



## The new system for switching accounts in France

Every year in France, several million individuals switch banks or open another account at another bank in order to take advantage of banking services which are better adapted to their needs or to changes in their professional or personal life, and to obtain more competitive offers.

To facilitate these changes and offer interested consumers the appropriate assistance for switching accounts, the banking profession has decided to reinforce the existing measures in France.

### 1. At present, customers' relationships with their banks are already well regulated:

The bank is bound to the customer by a mandatory account agreement, describing how the account operates, the related services and the cost of banking charges. This agreement is handed over to the customers when the account is opened, and is also signed by the client. It represents a contract between the bank and the customer.

Banking charges are transparent and readily available: they are displayed in the branches, available on the Internet and sent to customers three months before the application of any changes.

Banking ombudsman provides an out-of-court solution to any possible disputes. In the event of any issues, concerning in particular the operation of the account, banking services, the execution of contracts signed with the bank, and financial products, the customer has access to a free service designed to find an out of court solution and operating on three levels: branch level, customer relations and the bank ombudsman.

### II. Switching banks in France has been made easier:

This can be a relatively complex affair when the relationship with the bank goes back a long way or when a lot of services are used. Customers are therefore provided assistance, and already benefit from:

- A **guide to switching accounts**, which is freely available at any time either in branches or on the Internet. It contains clear and comprehensive information on how to change banks, with example letters to send to correspondents.
- **No charges for account closures** for any current or saving accounts.
- A service offering a summary of all automatic and recurring operations involving the account over the previous 13 months, offered at a reasonable price. The original bank<sup>1</sup> has a maximum of five working days following the customer's request to produce this document (service under this definition available as of 2009).

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<sup>1</sup> The bank that the customer wishes to leave

## **All banks are creating a new service for switching accounts**

**This new service for switching accounts goes beyond the principles adopted by the (CCSF)<sup>2</sup> and gives customers who so desire the resources to change banks in optimal conditions. It removes the current obstacles caused by credit transfers, direct debit and standing orders, and will include at least the following characteristics and benefits for customers:**

1. Each and every bank shall offer this service to any individual customer opening a non-professional deposit account in France. The service will be available on request and unconditionally as soon as the bank has accepted the opening of the new account.
2. Banks will ensure the widespread availability of information on this service, especially on Internet sites,
3. The new bank will explain to interested customers how the service works and how it can be accessed using relevant documentation, which will also contain information on the Customer Relations service and Ombudsman available in the event of any disputes.
4. The new bank will ask for the customer's formal agreement to act on his behalf, in order to provide the best possible assistance. The customer will provide any relevant necessary documentation.
5. The new bank will offer this service either directly or through a specialised professional who will carry out formalities on behalf of the customer to ensure that regularly received credit transfers, direct debit and standing orders are transferred to the new account. The bank will inform all creditors and debtors of the request to switch banks.
6. The new bank will inform the issuers of credit transfers, direct debit or standing orders of these changes within five working days, after it has received all of the necessary information and documentation from the client<sup>3</sup>.
7. The new bank will also set up any permanent transfers that the customer wishes to issue from his deposit account in the five working days after the customer has submitted the necessary information.
8. If an incident occurs on the account due to an error by the bank or the service provider while the service is being set up, the customer will not be charged for the incident
9. The choice of the exact form and name of the service for switching accounts will be left to each bank. It is already available in some networks and will be gradually rolled out across all banks by the end of 2009 at the latest.
10. Once issuers<sup>4</sup> have the new bank details, any customers who so desire may close their old account, after checking that there are no outstanding operations (in particular cheques which have not yet been cashed). The former bank will close the account within 10 working days. If cheques without sufficient funds are presented for the closed account, the bank will make every effort to warn its former customer and enable him to settle the situation before the cheque is rejected.

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<sup>2</sup> CCSF: Financial Sector Consultative Committee

<sup>3</sup> Information on credit transfers, direct debit and standing orders (issued and received) to be transferred (bank statements, invoices, repayment schedules, bank details of recipients of permanent transfers and/or the addresses of issuers, etc.)

<sup>4</sup> The time necessary for the issuers of direct debit and transfers to enter the new bank details does not depend on the bank but on the aforementioned issuers.