

## **Bank ring-fencing – Advice Note**

Following the 2008 global financial crisis, the UK government is introducing 'ring-fencing' of retail banking services from higher risk speculative banking activity.

This is being implemented under *The Financial Services (Banking Reform) Act 2013* which is currently being brought into effect.

The new law requires large UK banks to separate their retail banking activities into separate legal entities from the rest of their business. The aim is to shield retail customers, like individual savers and companies, from the risk of failure by another part of the bank, such as investment banking.

### **CHANGES**

As part of this process, banks will have to issue new sort codes, IBAN<sup>1</sup> and SWIFT<sup>2</sup> numbers to their retail banking customers. Some banks may also issue new account numbers.

### **TIMETABLE**

The large UK banks must implement ring-fencing by 1 January 2019, meaning they will be making changes during 2017 and 2018.

Most banks expect to automatically redirect payments made using the old sort codes etc to the correct accounts for a transition period of 3 years from their transition dates.

By the same token existing company paying-in books will remain valid for 12 months and company cheque books for 3 years.

During that period direct debits and standing orders will need to be updated. Businesses will clearly wish to notify customers and suppliers of their new banking details at the earliest opportunity and to update any relevant stationery such as invoices.

As the changes will also affect employees, businesses will also need to update their payroll systems over the transition period.

### **ACTION**

You do not need to take any action unless contacted by your bank(s). If you do need to take action, your bank(s) will give you instructions about what is required and the transition dates for your particular accounts.

LOCSU will inform LOCs and Primary Eyecare Companies in England.

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<sup>1</sup> IBAN: International Bank Account Number

<sup>2</sup> SWIFT Code: an international bank code, consisting of 8 or 11 characters, that identifies particular banks and financial institutions worldwide. SWIFT is used by banks and other financial institutions when transferring money between themselves

## CAUTION

It is important that you remain alert to potential scams that may seek to defraud you or your business. It's important to keep the following themes in mind:

- Treat all letters, phone calls, emails and text messages claiming to be from your bank with caution. In genuine cases you will normally be contacted by more than one routes and given a number to contact. Note that most bank(s) have an address which you can forward suspicious emails to (e.g. [phishing@hsbc.com](mailto:phishing@hsbc.com), [internetsecurity@barclays.co.uk](mailto:internetsecurity@barclays.co.uk), [emailscams@lloydsbanking.com](mailto:emailscams@lloydsbanking.com), etc).
- Do not give out your account details unless you are certain the person you are dealing with is genuine; your bank(s) may inform you about which account numbers will be changing after security checks have been carried out.
- Never disclose your security details such as your PIN or password; and
- Don't get rushed into making decisions involving changes to your banking arrangements. Genuine bank(s) will give you plenty of notice of the transition and nothing fundamental about your accounts should change other than the new identifiers.

## FURTHER INFORMATION

Each of the large banks with UK operations have issued guidance on ring fencing – [HSBC](#), [Barclays](#), [Lloyds](#), [RBS group \(including NatWest\)](#), [Santander](#), and [Halifax](#).

Information is also available from [Financial Conduct Authority](#), [Bank of England](#), [Prudential Regulation Authority](#), [HM Treasury](#), and [UK Finance](#).

You may also wish to contact your Optical Confederation representative body

ABDO      [kdocker@abdo.org.uk](mailto:kdocker@abdo.org.uk) or 01227 733912

ACLM      [secgen@aclm.org.uk](mailto:secgen@aclm.org.uk) or 01380 860418

AOP      [WendyAndrusco@aop.org.uk](mailto:WendyAndrusco@aop.org.uk) or 020 7549 2000

FMO      [info@fmo.co.uk](mailto:info@fmo.co.uk) or 020 7298 5123

FODO      [Rajan@fodo.com](mailto:Rajan@fodo.com) or 020 7298 5126

or for LOCs and Primary Eyecare Companies (PECS)

LOCSU      [richardknight@locsu.co.uk](mailto:richardknight@locsu.co.uk) or 020 7549 2051

Produced by FODO for the Optical Confederation.