



## Treasury Committee

House of Commons, Committee Office 7 Millbank London SW1P 3JA  
Tel 020 7219 5769 Fax 020 7219 2069 Email [treascom@parliament.uk](mailto:treascom@parliament.uk) Website  
[www.parliament.uk/treascom](http://www.parliament.uk/treascom)

Martin Wheatley Esq  
Managing Director, Financial Services Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS

21 March 2013

*Dear Martin,*

Thank you for your response of 12 March to my letter about the recent action taken by the Bank of Ireland in respect of some of its tracker mortgages. It does not address the main issues.

Your response does not tell the Committee whether you were concerned at the action of the Bank of Ireland, what assessment you have made of the impact of its decision might be on the rest of the industry, nor how the FCA would act in the event of lenders taking this sort of action in the future.

I would be grateful if you would answer those and some further questions:

- What priority did the conduct arm of the FSA give to this decision by the Bank of Ireland? Was the FSA's response affected at all by the restructuring in preparation for the formal beginning of the FCA and PRA in April?
- Did your discussions with the Bank of Ireland lead the bank to change its plans?
- Did you assure yourself that Bank of Ireland customers affected would have had the clauses which were the basis for the recent interest rate increases pointed out to them when they took out their mortgage?
- You have said that you cannot give an industry-wide view of whether such clauses are in other lenders' mortgage agreements. This is because you review changes on a case by case basis. Which other lenders come to you with plans to activate such clauses, and have you taken any steps actively to find out whether other lenders may have the opportunity to act in this way?
- Will the FCA allow lenders to include such clauses in future? If so, do you intend to ensure that, in future, such clauses are specifically explained to customers?
- What discussions have you had with the prudential regulation arm of the FSA about the Bank of Ireland decision? In particular, have prudential requirements overridden conduct considerations in this case? Has the PRA offered a view as to whether it would have prudential concerns if the FOS were to take the view that the Bank of Ireland decision was unfair? Is this an example of the sort of situation where a PRA veto over the FCA could be exercised in future?



I would be grateful for a much more substantive reply. I will be placing our correspondence in the public domain.

Yours ever,  
Andrew

**ANDREW TYRIE MP**  
**CHAIRMAN OF THE TREASURY COMMITTEE**