

CCR

EU DATA PROTECTION COULD BE A CATASTROPHE

EU plans for a 'right to be forgotten' could actually make it harder for consumers, creditors and collectors

By Ian Willcox

CREDIT and collections professionals still have the opportunity to push for amendments to the European Union's thinking on data protection, according to the UK's regulator, in a bid to avoid what could be catastrophic consequences for the industry.

A spokesperson for the Information Commissioner's Office insisted that, although the revised article analysis paper was recently published, they were "now waiting to see where the discussions at a European level get to". He said the European elections would take place in the next few months so they expected an effort to be made to get them through before the elections take place. If not, progress would probably be delayed until the autumn.

He added: "So it all depends on how quickly things move at a European level before those elections. There is a lot of work being done to get them through because as soon as the elections come into play, it changes the lie of the land."

Data protection was placed at the top of the credit and collections industry's agenda last month at the Credit Services Association's (CSA) Half Yearly Meeting, when delegates heard how proposed

updates to European legislation, including a new 'right to be forgotten' could be potentially devastating for both creditors, credit reference agencies, and collectors, with consumers having new powers to have their stored data deleted at any point.

It is not yet clear whether any new data protection regime would be brought in as a regulation, which would have to be imposed in the same way throughout Europe, or as a directive, in which case each country could adapt it to local circumstances.

Peter Wallwork, chief executive of the CSA, said: "The new regulations are designed to protect consumers, which we would applaud, but in their current guise and the laws of unintended consequences they will have the complete opposite effect.

"Allowing an individual to delete information on their credit history that they do not like, and denying businesses access to what is called 'sensitive data', such as information on bankruptcy or outstanding county court judgments, is lunacy.

"Lenders will have incomplete credit histories on which to base their lending decisions, and collections agencies will

have an even more difficult time in recovering what is legally owed. Some individuals will, therefore, be given loans that they cannot afford, whereas others will be declined credit to which they would have ordinarily been entitled."

Mr Wallwork said CSA members were particularly frustrated by the concept of the 'right to erasure' and a specific ruling that would prevent the use of gender as an identifier.

The CSA is currently lobbying the government and MEPs not to allow the proposals to become law over which the UK will have no control.

Last month, Peter Hustinx, European data protection supervisor, wrote to the president of the Council of the European Union insisting: "We consider that EU rules on data protection need to be reformed urgently in order to provide more consistency and uniformity in data protection across the EU, thus creating a level playing field, both for online and traditional market players.

"Citizens, in turn, deserve a more effective protection of their fundamental rights to privacy and data protection, which can only be delivered if the applicable legal framework is coherent (covers the broadest possible range of data processing entities and activities), as well as consistent (is applied in a manner as uniform as practicable throughout the 28 member states)."

DEBT ENFORCEMENT: THE FUTURE

SENIOR figures from commercial credit and lending, invoice finance, utilities, and public sector are to be invited to participate in a high-profile round-table debate on the future of enforcement of debts.

Stephen Kiely, editor of CCR, said: "Enforcement has become such an important and interesting editorial issue in recent times, so the debate will look at its role, its future, its benefits and room for improvement, the new rules and what the implications will be.

"We have now done a number of these debates, so I hope that senior figures will again be keen to come and share your thoughts and give your views. We will be starting to invite attendees in the coming weeks."

Adam Wonnacott, sales director of sponsors Burlington Group, added: "This is certainly a big issue, with interesting regulatory changes at the moment. In my own opinion, I think it is possible that the safeguards under the new regulations

may encourage the use of enforcement as a debt recovery method, because of the ever increasing standards. So it will be very interesting to hear the views of delegates on what they feel the future holds and to discuss how the industry can move forward."

