Block B, 3rd Floor
Room 301-306
Unity House
Victoria
Mahe, Seychelles

Fair Trading Commission
Seychelles

Tel: (+248 4 32 52 50)
Fax: (+248 4 32 52 40 /4 32 52 49)
PO Box 1207
Victoria
Mahe
Seychelles
Email: info@ftc.sc
Website: www.ftc.sc

Alleged Restrictive Business Practice In Insurance Services

Reliance Insurance Brokers V/S Barclays Bank (Seychelles) Ltd

Case Number: FCA 33

Date: NOVEMBER 2014

Complaint: On 20th June 2013, a complaint was lodged at the Commission by Mr. Dolor Ernesta, a broker, against Barclays Bank (Seychelles) Ltd. The complaint alleged that upon request for a loan, Barclays Bank advises for a mortgage insurance to be obtained. Despite the latter being a normal practice for all banks Barclays bank though specifically requests that the mortgage insurance be sought from H. Savy insurance or SACOS.

It was therefore alleged that there might be a form of agreement between the bank and the insurance companies so that other insurance companies, brokers and agents are excluded from the provision of insurance services and not allowed to participate equally in the market. Consequently, it was claimed that there is an alleged exclusive dealing that is being practiced by Barclays bank in favour of these two insurance companies.

Based on the above, the Fair Trading Commission conducted an investigation in an effort to identify whether there was a breach in the provision of Section 2 of the Fair Competition Act.

Commission's Assessment: With the aim of verifying the alleged breach, the Commission conducted an investigation. The Commission thoroughly investigated the matter at hand in order to qualify whether there has been a breach of the FCA 2009 or not.

From the investigations carried out both banks and insurance providers were requested to provide their procedure when a loan requiring insurance cover was made. The responses provided indicated that the requirement from the bank was simply to ensure that the insurance cover is sufficient to cover the loan being applied for.

Moreover, circulars from the Central Bank made it even more difficult if not impossible for a bank to have any liaison with an insurance provider as it clearly prohibited banks from acting on behalf of insurance providers or receiving proceedings from conducting such transaction.

Despite producing letters where the respondent stipulated that the client's insurer of choice was H. Savy, this was not evidenced enough to show that there could be an agreement as it could also be interpreted as Barclays bank simply regurgitating the already made choice of the client.

Conclusion: It was found that there was no agreement between the bank and the three major insurance companies. Therefore, the Fair Trading Commission concluded that there has been no infringement of the Fair Competition Act, 2009. The case was closed due to lack of sufficient evidence.