

Open Banking and Beyond

Open Banking is being used, entirely as designed, by landlords to keep watching tenant bank accounts for months after approving their tenancy.

In a change to the last three incarnations of this Bill, Government has now included clauses to enforce “Open Banking” and extend the principle to other industries (cl14-16 covering “financial services interfaces”).

Open Banking was set up to enhance interoperability between finance providers, with the most obvious example being the recent new ability of the iPhone Wallet app to display balances/recent transactions from your various bank accounts. That’s all Open Banking behind the scenes.

The street finds its own uses for things. While Open Banking has many benefits, it is also used by landlords (and the landlord service industry) to do the affordability checks on potential tenants seeking somewhere to live. The design of Open Banking allows those landlords to monitor the bank accounts of tenants for as long as an Open Banking approval lasts (normally six months). While individual landlords may not choose this access if given a free choice, the service industry providing the tenant checking service to landlords is strongly incentivized to maximise the access, otherwise their competitors have a selling point.¹

Not only must this harm be recognised by Open Banking prior to legislation being passed, the opportunity of the statute book allows this tragedy of the commons to be improved.

If Open Banking is to be added to the statute book, legislation should mandate that the minimum and default access duration must be no greater than 24 hours, and the [offence](#) of a “[enforced subject access request](#)” should be extended to being compelled to use open banking for any longer than the minimum access period, or the minimum access necessary.

Is allowing landlords to be even creepier against their tenants entirely consistent with the priorities of the new Government?

medConfidential
coordinator@medConfidential.org

¹ whether other parts of the Bill allow reuse of this data for marketing etc is outside the scope of this note