

Head of Regulatory Affairs & Industry
Relations, NewDay Limited

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Payment Protection Insurance Market Investigation Order 2011

I am writing to you, on behalf of the CMA, regarding five breaches by NewDay relating to Article 4 and 15 of the [Payment Protection Insurance \(PPI\) Market Investigation Order 2011](#) (the Order).

Breaches of the Order

NewDay notified the CMA of four breaches on 5 March 2021 which affected approximately 21,831 customers. An independent audit of NewDay's compliance systems in July 2021 identified a further breach of the Order and other failings in NewDay's PPI compliance systems. NewDay accepts that its errors have potentially affected up to 27,000 customers.

- i. **Breach One:** Since 2015, approximately 17,000 customers were sent Annual Reviews (involving a total of approximately 61,000 Annual Reviews) where the amount of the PPI premium paid over the year was understated. This issue occurred due to a coding error. The affected Annual Reviews included only 8 rather than 12 months of premiums. The total value of the premiums payable on these accounts was approximately £5.8m, but the amounts shown on the Annual Reviews totalled approximately £4m. In every case, it appears that the PPI policy subject to these Annual Reviews started on or after 6 April 2012;
- ii. **Breach Two:** Since 2014, 731 customers did not receive an Annual Review from NewDay. This is because these accounts were not included on the list of the accounts on which PPI was payable, provided by a third party. The total value of the premiums payable on these accounts was approximately £100k. In every case, it appears that the PPI started on or after 6 April 2012;

- iii. **Breach Three:** Since 2015, a further 1,100 customers did not receive an annual review. This issue occurred due to a coding error. In every case, it appears that the PPI started on or after 6 April 2012; and
- iv. **Breach Four:** Since 2017, approximately 3,000 customers in addition to those noted above have not received an Annual Review. NewDay believes the incident impacted a small number of customers whose cards were upgraded between 2014 and 2017. The total value of premiums payable on these accounts was approximately £692k. In every case, the PPI started on or after 6 April 2012.
- v. **Breach Five:** NewDay failed to appoint a PPI Compliance Officer when it acquired its PPI book in 2013.

The CMA's concerns

NewDay's first four breaches relate to the obligation to provide customers with an Annual Review¹. The purpose of Annual Reviews is to remind customers that they continue to have PPI which they are entitled to cancel, to raise consumer awareness of their ability to switch PPI provider and to help them compare the cost of PPI at any point in time with policies offered by other providers. NewDay's fifth breach relates to the obligation on PPI Providers to appoint a compliance officer who is responsible for monitoring compliance with the Order.

The CMA considers that these breaches, which have resulted in some customers failing to receive PPI Annual Reviews and others receiving inaccurate information in their Annual Reviews, represent a failure to maintain compliance with the Order. These breaches may have harmed customers' interests, for example, by affecting or altering a customer's decision on whether to retain a PPI policy or switch to another provider.

Voluntary action NewDay will take to end the breaches

NewDay has agreed on a voluntary basis to send apology letters to 27,000 customers potentially affected by the issues identified and will also offer affected customers the option to seek a refund for the period since the breaches first occurred.

CMA's assessment and next steps

Given that NewDay took action to arrange an independent audit of its compliance systems, has committed to remediate affected customers and that NewDay has informed the CMA that it intends to withdraw from all its PPI-regulated activities by

¹ The obligation to provide customers with an Annual Review relates to the Part 2 Information Requirements of the Order, specifically Article 4.

31 October 2021, the CMA does not consider it appropriate to take formal enforcement action at this time.

The CMA will monitor the delivery of NewDay's remediation plan. The CMA reserves the right to take formal enforcement action should the CMA be unsatisfied with the way in which NewDay delivers its remediation plan or should NewDay remain in the market beyond 31 October 2021.

This letter has been published on our website.

Yours sincerely

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