European and External Relations Committee

The EU referendum and its implications for Scotland

Written submission from Money Advice Scotland

The consequences of the EU referendum result continue to raise far more questions than answers and the Committee’s attempts to examine these complex implications is certainly to be welcomed. For the purposes of this response, we will restrict our comments to the potential gaps in legislation.

The Civil Jurisdiction and Judgements Act 1982 is just one example of UK legislation that is underpinned by EU legislation. The Act effectively means that there may be issues when it comes to enforcing Judgements in other jurisdictions which could be problematic for both debtors and creditors. It remains unclear whether the Act will require to be amended or redrafted and this is merely one example of potential gaps in legislation created by EU withdrawal. The task of reviewing gaps in legislation and regulation will be significant, but is essential to ensuring that there is no detriment to consumers, advice agencies and any other organisations with interests in personal debt and consumer matters.

Many consumer rights in the UK also have a basis in EU law. With that in mind, the Committee may wish to seek assurances from the UK Government that there are no plans afoot to remove these rights from UK citizens in the event of EU withdrawal.

We would also note that the impact of membership within the EU often goes beyond legislation. For example, the European Commission was influential in defining consumer vulnerability when it set out the following definition in February 2016:

A consumer, who, as a result of socio-demographic characteristics, behavioural characteristics, personal situation, or market environment:

- Is at higher risk of experiencing negative outcomes in the market;
- Has limited ability to maximise his/her well-being;
- Has difficulty in obtaining or assimilating information;
- Is less able to buy, choose or access suitable products; or
- Is more susceptible to certain marketing practices.

Although the concept of consumer vulnerability is not a new one, it is helpful when these definitions are consistent across the board and these are some of the additional repercussions that must also be considered as the full implications of EU withdrawal begin to unravel.

As noted at the outset of this response, the true consequences of the vote to leave the EU remain largely unknown. With that in mind, like many other organisations we will no doubt have further contributions to make to the debate as the implications start to become clearer in the months and years ahead.