

NALC Submission to Mike Conroy, UK Finance Director

Local (Parish & Town) Councils & National Banks – Issues and ways forward

9 March 2021

1. Summary

The National Association of Local Councils (NALC) had been aware for some time that local (parish and town) councils especially the majority in rural areas – had been suffering ongoing issues with their banking services. Whilst this was not every local council in England there was very clearly a commonality of these issues amongst many of them. Therefore a call was organised with Mike Conroy an extremely helpful UK Finance Director, on 9 February 2021. This meeting was attended by representatives from NALC, and the Norfolk and Lincolnshire Associations of Local Councils. A short action list was framed and circulated. This paper both captures feedback from those actions and also from the wider meeting of the 43 county associations of local councils attended by the NALC Policy Manager where banking matters were discussed subsequently.

2. Context

After the meeting of the 43 county associations alluded to above, NALC received several more representations of issues currently being encountered by local councils with their banks (often caused by a lack of high street banks due to closures), sometimes caused by an inability to get through to speak to someone on national helplines, in part caused by lack of suitable deposit or current accounts for parish councils, and also in part caused by a lack of support for local councils to undertake online banking.

In the main the issues received by NALC over the last month which are being encountered by local councils in England regarding bank services can be summarised as below:

- Severe delays with local council current accounts being set up;
- Banks asking for mandate signatures from every single local councillor when only or three are actually signatories (though we accept GDP may have been a factor here);
- It being virtually impossible to speak to anyone in person on bank helplines to discuss mandate or other account issues;
- Lack of accounts where a Service Administrator is able to instruct the bank online to make all payments up to an agreed limit (say £250) to deal with

day to day work, but require an additional approval from amongst a group of named individuals for the occasional larger sum.

Based on available evidence we would be tremendously grateful if you were able to raise the potential solutions below to the above issues with some of the bank member seniors you kindly highlighted in our call on 9 February:

- If you close a branch, make sure that the council is officially provided with a personal point of contact in place of a physical branch and keep it current.
- Recognise that, because of our particular constitution mandates change much more frequently than commercial customers so we need a simpler and more responsive system to get such changes recognised and actioned). Clubs and charities are in the same boat.
- Recognise that the chief officer is, more often than not, not a signatory on the account but needs access to account information without confirmation from an official signatory every time – this may even mean a re-design of the mandate in some instances.
- Recognise that electronic banking in many rural areas is still not effective (or even possible).
- Given the age profile of many councillors and clerks, make online forms/menus more user-friendly.
- For banks like Unity Trust Bank to start offering single, dual or triple authorisation.
- Provision of clear and simple passwords to local councils for telephone banking accounts.
- High street banks corporately recognising what local councils are, how councils work and ideally a knowledgeable person on the end of the 'phone to actually solve problems (ideally with an outreach person to provide local updates / training needed).
- Provision of facilities to text / e-mail banks real-time in a secure manner.
- Not charging for unasked for services

Please also see for context a note on the jurisdiction of the Financial Ombudsman Service framed by NALC and FOS last year (Annex A) which demonstrates that as you know there is limited scope for local councils to have matters resolved under FOS in any case so a general improvement of banking services and tailored sensitivity to local council needs by banks is required – prevention not cure.

Please also see enclosed as Annex B (redacted council name) survey summary results of the Oxfordshire Association of Local Councils' recent banks survey.

3. Recommendation

We would be very grateful Mike if you could please raise the above substantive issues with member bank seniors and those raised in Annexes A and B and if we could have a further short meeting to discuss next steps in the Spring, please.

Contact officer: Chris Borg, policy manager: T. 07714 771049;

e. chris.borg@nalc.gov.uk © NALC 2021

Jurisdiction of the Financial Ombudsman Service – a summary

The rules concerning the jurisdiction of the Financial Ombudsman Service are set out in full in the Dispute Resolution (DISP) Rules, which can be found in full in the Financial Conduct Authority (FCA)'s Handbook. There are several elements to the ombudsman's jurisdiction, set out in DISP 2. DISP 2 is written by the FCA. This note focuses on whether a complainant is eligible to complain to the ombudsman service, as set out in DISP 2.7.3R¹.

- Whether a complaint can be brought to the Financial Ombudsman Service depends on four different factors as set out in the Financial Conduct Authority (FCA)'s handbook (see [DISP 2.2.1R](#)). It will depend on the type of activity to which the complaint relates, the place where that activity took place, whether the complaint was referred to the Financial Ombudsman Service in time, and of particular concern to local or parish councils, whether the complainant is eligible.
- The FCA sets out the categories of eligible complainant that may bring complaints to the Financial Ombudsman Service in [DISP 2.7.3R](#):

An [eligible complainant](#) must be a [person](#) that is:

- (1) a [consumer](#); or
 - (2) a [micro-enterprise](#) ;
 - (a) in relation to a [complaint](#) relating wholly or partly to [payment services](#), either at the time of the conclusion of the [payment service](#) contract or at the time the complainant refers the [complaint](#) to the [respondent](#); or
 - (b) otherwise, at the time the complainant refers the [complaint](#) to the [respondent](#); or
 - (3) a charity which has an annual income of less than £6.5 million at the time the complainant refers the [complaint](#) to the [respondent](#); or
 - (4) a trustee of a trust which has a net asset value of less than £5 million at the time the complainant refers the [complaint](#) to the [respondent](#); or
 - (5) (in relation to [CBTL business](#)) a [CBTL consumer](#); or
 - (6) a [small business](#) at the time the complainant refers the [complaint](#) to the [respondent](#); or
 - (7) a [guarantor](#)
- Types of eligible complainant include consumers, micro-enterprises, small businesses, and charities. On most cases, it will be clear that the complainant is eligible to bring a complaint. However, in some cases, the ombudsman will have to carry out further checks to ensure the complainant is eligible to complain. We will do this before we look at the merits of the case and will give the parties an opportunity to make representations before deciding that the complaint is outside our jurisdiction.
 - If the ombudsman is satisfied that we have jurisdiction over a complaint, we consider it and can make a final decision on the case as the final stage in our process. Our power to issue final decisions stems from section 228(2) of the Financial Services and Markets Act 2000 (FSMA) which states that “a *complaint is to be determined by reference to what is, in the opinion of the ombudsman, fair and reasonable in all the circumstances of the case*”. Although we try to be consistent, what we've said in one decision does not always predict the outcome of another, as the individual circumstances of each case may differ.
 - During our call, we explained that jurisdiction is a matter of fact and law. We discussed that, generally-speaking, it does not appear that a parish council exercising its powers and functions as a local authority is eligible to complain as a *microenterprise*, or *small business*, on the basis that it is not an “enterprise” defined in the FCA Handbook as “any person engaged in an economic activity, irrespective of legal form...” and explained further in the Microenterprise Recommendation².

¹ R denotes rule and G denotes guidance

² Recommendation 2003/361/EC of the Commission of 6th May 2003 concerning the definition of micro, small and medium-sized enterprises.

- However, a parish council (or its members) may still be able to bring a complaint to the ombudsman service in its capacity as trustees of an associated trust, or in relation to a connected charity (DISP 2.7.3R(4) and (3) respectively).
- Therefore, we will need to decide on a case by case basis if a complaint brought by a local council passes the test for being an eligible complainant (and all other tests set out in our jurisdiction). We would continue to encourage your members to contact us if they feel they have been treated unfairly by their financial services provider and haven't been able to resolve the issue.

Appendix B

OALC banking survey February 2021 (Local council names redacted by NALC on 9/3/21 for GDPR purposes)

OALC surveyed its 235 member councils using the questions below, which were adapted from the Lincolnshire ALC survey.

The response rate was 49% (115 councils), a reasonably representative sample. Some councils hold different accounts spread across several banks and savings/investment organisations.

The banks/organisations used were:

- Barclays 34
- Lloyds 24
- Unity 18
- Nat West 12
- Co-op 9
- HSBC 8
- Santander 5
- TSB 5
- CCLA 2
- Scottish Widows 1
- National Savings 1
- Bank of Ireland 1
- Cambridge & Counties 1

Of those who responded 71% use on line banking and more are in the process of doing so. Perhaps those who responded show a bias towards online banking?

It is the individual comments to question 4 which most clearly express the frustration of councils and clerks, they are collected together in the appendix. For some it is a litany of disaster after disaster.

The main issues are:

- Actually setting up online banking, so bureaucratic
- Setting up/changing signatories, can take up to 3 years
- Many branches closing particularly smaller market towns; less knowledge in the remaining bank staff
- General bureaucracy, lost forms, lost ID documents, lost mandates; general intransigence, inability of banks to take ownership of a problem and sort it out.
- Inconsistency across banks 1/2/3 signatories. Clerk not a signatory but needs access
- Communication failures, hours spent on phones or driving to an open bank
- Length of time taken to perform any actions/arrogant/offhand/unknowledgeable staff, just poor service

- Charges for accounts, automatically added without notification; inflexibility one year over a threshold charge continues even if account falls below.
- Failure to understand what parish councils are – commercial/business/community /charity.
- Willing to contemplate online banking but can't face the grief and massive cost in time.

Survey pro-forma

1. Which council are you (name of council) **town/parish council/parish meeting**

2. Who does your council currently bank with?

| |
|--|
| |
| |
| |

3. Does your council do online banking with this bank?

Yes / No

4. Do you feel this bank currently meets your council's needs?

a) If yes, would you recommend the bank to other councils?

Yes / No

b) If no (the bank does not meet the council's needs):

- please explain what issues there have been, citing real examples if you can

| |
|--|
| |
| |

- is the Council considering changing to another bank? If so which one and why?

| |
|--|
| |
| |

Quantitative responses as redacted are listed by local government district in Oxfordshire Cherwell

| Council | Current Bank | Online | Meets needs | Recommend | Issues | Another bank |
|---------|--------------|--------|-------------|-----------|--------------|--------------|
| N/A | Unity | Yes | Yes | Yes | | See appendix |
| N/A | Barclays | No | No | No | See appendix | See appendix |
| N/A | Unity | Yes | Yes | Yes | | See appendix |
| N/A | HSBC | No | No | No | See appendix | See Appendix |
| N/A | Barclays | Yes | Yes | No | See appendix | Yes see |

| | | | | | | |
|-----|--|--------------|-----|-----------------------|--------------|---------------|
| | | | | | | appendix |
| N/A | Lloyds | Yes | Yes | Yes | | |
| N/A | Barclays | Yes * | Yes | Yes | | |
| N/A | Natwest | No ** | Yes | Yes | | |
| N/A | Lloyds | Yes | Yes | Yes | | |
| N/A | Unity | Yes | Yes | Yes | | |
| N/A | Unity | Yes | Yes | Yes | See Appendix | |
| N/A | Barclays | Yes | Yes | No | See appendix | No |
| N/A | Coop | Yes | Yes | Yes*** | | No |
| N/A | Barclays | No | Yes | No | See appendix | Not currently |
| N/A | HSBC | Yes | Yes | Yes | None | No |
| N/A | Barclays | Yes | Yes | Yes | | |
| N/A | HSBC | Yes | Yes | Yes with reservations | See appendix | See appendix |
| N/A | Barclays & Unity | Yes Unity | Yes | Yes Unity | See appendix | No |
| N/A | Unity | Yes | Yes | Yes | **** | |
| N/A | Barclays | No | Yes | No | See appendix | No |
| N/A | Coop | Yes | Yes | Yes | | No |
| N/A | Lloyds | Yes | Yes | Yes | | |
| N/A | Lloyds | Yes | Yes | Yes | See appendix | |
| N/A | Unity | Yes | Yes | Yes | | No |
| N/A | Barclays | No | No | No | See appendix | See appendix |
| N/A | Barclays | Yes | No | No | See appendix | See appendix |
| N/A | Barclays (most accounts incl current) Lloyds Santander CCLA | Yes Barclays | No | No | See appendix | No |
| N/A | NatWest | No | No | No | See appendix | See appendix |
| N/A | Unity | Yes | Yes | Yes | | |

*This is the best thing we have done especially as we cannot meet face to face to get cheques signed. It's safe and secure

**Happy with the bank but I would really like online banking. I will try again later in the year.

***Yes, for small councils where we can't justify the Unity Trust banking charges.

Unfortunately Co-op are apparently no longer accepting Parish Councils.

****Have just moved from Barclays as it was too slow

Oxford City

| Council | Current Bank | Online | Meets needs | Recommend | Issues | Another bank |
|---------|--------------|-----------|------------------|-----------|--------------|--------------|
| N/A | Barclays | Yes | Yes once set up. | No | See appendix | See appendix |
| N/A | Unity | Yes Unity | Yes Unity | Yes Unity | See appendix | See appendix |
| N/A | Unity | Yes | Yes | Yes | * | No see below |

*We moved from Santander who seemed unable to help us move to online banking with 2 authorisers. Unity Trust have been a breath of fresh air after so much awkwardness with Santander

South Oxfordshire

| Council | Current Bank | Online | Meets needs | Recommend | Issues | Another bank |
|---------|-----------------|------------|-------------------------------|------------------|------------------|--------------------|
| N/A | Lloyds | Yes | Yes | No | See appendix | |
| N/A | Barclays | Yes | No | No | See appendix | See appendix |
| N/A | Lloyds | Yes | Yes | Yes | | |
| N/A | Barclays | Yes | Yes | Yes* | | See appendix |
| N/A | Natwest | No** | Yes | Yes | | |
| N/A | Barclays | Yes*** | No | No | See appendix | See appendix |
| N/A | Lloyds | Yes | Yes | Yes | | |
| N/A | Lloyds | In process | Yes | Yes | | |
| N/A | Lloyds | Yes | Yes | Yes | See appendix | |
| N/A | Barclays | Not yet | Yes | Yes | | |
| N/A | Barclays | Not yet | Yes | Yes | | |
| N/A | Barclays | Yes | Yes | Yes see appendix | | |
| N/A | Lloyds | Yes | Yes | Yes | | |
| N/A | Coop | Yes | No | No | See appendix | Yes – see appendix |
| N/A | Lloyds | Yes | Yes but with problems | No | See appendix | Yes – See appendix |
| N/A | Lloyds | Yes | Yes | Yes | | |
| N/A | Barclays | No | No | No | See appendix**** | See appendix |
| N/A | Natwest & Unity | Yes Unity | Yes Unity | Yes | See appendix | |
| N/A | NatWest | No | Yes | Yes | See appendix | See appendix |
| N/A | NatWest | Yes | Yes | No | See appendix | Not at the moment |
| N/A | Lloyds | Yes | Yes | Yes | | No |
| N/A | Barclays | No | No | No | See appendix | See appendix |
| N/A | Coop | Yes | yes | yes | | |
| N/A | Coop | Yes | Yes | No | See appendix | |
| N/A | Coop | Yes | No | No | See appendix | See appendix |
| N/A | TSB | Yes | Yes | Yes | See appendix | Yes see appendix |
| N/A | Lloyds | Yes | Yes after considerable issues | Yes | See appendix | |
| N/A | Barclays | No | Barely | No | See appendix | See appendix |
| N/A | Barclays | Yes | To an extent | No | See appendix | See appendix |
| N/A | Lloyds | Yes | Yes | Yes | None | No |
| N/A | NatWest | No | No | No | See appendix | See appendix |
| N/A | Barclays | Yes | No | No | See appendix | See appendix |
| N/A | Lloyds | Yes | Yes***** | Yes | | |
| N/A | Barclays | Yes | Yes | Not sure | See appendix | |
| N/A | Barclays CCLA | Yes | Yes | Yes | | For savings |

| | | | | | | |
|-----|----------------------------|----|-----|-----|--------------|--|
| N/A | Coop Scottish Widows | No | Yes | Yes | See appendix | |
|-----|----------------------------|----|-----|-----|--------------|--|

*Provided you keep it simple

**Hoping to go online before the new financial year

***Yes, but for viewing of statements only so agenda can be prepared on time as physical statements arrive too late. I am not a signatory on the account which I feel is wrong, given the robust financial checks we have in place and the 2 signatories required on any cheques.

**** Have received £850 in compensation so far for mistakes

***** It took a long time to set up internet banking but now it meets our needs

Vale of White Horse

| Council | Current Bank | Online | Meets needs | Recommend | Issues | Another bank |
|---------|--|--------------|-------------|-----------|--------------|--------------------|
| N/A | NatWest | Yes | Yes | Yes | | No |
| N/A | Co-op & Lloyds | Yes | Yes | Yes | | No |
| N/A | Bank of Ireland | Yes | Yes | Yes | See appendix | See appendix |
| N/A | HSBC | No | | | See appendix | |
| N/A | Unity | No | Yes | Yes | | |
| N/A | Lloyds | Yes | Yes | No | See | |
| N/A | Lloyds | Yes | Yes | No | Appendix | |
| N/A | NatWest | No | No | No | See Appendix | Yes |
| N/A | Santander | Yes | No | No | See appendix | Yes – see appendix |
| N/A | Barclays | Yes | Yes | No | See appenidx | See appendix |
| N/A | Natwest | No | Yes | Yes | See appendix | No |
| N/A | Llloyds | No | No | No | See appendix | See appendix |
| N/A | Coop | Yes | Yes | Yes | | See appendix |
| N/A | Unity | Yes | Yes | Yes | | |
| N/A | Lloyds | No | Yes | No | See appendix | See appendix |
| N/A | NatWest | Yes | Yes | No | See appendix | See appendix |
| N/A | TSB | Yes | Yes | Yes | | For savings |
| N/A | Lloyds | Yes | Yes* | | | |
| N/A | Barclays | Yes | Yes | No | See appendix | |
| N/A | Santander | Yes** | Yes | Yes | | |
| N/A | NatWest | Yes | Yes | No*** | | |
| N/A | Unity | yes | Yes | Yes | | |
| N/A | Barclays National Savings & Investments Cambridge & Counties | Yes Barclays | Yes | Yes | See appendix | |
| N/A | Lloyds | Yes | Yes | Yes**** | | |

* We carry out about 10 transactions a year, the service is free, the security / processes for paying money are secure and we have instant access to information through online banking.

** Yes but I have to fax a payment list to the bank which has wet signatures of 2 Councillors.

*** No, because of the length of time any changes take to implement (in particular changes in signatories). However very happy with online banking facility, which is how most of the banking is carried out.

**** There was only a slight delay in removing a signatory but this was quickly rectified

West Oxfordshire

| Council | Current Bank | Online | Meets needs | Recommend | Issues | Another bank |
|---------|--------------|--------|-------------|-----------|--------------|-----------------------|
| N/A | Santander | Yes | Yes | Yes | | |
| N/A | Santander | Yes | | | See Appendix | |
| N/A | Unity | Yes | Yes | Yes | | |
| N/A | TSB | Yes | Yes | Yes* | | See appendix |
| N/A | Barclays | No | | No | See Appendix | No See appendix |
| N/A | Unity | Yes | Yes | Yes | | Just switched |
| N/A | HSBC | Yes | Yes | Perhaps | See Appendix | |
| N/A | Barclays | Yes | Yes | No | See appendix | See appendix |
| N/A | Barclays | No | No | No | See appendix | See appendix |
| N/A | HSBC | No | | N/A | None | See appendix |
| N/A | Barclays | Yes | Yes | No | See appendix | See appendix |
| N/A | NatWest | Yes | Yes | Yes | | |
| N/A | TSB | Yes | Yes | Yes** | | |
| N/A | HSBC | Yes | No | No | See appendix | Changing to Unity |
| N/A | Barclays | Yes | No | No | See appendix | See appendix |
| N/A | Unity | Yes | Yes | Yes | See appendix | Have recently changed |
| N/A | HSBC | No | No | No | See appendix | See appendix |
| N/A | TSB | No | Neutral | | See appendix | See appendix |

*If they have a local branch.

** but we have very limited needs as a Parish Meeting.