

Bank Customer Choice, Disclosure and Protection Bill

A BILL TO

Make provision to require banks to prospectively provide options and disclosure to certain depositors and customers in specified circumstances; and for connected purposes

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:-

1. Prospective Deposits into Banks

(1) Bank customers seeking to deposit funds into a bank subsequent to the date of this Act shall be provided with the option to either (a) deposit said funds into a Custodial Deposit Account, or (b) entrust said funds with the bank for Lending Intermediary Services.

(2) Funds entrusted with the bank in Custodial Deposit Accounts will be treated as follows:

(a) A bank holding funds in Custodial Deposit Accounts shall act as depositary and custodian of said funds which, being fungible, may be commingled.

(b) The Depositors as a group shall retain ownership of said commingled funds, each Depositor having a pro-rata interest in the funds based on the amount of his or her own Custodial Deposit.

(c) The bank shall guard and safekeep said funds and may not lend or otherwise dispose of said funds.

(d) The bank shall make said funds available for withdrawal upon demand to any Depositor any or all of his share of said funds.

(3) Funds entrusted with the bank for Lending Intermediary Services will be treated as follows:

(a) The customer will be considered to the Lender.

(b) The bank shall be custodian of and shall safekeep the Lender's funds until the funds, or a portion thereof, are lent out to a particular borrower, at which time the Lender relinquishes title to said lent funds.

(c) Interest earned from said loan shall be paid to Lender, as shall repayment of the principal.

(d) The bank's fees for said Lending Intermediary Services may be taken from said interest payments as agreed by the bank and the Lender.

(e) Default on the loan is at the Lender's risk. Bank Deposit Insurance [as provided by BoE?] shall not be available for said funds lent via a bank's Lending Intermediary Services.

2. Pre-Act Deposit Accounts

(1) Deposit accounts existing prior to the date of this Act may be drawn down but no funds may be added thereto.

(2) Interest accruing to said pre-Act deposit accounts shall be treated according to paragraph 1(1) above. Accordingly, said accrued interest must be either withdrawn, deposited into a Custodial Deposit Account, or lent via a bank's Lending Intermediary Services. Said interest accrued shall be held in escrow on behalf of the customer until an election is made.

3. Short Title Commencement and extent

(1) This Act may be cited as the Bank Customer Choice, Disclosure and Protection Bill.

(2) This Act shall come into force forthwith.

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