

**Scottish Parliament
Social Justice and Social Security Committee
Low Income and Debt Inquiry
Submission by Alan McIntosh
Date Received: 25 May 2022**

I would like to make an additional, but brief submission to the Committee in relation to Bank Account Arrestments.

I note in the Committee's Spice Briefing for the 17th Meeting of 2022 (26th May 2022) on page 7 (paragraph 3) it states in relation to Bank Account Arrestment:

"... Note that banks, which currently have to administer bank arrestments without being entitled to a fee, are likely to be resistant to changes which make the process more complicated"

Although it is entirely correct that the Banks under the Debtors (Scotland) Act 1987 have no legislative power to charge a fee, they do routinely charge a £25 fee, often described as a "Court Fee".

This bank fee is applied in every case, even where the Bank Account Arrestment fails, as the funds in the account are less than the Protected Minimum Balance of £566.51.

This means people with little or no funds in their account can have the bank fee of £25 applied, which represents one third of someone's standard allowance for Universal Credit for a week, where they are over 25 years old.

Also considering in 2018-19 there were approximately 218,305 of these arrestments, that would mean the banks generated fees of £5,457,625 from non-earning arrestments (bank account arrestments), none of which went to pay the Consumer's debts.

I would question whether these fees are reasonable and proportionate and would reference the bank charge campaign that occurred over ten years ago and led to many banks reducing their fees for overdrawn overdrafts and missed payments to £12 after the Regulator at the time, the Office of Fair Trading found the routine fees of £25 and £30 were disproportionate.

I would suggest that one way this could be remedied is for future legislation to contain a provision, like that contained in s71 of the Debtors (Scotland) Act 1987 (Earning Arrestments), which restricts the fee an employer can charge an employee for administering an arrestment to 50p.

I think it is fair to say that Banks are not administering these Bank Account Arrestments for free, and I would suggest are profiting from them.

Yours sincerely

Alan McIntosh