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Deputy John McGuinness
Chairperson
Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach
Leinster House
Kildare Street
Dublin 2

By email: financecommittee@oireachtas.ie

3 November 2023

Re: Ulster Bank DAC and the sale of fixed rate loan products

Dear Deputy McGuinness

Thank you for your letter of 11 October 2023 to the Governor. In your letter, the Committee asked a number of questions in relation to Ulster Bank Ireland DAC (Ulster Bank) and the sale of fixed rate loan products with combined interest rate swaps as part of a single product. We understand the Committee also wrote to Ulster Bank with these questions and we have seen Ulster Bank's response to the Committee of 23 October 2023 stating that it did not sell such a product in the Republic of Ireland.

We have set out our response to your letter below in this context to provide the Committee with further information about our engagement with Ulster Bank relating to the Global Restructuring Group (GRG) and GRG Ireland (GRGI), to inform the Committee's work. In doing so we have sought to be as open as we can be while respecting the confidentiality obligations that apply to us under both Irish and EU legislation, as well as recognising of course that our jurisdiction is the Republic of Ireland.

As the Committee is aware, the Central Bank has engaged with Ulster Bank on issues related to the GRG and GRGI since 2013 to ensure that SME customers in the Republic of Ireland were treated fairly. The Committee will also be aware that, in 2017, Ulster Bank announced a complaints process for SME customers who had been in GRGI, along with a refund process for complex fees charged to those customers. As part of this process, Ulster Bank wrote to all SMEs who were in GRGI to make them aware of the GRGI complaints process.



Throughout this exercise, the Central Bank had regular engagement with Ulster Bank on this matter, on foot of which the Central Bank required certain actions to be taken within specified timeframes to further secure the fair treatment of SMEs. The Central Bank also engaged with the Financial Conduct Authority (FCA) in the UK in order to ensure we were sighted on their work and approach to the treatment of SMEs in the UK.

At the time, the Central Bank also undertook a review of the other main SME lenders in Ireland to see if there was any evidence of unfair treatment of SMEs across the system. The review did not identify evidence of systemic unfair treatment of SMEs. However, some lenders failed to satisfy us in all respects that they had taken appropriate actions to ensure SMEs were treated fairly and in accordance with the SME Codes and/or Regulations. Detailed findings were communicated directly to each of the main SME lenders at the time, including associated deadlines for addressing the specific issues identified in each firm.

Ulster Bank's dedicated GRGI complaints process is now closed. However, any customers who have concerns about how they were treated by Ulster Bank continue to have the ability to make a complaint to Ulster Bank, and may have the ability to make a complaint to the Financial Services and Pensions Ombudsman if they remain unsatisfied.

The Central Bank will engage with Ulster Bank and the FCA on such matters, as required. I hope the information outlined is helpful and I thank you once again for your letter.

Yours sincerely

A handwritten signature in blue ink that reads "Colm Kincaid".

Colm Kincaid

Director of Consumer Protection