

Tesco Bank

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Tesco Bank's breach of The Private Motor Insurance Market Investigation Order 2015 in relation to No Claims Bonus Protection

I am writing to you concerning Tesco Bank's breach of [The Private Motor Insurance Market Investigation Order 2015](#) (the Order).

Tesco Bank provided misleading information concerning the financial benefit of removing No Claims Bonus Protection in renewal letters sent to 124,451 of its customers. The cost of the protection was understated on average by around £10 for each customer.

The breach

Article 3 of the Order requires that the additional cost of the No Claims Bonus Protection is made clear to the customer. Tesco Bank failed to do this with 124,451 of its customers. This breach took place between April 2020 and 14 September 2021.

Tesco Bank notified the CMA of this breach on 20 August 2021.

The CMA's concerns

The Order requires that insurers inform customers about the price of No Claims Bonus Protection to ensure that policyholders can make an informed decision about whether No Claims Bonus Protection is good value for them. Tesco Bank failed to display the additional cost of No Claims Bonus Protection clearly, prominently and accurately, and so understated the financial value to customers of removing it. Had customers been properly advised by Tesco Bank about how much their insurance premium renewal would have reduced by removing No Claims Bonus Protection, they would have been better able to make an informed choice of whether or not to include it in their policy.

Tesco Bank has taken action to put things right

Tesco Bank has taken steps to end the breach, to prevent a recurrence, and to put things right for affected customers. Tesco Bank:

- has ensured that the price reduction for removing No Claims Bonus Protection in renewal letters is now correct for the affected customers;
- is writing to all affected customers to offer a refund to those who would have removed No Claims Bonus Protection had they known the correct price reduction;
- has updated its systems to ensure a similar breach does not recur; and
- will, every time the price of its insurance changes, review a comparison of the commission rate on both sets of premiums with and without No Claims Bonus Protection to ensure these are the same. This would confirm the cost of No Claims Bonus Protection is not included as part of the commission calculation.

CMA assessment and next steps

Given the action being taken by Tesco Bank, the CMA does not consider it appropriate to take formal enforcement action in relation to this breach at present. The CMA will monitor the resolution of this breach and Tesco Bank's future compliance closely.

Yours sincerely

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