

Consultation on Credit Card Cheques

The Legislation and Related Issues Committee of the National Consumer Federation welcomes the opportunity to comment on this matter.

- 1 We fully support the analysis set out in your discussion paper at paras 2.7, 2.8, 2.10 and 2.11.
- 2 Following from that, our concerns centre on the unsolicited issue of the cheques and the failure to make absolutely clear how very different they are from credit cards in practice. The loss of the Section 75 safeguard and the interest imposed from the moment of issue are very significant differences which represent a clear detriment to the consumer.
- 3 While it may be true in a technical sense that there is no recognised research which proves the link to consumer detriment (your para 2.12), nevertheless, given the haphazard pattern of issue by the industry and the failure to make clear the differences referred to in our para 2, it is reasonable to draw a strong probability that the majority of consumers who have been tempted to use these cheques have suffered either a financial penalty through increased interest charges or loss of protection when a supplier fails to deliver goods or services in line with the contract with the consumer.
- 4 We believe that this matter needs to be tackled firmly and therefore support your proposed Option 4.

Prepared by Mr R Leeson on behalf of the Committee.

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