect of any ISS participant;
- the aggregate number of Target Customers who have consented to participation in the IS Scheme;
- the aggregate amount of dowry paid by the BCR to the relevant ISS participant.

More detail on specific reporting requirements can be found in the Incentivised Switching Scheme Supporting Documents [here](#).

BCR makes quarterly Dowry payments to ISS participants, the timelines and calculations for these can be found [here](#).

More detail on regular reporting can be found [here](#).

BCR Monitoring process

1. Monthly reports:

When the reports are received from ISS participants, BCR initially checks them for completeness and accuracy and, where required, will ask an ISS participant to resubmit their report.

Once a complete report has been received, BCR:

- checks relevant data;
- uses those reports to build required outbound reports as detailed [here](#);
- requests any Dowry unable to be paid to Transferring Target Customers be repaid to BCR by the ISS participant; and
- ensures use of any Dowries paid to the ISS participant are in accordance with the Restrictions and are not in breach of Clause 4.2 (defined in the IS Agreement [here](#)).

2. When BCR has concerns

The IS Agreement sets out the terms under which BCR can take formal action if it has concerns with an ISS participant's use of Dowries or with the information it is providing.

BCR has the right to audit ISS participants in the following circumstances:

- verifying whether any Dowries paid by BCR to the ISS participant have been used in the manner contemplated in the Switching Proposal or Company Offering and in accordance with the Restrictions;
- assessing whether the ISS participant has complied with its obligations under the IS Agreement; and/or
- verifying the Assessment Information.

BCR may audit an ISS Participant if it believes that:

- any Dowries paid by BCR to the ISS participant have not been used in the manner contemplated in the Switching Proposal or Company Offering and in accordance with the Restrictions;
- the ISS participant has not complied with its obligations under the IS Agreement; or
- the Assessment Information is not true, accurate and complete or is misleading.

BCR's Right to Clawback Funds

If BCR feels that there has been a material breach (whether or not an audit has taken place) and it can be addressed, BCR may require the ISS participant to take action to remedy the breach.

If it is not capable of remedy or remedy cannot be achieved within a period specified by BCR, then BCR can request the repayment (in full or in part) of the relevant Dowries. This is covered in more detail in the IS Agreement which can be found [here](#).