



Mr. Brendan Burgess
Chairman
Consumer Consultative Panel

25 October 2006

Formal suggestion on sanctions and overcharging issues

Dear Brendan,

Thank you for your letter dated 29 September 2006 in relation to the above.

In relation to the use of sanctions, the vast majority of the cases comprised in the €18 million, in particular those involving the larger sums of money, arose for periods prior to 2004 and could not be considered under the Administrative Sanctions regime. Our approach to undertaking sanctions cases has been comprehensively set out in our two publications issued in October 2005 which guide our actions in relation to more recent cases. As we stated in these principles, where we consider that it is in the public interest, for example, where there are significant difficulties in the repayment process or where the amounts concerned are large, we may decide that it is appropriate to put a notice in the national media.

Many of the issues concerning charges that can arise in a financial institution occur as a result of human error and are brought to the attention of the Financial Regulator through the normal compliance channels. In such instances, and I think you will agree, the Financial Regulator does not see it as necessary or appropriate to publicise every single error, particularly when the institution in question demonstrates that it has informed the affected customers, reimbursed and compensated customers and made the appropriate changes to their internal control environment. These issues have been, and are best dealt with, as part of the normal supervisory relationship with the institution.



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Your suggestion that the Financial Regulator report twice a year on overcharging and sanctions is noted. It is our intention to communicate publicly on the Financial Regulator's actions not only in respect of overcharging issues but on other regulatory actions (including administrative sanctions) in our annual reports. We will take your observations on board in that context. The frequency of reporting these matters will be considered on the basis of our principles which were published in the 2004 Annual Report. The frequency of publication will also be informed by the number and type of issues arising.

This is an area that we will keep under review in cooperation with the Panel.

Yours sincerely,

Patricia Moloney,
Head of Planning & Finance Department.