
Editorial

"Open Government"

We hardly need reminding that there has in recent years been an enormous growth in the marketing of financial services. This explosion has been accompanied by huge technological advances in information storage and retrieval – advances which have major and potentially very worrying implications for the consumer, worries which transcend the modest safeguards provided by the Data Protection Act. Many consumers entering this jungle lack financial sophistication, and need above all to be adequately informed about the use to which financial information, given in confidence for a particular purpose, is to be put. Secret (and sometimes inaccurate) credit blacklists and the unauthorised sale of personal information to mailing list organisations may be cited as just two illustrative examples of the unacceptable face of the financial data revolution.

With this in mind, the National Consumer Council has published an interesting report entitled *Taking Liberties? – Commercial Use of Confidential Financial Information*, which includes the results of consumer research exercises carried out for the NCC by Financial Research Services

and by Market Behaviour Ltd. The results of these surveys are both clear and predictable. They show, *inter alia* that many people are unhappy about the lack of information apparently provided by many banks and building societies about the confidentiality of customers' financial affairs, and that a majority of respondents are not happy about the passing of personal financial information, without the customer's consent, to a separate subsidiary of the organisation, such as an estate agency or brokerage company. Consumers are, it seems, not at all impressed by the principle of "implied consent" to disclosure, commonly invoked by financial institutions, and are infuriated by the misuse of information for marketing purposes, such as the generation of mailing lists.

The NCC's Report recommends among other things that personal financial information should not be disclosed to a third party without the consumer's express and informed consent; that personal financial information should only be used for the purpose for which it was intended when the consumer originally disclosed it; that consumers should be informed of the intention and exact purposes of

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disclosure; that there should be a statutory bar upon the use of information by credit reference bureaux for purposes other than credit reference and assessment; credit proposal forms should tell consumers when credit scoring or reference search procedures are operating; companies using personal information for marketing purposes should subscribe to the Mailing Preference Service.

Consumer protection may be regarded by reputable financial institutions as a bit of a nuisance, and by less reputable ones as an obstacle to lucrative malpractices. The balance of the public interest would surely be well served by implementation of the NCC's sensible, and if anything over-modest, proposals.