

**PAYMENT PROTECTION INSURANCE MARKET INVESTIGATION ORDER 2011**

**Notice of making of an Order under section 161 of the Enterprise Act issued under section 165 of and Schedule 10 to the Enterprise Act 2002**

1. On 5 February 2007, the Office of Fair Trading (OFT), in exercise of its duty under [section 131](#) of the Enterprise Act 2002 (the Act), referred to the Competition Commission (CC) the supply of all payment protection insurance (PPI), except store card PPI, to non-business customers in the UK. The OFT made the reference to the CC following receipt of a super-complaint about PPI on 13 September 2005 from Citizens Advice.
2. The CC investigated the matters referred to it in accordance with [section 131](#) of the Act and concluded, in accordance with [section 134\(1\)](#), that there were features of the market, either alone or in combination, which prevented, restricted or distorted competition within the relevant market, and in accordance with [section 134\(2\)](#) that an adverse effect on competition existed.
3. The CC regarded the following as features of the market which adversely affected competition:
  - (a) Distributors and intermediaries fail actively to seek to win customers by using the price or quality of their PPI policies as a competitive variable.
  - (b) Consumers who want to compare PPI policies (including PPI combined with credit), stand-alone PPI or short-term IP policies are hindered in doing so. Product complexity (the variations in pricing structures—in particular in relation to single-premium policies—and in terms and conditions, the way information on PPI is presented to customers); the perception that taking PPI would increase their chances of being given credit; the bundling of PPI with credit; and the limited scale of stand-alone provision, act as barriers to search for all types of PPI policies. The bundling of retail PPI with credit accounts and with merchandise cover (also known as purchase protection insurance) acts as a barrier to search for retail PPI. In addition, the time taken to obtain accurate price information is a barrier in relation to the provision of PLPPI, MPPI and SMPPI. These barriers to search impede the ability of consumers to make comparisons, and therefore effective choices, between PPI policies. They also, therefore, act as barriers to expansion for other PPI providers, in particular providers of stand-alone PPI.
  - (c) Consumers who want to switch PPI policies to alternative PPI providers or to alternative insurance products are hindered in doing so. Terms which make switching expensive (in the case of single-premium policies) act as barriers to switching for PLPPI and SMPPI policies. Terms which risk leaving consumers uninsured (for a short period of time or in case they suffer a recurrence of a condition) act as barriers to switching for all types of PPI policies. In addition, the lack of access to consumers' balance information acts as a barrier for switching for CCPPI and retail PPI, and the bundling of retail PPI with merchandise cover acts as a barrier to switching for retail PPI. These barriers to switching limit consumer choice. They also, therefore, act as barriers to expansion for other PPI providers, in particular providers of stand-alone PPI.
  - (d) The sale of PPI at the point of sale further restricts the extent to which other PPI providers can compete effectively.

4. The CC found that there was a detrimental effect on customers resulting from the adverse effect on competition and considered, in accordance with [section 134\(4\)](#), whether action should be taken by it, or whether it should recommend the taking of action by others, for the purpose of remedying, mitigating or preventing the adverse effect on competition concerned or the detrimental effect on customers so far as it had resulted from, or may be expected to result from, the adverse effect on competition.
5. The CC consulted on a range of possible actions and in its [report](#) published on 29 January 2009, the CC decided to impose a package of remedies, which included a prohibition on selling PPI at the point of sale of credit—a point-of-sale prohibition (POSP)—which would be effective and proportionate in remedying the various features of the market identified as having an adverse effect on competition.
6. Barclays Bank plc challenged the lawfulness of the CC's decision to impose the package of remedies in the Competition Appeal Tribunal (the Tribunal). The Tribunal partly upheld Barclays' challenge as is set out in its judgment of 16 October 2009. As a result the CC's decision to include the POSP as part of the package of remedies was quashed by the Tribunal and remitted to the CC for reconsideration. The CC's findings as to an adverse effect on competition in the PPI market, as set out in paragraph 3 above, were not disturbed.
7. The CC reconsidered its decision to impose the POSP as part of its package of remedies. In its [report](#) dated 14 October 2010 the CC decided that in order to achieve as comprehensive a solution to the adverse effect on competition as was reasonable and practicable it was necessary for the POSP to form part of the package of remedies for PLPPI, MPPI, CCPPI and SMPPI.
8. Accordingly, the CC decided that the package of remedies for PLPPI, MPPI, CCPPI and SMPPI would contain the following key elements:
  - (a) *POSP*—PPI cannot be sold by the credit arranger (or any business covered by the prohibition) at the same time as the credit product, nor within seven days of the conclusion of the credit sale period, or the provision of a personal PPI quote, if one were not provided during the credit sale period. As a limited exception to this POSP, the distributor or intermediary arranging the credit (or any business covered by the prohibition) may sell PPI to the consumer the day after the conclusion of the credit sale provided that the consumer has initiated the transaction over the Internet or telephone and the consumer has confirmed that they have seen the personal PPI quote.
  - (b) *Provision of a personal quote*—all credit arrangers must provide a personal PPI quote to the consumer in a durable medium, if the credit arranger provides information about PPI to the consumer during the credit sale. If the credit arranger does not provide a personal PPI quote during the credit sale period, but subsequently contacts the consumer to offer PPI, a personal PPI quote must be provided at that time. Stand-alone providers are required to provide a personal PPI quote to the consumer in a durable medium if the consumer asks the provider about the cost and/or features of a stand-alone policy, including short-term IP, sold by that provider.
  - (c) *Information provision in marketing materials*—all PPI providers must disclose prominently the following information in any PPI marketing materials that include pricing claims or cost information, any indication of the benefits of the PPI product

or its main characteristics: the monthly cost of PPI per £100 of monthly benefit<sup>1</sup> (CCPPI providers must also show the cost of PPI per £100 of outstanding balance); that PPI is optional (stand-alone providers do not have to include this statement) and available from other providers (without specifying those other providers); and that information on PPI, alternative providers and other forms of protection can be found on the Consumer Financial Education Body's (CFEB) [moneymadeclear](http://moneymadeclear.com) website.

- (d) *Provision of information to third parties*—all PPI providers must provide comparative data to the CFEB, as specified by, and in the format requested by, the CFEB. In addition to the information that the OFT may request from time to time for the purposes of monitoring and reviewing the operation of the remedy package, all PPI providers that meet a specified threshold must provide the following information to the OFT on an annual basis: annual gross written premium (GWP), split by product type; distributor penetration rates, split by product type; and aggregate claims ratios for each provider, split by product type. In addition, all PPI providers must provide to any person on request aggregate claims ratios, split by product type, for the previous year. These can be provided in the form of a range to be specified by the CC.
  - (e) *Recommendation to use information for price comparison tables*—the CC will recommend to the CFEB that it uses the information provided to it pursuant to this remedy package to populate its PPI price comparison tables with data on all PPI and short-term IP products.
  - (f) *A prohibition on the selling of single-premium PPI policies*—PPI cannot be charged on a single-premium basis. Subject to the prohibition on charging PPI on a single-premium basis, premiums can be charged monthly or annually. Where an annual premium is paid by a consumer, then a rebate must be paid to consumers on a pro-rata basis if the consumer terminates the policy during the year. No separate charges can be levied on a customer for administration or for the set-up or early termination of a PPI policy.
  - (g) *Annual reviews*—PPI providers must provide an annual review for PPI customers. Provision of this annual review will be the responsibility of the company that sold the PPI policy to the consumer, other than for sales made by intermediaries where provision of this annual review will be the responsibility of the company with whom the consumer has an ongoing relationship.
  - (h) *Compliance reporting requirements to support the above elements.*
9. For retail PPI, the CC decided, as is set out in its report dated 14 October 2010, that the POSP should not form part of the remedy package. The key elements which form the remedy package for retail PPI are:
- (a) *Unbundling PPI from merchandise cover*—an obligation to offer PPI separately from merchandise cover if both are offered as a bundled product.
  - (b) *Information provision in marketing materials*—an obligation to provide information above the cost of PPI and 'key messages' in marketing materials.
  - (c) *Provision of information to third parties*—an obligation to provide information to the CFEB for publication and to provide information about claims ratios to any party on request.

---

<sup>1</sup>If the benefit pays out for less than 12 months, notice of this fact must also be clearly disclosed to consumers alongside the cost of the policy.

- (d) *Recommendation to the CFEB*—a recommendation to the CFEB that it uses the information provided to it under the above obligation to populate its PPI price comparison tables.
- (e) *Personal PPI quote*—an obligation to provide a personal PPI quote to customers before the end of the cooling-off period.
- (f) *Annual review*—an obligation to provide customers who have spent more than £50 on retail PPI premiums in the preceding 12 months with a written annual review of PPI costs including a reminder of the customer’s right to cancel.
- (g) *Annual reminder*—an obligation to remind all active customers who have spent less than £50 in the preceding 12 months of their cancellation rights and of key messages with their next retail credit account statement.
- (h) *Single-premium prohibition*—a prohibition on selling single-premium PPI policies and on charges which have a similar economic effect.
10. The CC indicated in its reports of 29 January 2009 and 14 October 2010 that it intended to implement the remedy package by making an Order.
11. On 25 November 2010 in accordance with paragraph 2 of [Schedule 10](#) to the Act the CC gave notice of its intention to make an Order, and invited representations on the draft Order.
12. In light of the representations received following the November 2010 consultation, the CC revised the Order and on 14 February 2011, in accordance with paragraph 2 of [Schedule 10](#) to the Act, invited representations on the revised draft Order.
13. In light of the representations the CC received following the 14 February 2011 consultation some modifications were made to the Order. The CC does not consider those modifications to be material in any respect and has decided, in accordance with paragraph 5 to [Schedule 10](#) of the Act that the Order, as modified, does not require further consultation.
14. The CC now gives notice of the making of the attached Order. The Order is made in accordance with [section 138](#) and in exercise of the powers conferred by [section 161](#) of and [Schedule 8](#) to the Act. The Order is made for the purpose of remedying, mitigating or preventing the adverse effect on competition which the CC identified within the market for the supply of PPI, except store card PPI, to non-business customers in the UK and for the purpose of remedying, mitigating or preventing detrimental effects on consumers so far as they have resulted from or may be expected to result from the adverse effect of competition.
15. The Order will come into force on 6 April 2011.

(signed) PETER DAVIS  
Group Chairman  
24 March 2011

**PAYMENT PROTECTION INSURANCE MARKET INVESTIGATION ORDER 2011**

The Order .....	3
PART 1 .....	4
General .....	4
1. Title, commencement, application and scope.....	4
2. Interpretation.....	4
PART 2 .....	10
Information requirements.....	10
3. Obligation to provide information about PPI .....	10
4. Obligation to provide an Annual Review or Annual Reminder .....	11
5. Obligation to provide information to the CFEB .....	16
6. Obligation to disclose Claims Ratios .....	16
7. Obligation to provide a Personal PPI Quote .....	17
PART 3 .....	19
The prohibitions .....	19
8. Prohibition on sale of PPI at the Credit Sale.....	19
9. Prohibition on sale of PPI before the start of the Credit Sale.....	21
10. Prohibition of payment by Single Premium and requirement to pay a rebate .....	21
PART 4 .....	22
Requirement as to separate supply .....	22
11. Duty to offer Retail PPI separately when sold in a package of insurance .....	22
PART 5 .....	22
Compliance .....	22
12. Obligation to submit Compliance Reports .....	22
13. Obligation to conduct a mystery shopping exercise.....	24
14. Obligation to report on clarity of Marketing Communication .....	24
15. Obligation to appoint a Compliance Officer .....	24
PART 6 .....	25
The CC.....	25
16. Directions by the CC as to compliance.....	25
Schedule 1 .....	26
Information giving rise to a Marketing Statement .....	26
Schedule 1a.....	27
Prescribed Statement for PLPPI, SMPPI, MPPI, CCPPI or Retail PPI for inclusion in a Marketing Communication.....	27
Schedule 1b.....	28
Prescribed Statement for Stand-Alone PPI and Short-Term IP for inclusion in a Marketing Communication .....	28
Schedule 2.....	29
Additional Statement .....	29
Schedule 3.....	30
Annual Review .....	30
Instructions for the Annual Review.....	30
Schedule 3a.....	32
Form of Annual Review for PLPPI .....	32
Schedule 3b(i).....	33
Form of Annual Review for SMPPI or MPPI .....	33
Schedule 3b(ii).....	34
Form of Annual Review for Joint Mortgages .....	34
Schedule 3c.....	35
Form of Annual Review for CCPPI .....	35
Schedule 3d(i).....	36
Form of Annual Review for Retail PPI .....	36

Schedule 3d(ii).....	37
Annual Reminder for Retail PPI .....	37
Schedule 3e.....	38
Form of Annual Review for Stand-Alone PPI or Short-Term IP .....	38
Schedule 4.....	39
Personal PPI Quote.....	39
Instructions for quotes.....	39
Schedule 4a.....	41
A Personal PPI Quote for PLPPI .....	41
Schedule 4b(i).....	42
A Personal PPI Quote for SMPPI or MPPI.....	42
Schedule 4b(ii).....	43
A Personal PPI Quote for Joint Mortgages .....	43
Schedule 4c(i).....	44
A Personal PPI Quote for CCPPI (Stand-Alone).....	44
Schedule 4c(ii).....	45
A Personal PPI Quote for CCPPI (not Stand-Alone).....	45
Schedule 4d.....	46
A Personal PPI Quote for Retail PPI.....	46
Schedule 4e(i).....	47
A Personal PPI Quote for Stand-Alone PPI .....	47
Schedule 4e(ii).....	48
A Personal PPI Quote for use by an Intermediary or for Short-Term IP (not Stand-Alone)	48
.....	48
Schedule 5a.....	49
Contents of Six-Monthly Compliance Report .....	49
Schedule 5b.....	50
Contents of Annual Compliance Report.....	50
Schedule 5c.....	51
Specifications of mystery shopping exercise.....	51
Schedule 6.....	52
Supply of information to the OFT .....	52

## Background

1. On 5 February 2007, the Office of Fair Trading (OFT) in exercise of its powers under [sections 131 and 133](#) of the Enterprise Act 2002 (the Act) referred the supply of all payment protection insurance services (except store card payment protection insurance services) to non-business customers in the UK ('the supply of PPI') to the Competition Commission (CC) for investigation.
2. The CC investigated the matters referred to it pursuant to [section 131](#) of the Act and concluded, in accordance with [section 134\(1\)](#) of the Act, that there are features of the market either alone or in combination which prevent, restrict or distort competition in connection with the relevant market and, in accordance with [section 134\(2\)](#) of the Act, that an adverse effect on competition existed.
3. The CC found that there is a detrimental effect on Consumers resulting from the adverse effect on competition and considered, in accordance with [section 134\(4\)](#) of the Act, whether (a) action should be taken by it for the purpose of remedying, mitigating or preventing the adverse effect on competition concerned or the detrimental effect on Consumers so far as it has resulted, or may be expected to result, from the adverse effect on competition, and whether (b) it should recommend the taking of action by others for the purpose of remedying, mitigating or preventing the adverse effect on competition concerned or any detrimental effect on Consumers so far as it has resulted from, or may be expected to result from, the adverse effect on competition.
4. In accordance with [section 165](#) of the Act and paragraph 2(1)(a) of [Schedule 10](#), the CC on 25 November 2010 and again on 14 February 2011 published a Notice of its intention to make this Order to remedy the adverse effects on competition that it had identified, indicating the nature of its provisions and stating that any interested person who wished to make representations should do so in writing by 5.00pm on 6 January 2011 and 5.00pm on 22 February 2011 respectively.
5. The CC received a number of responses and having considered the representations it received in both consultations is now issuing this Order.

## The Order

The CC makes this Order in performance of its duty under [section 138](#) and in exercise of the powers it has in [section 86\(1\) to \(5\)](#) and [section 87](#) (each applicable by virtue of [section 164](#)), [section 161\(1\), \(3\) and \(4\)](#) and paragraphs 1, 2, 10, 11 15, 17, 18, 19, 21 and 22 of [Schedule 8](#) to the Enterprise Act 2002, for the purpose of remedying, mitigating or preventing the adverse effect on competition and any detrimental effects on customers so far as they have resulted, or may be expected to result, from the adverse effect on competition specified in the reports of the CC entitled *Payment Protection Insurance market investigation* (29 January 2009) and *Payment Protection Insurance market investigation: remittal of the point-of-sale prohibition remedy by the Competition Appeal Tribunal* (14 October 2010).<sup>1</sup>

---

<sup>1</sup>[www.competition-commission.org.uk/rep\\_pub/reports/2009/fulltext/542.pdf](http://www.competition-commission.org.uk/rep_pub/reports/2009/fulltext/542.pdf) and [www.competition-commission.org.uk/inquiries/ref2010/ppi\\_remittal/pdf/report.pdf](http://www.competition-commission.org.uk/inquiries/ref2010/ppi_remittal/pdf/report.pdf).

## PART 1

### General

#### 1. Title, commencement, application and scope

- 1.1 The title of this Order is the 'Payment Protection Insurance Market Investigation Order 2011' and it commences on 6 April 2011 (the 'Commencement Date') except:
- (a) Articles 3, 5 and 6 which commence on 1 October 2011; and
  - (b) Articles 4, 7, 8, 9, 10 and 11 which commence on 6 April 2012.
- 1.2 This Order applies to any PPI Provider or Administrator who whether from an establishment in the United Kingdom or otherwise either provides PPI to a Consumer or administers a PPI policy on behalf of a PPI Provider in the United Kingdom and applies to an Insurer whether operating from an establishment in the United Kingdom or otherwise in so far as specific obligations arise under this Order.

#### 2. Interpretation

- 2.1 In this Order:

<b>Additional Statement</b>	means the statement set out in <a href="#">Schedule 2</a> .
<b>Administrator</b>	means a person who administers a PPI policy on behalf of a PPI Provider by conducting certain functions including but not limited to sending renewal notices, collecting premiums, processing of claims or customer amendments and in performing these functions has no direct contractual relationship with the Policyholder.
<b>Annual Premium</b>	means a payment which may be paid by regular instalments of the Premium for a PPI policy which is renewable on an annual basis made once a year which is not a Single Premium.
<b>Annual Reminder</b>	means a written statement made in accordance with Article 4 and using the words in Schedule 3d(ii).
<b>Annual Review</b>	means a document required by Article 4 and completed in accordance with the instructions and in the format set out in <a href="#">Schedule 3</a> that summarizes information relating to a PPI policy for the preceding 12 calendar months.
<b>APR</b>	means the annual percentage rate of charge calculated in accordance with the Consumer Credit (Disclosure of Information) Regulations 2010 or the Consumer Credit (Agreements) Regulations 1983, as applicable or in the case of mortgage Credit, the Mortgages and Home Finance: Conduct of Business Sourcebook MCOB 10.
<b>Associate</b>	means a PPI Provider who has a Commercial Referral Relationship with a Credit Arranger for the sale of PPI and either: <ul style="list-style-type: none"><li>(a) is mentioned by the Credit Arranger to the Consumer as a PPI Provider after commencement of the Credit Sale; or</li></ul>



(b) to whom the Credit Arranger has given or allowed access to information concerning a specific sale of Credit for the purposes of selling PPI.

<b>Business Year</b>	means a period of more than 6 months for which the PPI Provider publishes or prepares accounts.
<b>CC</b>	means the Competition Commission.
<b>CCPPI</b>	means PPI taken out to enable a Policyholder to protect the ability to make payments due on a Credit Card.
<b>CFEB</b>	means Consumer Financial Education Body.
<b>Claims Ratio</b>	means the ratio of Incurred Claims to Earned Premiums during a Business Year.
<b>Combined APR</b>	means the combined cost of Credit with PPI expressed as an annual percentage rate and calculated by applying the formula used to calculate the APR and assuming that PPI is a compulsory ancillary service.
<b>Commencement Date</b>	means 6 April 2011.
<b>Commercial Referral Relationship</b>	means an arrangement where one party receives payment or other benefit from another party (other than the Consumer) as a result of a Consumer purchasing PPI and includes an arrangement between members of a Corporate Group which results in a beneficial effect for one member as a result of the action of another member.
<b>Compliance Officer</b>	means a natural person employed by a PPI Provider whose duties include those set out in Article 15.2.
<b>Compliance Report</b>	means a report required by Article 12.
<b>Consumer</b>	means a natural person who, in transactions covered by this Order, is acting for purposes which are outside any trade, business or profession carried on by that person.
<b>Corporate Group</b>	means a group of companies which are required by the Companies Act 2006 to file group accounts.
<b>Credit</b>	means any kind of loan, or any other kind of accommodation or facility in the nature of credit granted to a Consumer and for the purposes of this Order includes a Mortgage, Credit Card and Retail Credit Account but does not include a Store Card or a facility offered by a Store Card or a facility which enables a Consumer to overdraw on a current account.
<b>Credit Arranger</b>	means a Distributor or Intermediary arranging the sale of Credit to a Consumer.
<b>Credit Card</b>	means a Credit agreement which is a credit-token agreement within the meaning of the Consumer Credit Act 1974, other than a Store Card.

<b>Credit Provider</b>	means a person who provides Credit.
<b>Credit Sale</b>	means the period determined in accordance with Article 8.2.
<b>Distributor</b>	means a Credit Provider who also provides PPI for the Credit provided by that person.
<b>Durable Medium</b>	means paper or any instrument or medium which enables the recipient to store information addressed personally to the recipient in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored.
<b>Electronic Communication</b>	has the same meaning as in the Electronic Communications Act 2000.
<b>Earned Premiums</b>	means the value of actual Premiums earned in a Business Year exclusive of any taxes or duties levied with no deductions for expenses relating to acquisition or administration of the policy and with no adjustment for any risks being reinsured and are that proportion of written premiums attributable to the risks borne by the Insurer during that Business Year and including where relevant those written in previous Business Years.
<b>GWP</b>	means the annual gross written Premium from PPI exclusive of Insurance Premium Tax and for the purposes of Part 5, annual gross written Premium from PPI sold direct to Consumers.
<b>ICOBS</b>	means Insurance: Conduct of Business Sourcebook.
<b>Incurred Claims</b>	means the value of total claims incurred during a Business Year, exclusive of external and internal claims management costs and with no adjustment for any risks being reinsured and includes paid claims and the difference between outstanding claims (both reported and incurred but not reported) brought forward from previous Business Years and outstanding claims carried forward at the end of the Business Year with all amounts being stated before any adjustment for discounting.
<b>Independent Market Research Agency</b>	means an organization which has as its primary business carrying out research with Consumers, is certified to ISO 20252/2006 or equivalent and is a separate legal entity from and not in the same Corporate Group as any PPI Provider and in which a PPI Provider does not have a beneficial and/or controlling interest.
<b>Insurer</b>	means a person who effects or carries out a contract of insurance, agreeing to take responsibility on its own account for or as principal for paying the sum insured to the Policyholder pursuant to a PPI policy.
<b>Intermediary</b>	means a person other than a Distributor through whom a Consumer is able to select or purchase or arrange to purchase PPI, whether or not in conjunction with Credit and for the purposes of this Order does not include a Price Comparison Website.

<b>Intermediary Network</b>	means an organization consisting of more than one Intermediary.
<b>IPT</b>	means Insurance Premium Tax on general insurance premiums introduced on 1 October 1994.
<b>Marketing Communication</b>	means an oral or written communication containing a Marketing Statement and may be either: <ul style="list-style-type: none"> <li>(a) made directly to a particular Consumer or included in addressed mail to a particular Consumer; or</li> <li>(b) made to Consumers in general indirectly by using intervening media such as newspaper and broadcast advertisements.</li> </ul>
<b>Marketing Statement</b>	means a promotional message, invitation or inducement to purchase PPI consisting of or including any of the items of information listed in <a href="#">Schedule 1</a> .
<b>Merchandise Cover</b>	means insurance against loss as a result of accidental damage or theft of goods purchased on a Retail Credit Account.
<b>Monthly Benefit</b>	means the benefit that is payable to a Policyholder on a monthly basis in the event of an accident, sickness or unemployment claim on a PPI policy.
<b>Monthly Cost</b>	means the cost of the Premium per month.
<b>Monthly Premium</b>	means payment of the Premium for a PPI policy which does not have an annual renewal date by regular monthly payments or regular four-weekly payments where failure to make the payments may result in the lapsing of the PPI policy.
<b>Mortgage</b>	means Credit where the obligation to repay is secured by a first mortgage on a residential property.
<b>MPPI</b>	means PPI taken out to enable a Policyholder to protect the ability to make payments due on a first Mortgage.
<b>OFT</b>	means the Office of Fair Trading.
<b>Penetration Rates</b>	means the number of Consumers who take out a PPI Product Type in a Business Year with the Credit Arranger, including those who subsequently cancel but excluding those who purchased Stand-Alone PPI, expressed as a percentage of the total number of Consumers who take out Credit with the Credit Arranger in that Business Year.
<b>Personal Loan</b>	means unsecured Credit which is not a Credit Card, Store Card, or Retail Credit Account.
<b>Personal PPI Quote</b>	means a document required by Article 7 and completed in accordance with the instructions in and in the format set out in <a href="#">Schedule 4</a> .
<b>PLPPI</b>	means PPI taken out to enable a Policyholder to protect the ability to make payments due for a Personal Loan.

<b>Policyholder</b>	means a Consumer who is the holder of a PPI policy.
<b>PPI</b>	means a contract of insurance taken out to enable a Policyholder to protect the ability to make payments due to third parties in respect of Credit, in the event the Policyholder experiences involuntary unemployment or incapacity as a result of accident or sickness and which: <ul style="list-style-type: none"> <li>(a) provides benefits determined by the payments due to third parties which may not always be paid directly to the Policyholder;</li> <li>(b) may be combined with other forms of insurance cover; and</li> <li>(c) for the purposes of this Order includes Short-Term IP but does not include PPI for a Store Card or a facility offered by a Store Card or a facility which enables a Consumer to overdraw on a current account or a facility which enables the payment of an annual premium for insurance which is not PPI.</li> </ul>
<b>PPI Comparison Tables</b>	means the tables produced by the CFEB containing price and non-price information about PPI policies.
<b>PPI Product Type</b>	means an individual type of PPI policy being PLPPI, SMPPI, CCPPI, Retail PPI and MPPI.
<b>PPI Provider</b>	means either a Distributor, an Intermediary, a Stand-Alone Provider or a Short-Term IP Provider and includes an Insurer when providing PPI direct to a Consumer.
<b>Premium</b>	means all payments receivable under a contract of insurance by the Insurer, including IPT.
<b>Prescribed Statement</b>	means the statement set out in <a href="#">Schedule 1a</a> or <a href="#">1b</a> as applicable.
<b>Price Comparison Website</b>	means an Internet site which, as its primary business, gathers and presents to Consumers price and/or non-price information about financial products from many different providers but does not sell its own financial products or those of another member of the Corporate Group of which it is part to the Consumer.
<b>Prohibition Period</b>	means the period determined in accordance with Article 8.3.
<b>Retail Credit Account</b>	means a Credit agreement, other than a Store Card or Credit Card, between a retailer or a member of the retailer's Corporate Group and a Consumer which enables the Consumer to purchase the retailer's goods or services before payment and permits the Consumer to discharge less than the whole of any outstanding balance on or before the expiry of a specified period and also known as a home shopping account and described as such in Schedules 3d(i) and 3d(ii) and 4d.
<b>Retail PPI</b>	means PPI taken out to enable a Policyholder to protect the ability to make payments due on a Retail Credit Account.

<b>Retail PPI Provider</b>	means a person who in the course of a trade, business or profession provides Retail PPI to a Consumer.
<b>Short-Term IP</b>	<p>means a contract of insurance which provides a pre-agreed amount paid directly to the Policyholder or the Policyholder's nominee in the event the Policyholder experiences involuntary unemployment or incapacity as a result of accident or sickness and which:</p> <p>(a) has a maximum time limited benefit duration;</p> <p>(b) may include or combine other forms of insurance cover or include other benefits;</p> <p>(c) is written for a term which is less than 5 years and not predetermined by the term of any Credit; and</p> <p>(d) can be terminated by the Insurer.</p>
<b>Short-Term IP Provider</b>	means a person who in the course of a trade, business or profession provides Short-Term IP direct to a Consumer.
<b>Single Premium</b>	means a payment of the total Premium payable for the PPI policy covering a period of more than 12 consecutive months made as one amount at or after the start of a PPI policy.
<b>SMPPI</b>	means PPI taken out to enable a Policyholder to protect the ability to make payments due for Credit where the obligation to repay is secured by a second or lower-ranking Mortgage.
<b>Stand-Alone PPI</b>	<p>means either:</p> <p>(a) any PPI Product Type or Short-Term IP which is provided by a PPI Provider which is not the Credit Provider or the Credit Arranger or an Associate; or</p> <p>(b) any PPI Product Type or Short-Term IP provided in the circumstances set out in Article 8.5.</p>
<b>Stand-Alone Provider</b>	<p>means a person who in the course of a trade, business or profession provides Stand-Alone PPI to a Consumer and who either:</p> <p>(a) sources the PPI Product Type or Short-Term IP from an Insurer; or</p> <p>(b) is an Insurer.</p>
<b>Store Card</b>	has the same meaning as in the Store Cards Market Investigation Order 2006.
<b>Working Day</b>	means any day except for Saturday, Sunday, Christmas Day, Good Friday or a bank holiday under the Banking and Financial Dealings Act 1971.

2.2 In this Order any reference to:

- (a) **'annual'** means any 12 consecutive months and any reference to **'annual basis'** or **'annually'** is construed on a cognate basis;
  - (b) **'day'** means calendar day;
  - (c) **'month'** means calendar month;
  - (d) **'oral'** means a communication made orally either in person or by telephone or by using intervening media such as broadcast media;
  - (e) a **'person'** includes any individual, firm, partnership, body corporate or association;
  - (f) **'provide'** includes to sell or an offer or promise to provide, sell or otherwise supply and for the purposes of Articles 1, 4, 6 and Part 5, has provided, sold or otherwise supplied;
  - (g) **'written'** means a communication in writing and made by any means including an Electronic Communication;
  - (h) any reference to a government department or organization or person or place or thing includes a reference to its successor in title; and
  - (i) a requirement to give the name of a government department or organization or person or place or thing, will apply to give the name of the successor in title to the government department or organization or person or place or thing.
- 2.3 The Interpretation Act 1978 applies to this Order except where words and expressions are expressly defined.

## **PART 2**

### **Information requirements**

#### **3. Obligation to provide information about PPI**

- 3.1 When a PPI Provider makes a Marketing Statement except about Retail PPI in a Marketing Communication the PPI Provider must, subject to Article 3.6, ensure that the following information is included prominently within the same Marketing Communication as the Marketing Statement:
  - (a) the cost of PPI to the Consumer, expressed in the format of the Monthly Cost for every £100 of Monthly Benefit; and
  - (b) for PLPPI, CCPPI, SMPPI and MPPI, the Prescribed Statement in [Schedule 1a](#); or
  - (c) for Stand-Alone PPI or Short-Term IP, the Prescribed Statement in [Schedule 1b](#).
- 3.2 When a PPI Provider makes a Marketing Statement about Retail PPI in a Marketing Communication, the PPI Provider must, subject to Articles 3.5 and 3.6, ensure that the information in Article 3.2(a) or Article 3.2(b) as appropriate is included prominently within the same Marketing Communication as the Marketing Statement:
  - (a) when the Marketing Communication is made in writing:

- (i) the prescribed statement in [Schedule 1a](#); and
  - (ii) display the cost of Retail PPI to the Consumer expressed in the format of the Monthly Cost for every £100 of Monthly Benefit and the Monthly Cost for every £100 of the balance owed by the Consumer on the account; or
- (b) when the Marketing Communication is made orally, the prescribed statement in [Schedule 1a](#).
- 3.3 When a PPI Provider makes a Marketing Statement about CCPPI in a Marketing Communication the PPI Provider must, in addition to the obligations arising under Article 3.1, ensure that the cost of CCPPI to the Consumer is expressed in the format of the Monthly Cost for every £100 of the balance owed by the Consumer on the account and is displayed prominently within the same Marketing Communication as the Marketing Statement.
- 3.4 When a PPI Provider makes a Marketing Statement in a Marketing Communication about a PPI policy under which the Monthly Benefit to the Consumer is only payable for a duration of less than 12 months, the PPI Provider in addition to the obligations arising under Articles 3.1, 3.2 or 3.3, must ensure that the Additional Statement in [Schedule 2](#) is included prominently within the same Marketing Communication as the Marketing Statement.
- 3.5 Article 3.4 does not apply to Retail PPI where:
- (a) the Marketing Statement is made in an oral Marketing Communication; and
  - (b) the Retail PPI policy pays the total balance owed by the Consumer on the Retail Credit Account within 12 months.
- 3.6 When an Intermediary makes a Marketing Statement in a Marketing Communication about a PPI policy which is provided by an Insurer or a PPI Provider other than the Intermediary, the person producing the Marketing Communication has the responsibility for complying with the obligations in Articles 3.1, 3.2, 3.3 and 3.4.
- 3.7 When an Intermediary makes a Marketing Statement in a Marketing Communication about a PPI policy which is specifically or exclusively designed for that Intermediary or Intermediary Network, the Intermediary or the Intermediary Network which provides the PPI policy must ensure that the Marketing Communication containing the Marketing Statement relating to that PPI policy complies with the obligations in Articles 3.1, 3.2, 3.3 and 3.4.
- 3.8 For the purposes of this article, '**prominently**' means when assessing the Marketing Communication as a whole, in a manner that ensures as far as is reasonably possible that it is likely that a Consumer's attention will be drawn to it and no less prominently than the Marketing Statement itself.
- 4. Obligation to provide an Annual Review or Annual Reminder**
- 4.1 For any PPI policy which starts on or after 6 April 2012 except a Retail PPI policy, a PPI Provider or Administrator must, subject to Article 4.7, send an Annual Review to a Policyholder in accordance with paragraphs (a) to (b) below:
- (a) where a PPI policy has an annual renewal date or the Premium is paid by an Annual Premium the first and each subsequent Annual Review must be sent not less than 2 weeks and not more than 4 weeks before the date by which the PPI

policy must be renewed or the date by which the Annual Premium must be paid as the case may be; and

(b) where a PPI policy is paid by Monthly Premium:

- (i) the first Annual Review must be sent at any time during the first 13 months following the commencement of the PPI policy; and
- (ii) each subsequent Annual Review must be sent on a date which is either within 2 weeks before or within 2 weeks after the anniversary of the date on which the first Annual Review was sent.

4.2 For a Retail PPI policy which starts on or after 6 April 2012 if the total amount of Premium paid on the first 12-month anniversary of the start of the Retail PPI policy is £50 or more, a PPI Provider or Administrator must, subject to Article 4.8, send the first Annual Review to a Policyholder at any time during the 13<sup>th</sup> month following the start of the Policy and if on any subsequent 12-month anniversary of the start of the Retail PPI policy the total amount of Premium paid in the preceding 12 months is either:

- (a) £50 or more, send an Annual Review at any time in the month following the 12-month anniversary of the start of the Retail PPI policy; or
- (b) less than £50, send an Annual Reminder with the next Retail Credit Account statement.

4.3 For a Retail PPI policy which starts on or after 6 April 2012 if the total amount of Premium paid on the first 12-month anniversary of the start of the Retail PPI policy is less than £50 a PPI Provider or Administrator must, subject to Article 4.8, send the first Annual Reminder with the next Retail Credit Account statement and if on any subsequent 12-month anniversary of the start of the Retail PPI policy the total amount of Premium paid in the preceding 12 months is either:

- (a) less than £50, send an Annual Reminder with the next Retail Credit Account statement; or
- (b) £50 or more, send an Annual Review in accordance with Article 4.2(a).

4.4 For any SMPPI policy which is not paid by a Single Premium or any CCPPI policy or any MPPI policy any of which are in force on 6 April 2012, a PPI Provider or Administrator must, subject to Article 4.7, send an Annual Review to a Policyholder in accordance with paragraphs (a) to (b) below:

- (a) the first Annual Review must be sent at any time during the 12 months following 6 April 2012; and
- (b) each subsequent Annual Review must be sent within 2 weeks before or after the anniversary of the date on which the first Annual Review was sent.

4.5 For a Retail PPI policy which is in force on 6 April 2012 a Retail PPI Provider or Administrator must, subject to Article 4.8, send an Annual Review to a Policyholder in accordance with either paragraphs (a) or (b):

- (a) where the start date of the Retail PPI policy is known by the Retail PPI Provider, in accordance with paragraphs (i) to (iii) below:



- (i) if on the first 12-month anniversary of the start date of the Retail PPI policy after 6 April 2012, the total amount of Premium paid is £50 or more, send the first Annual Review at any time during the following month and if on any subsequent 12-month anniversary of the start date of the Retail PPI policy the total amount of Premium paid in the preceding 12 months is either:
  - (ii) £50 or more, send an Annual Review at any time in the following month; or
  - (iii) less than £50, send an Annual Reminder with the next Retail Credit Account statement; or
- (b) where the start date of the Retail PPI policy is not known by the Retail PPI Provider, in accordance with paragraphs (i) to (iii) below:
  - (i) if on 6 July 2012 ('the reference date'), the total amount of Premium paid in the preceding 12 months is £50 or more, send the first Annual Review at any time during the following month and if on any subsequent 12-month anniversary of the reference date the total amount of Premium paid in the preceding 12 months is either:
    - (ii) £50 or more, send an Annual Review at any time in the following month; or
    - (iii) less than £50, send an Annual Reminder with the next Retail Credit Account statement.

4.6 For a Retail PPI policy which is in force at 6 April 2012 a PPI Provider or Administrator must, subject to Article 4.8, send an Annual Reminder to a Policyholder in accordance with either paragraphs (a) or (b):

- (a) where the start date of the Retail PPI policy is known by the Retail PPI Provider, in accordance with paragraphs (i) to (iii) below:
  - (i) if on the first 12-month anniversary of the commencement date of the Retail PPI policy after 6 April 2012 the total amount of Premium paid is less than £50, send the first Annual Reminder with the next Retail Credit Account statement and if on any subsequent 12-month anniversary of the start date of the Retail PPI policy the total amount of Premium paid in the preceding 12 months is either:
    - (ii) less than £50, send an Annual Reminder with the next Retail Credit Account statement; or
    - (iii) £50 or more, send an Annual Review at any time in the following month; or
- (b) where the start date of the Retail PPI policy is not known by the Retail PPI Provider, in accordance with paragraphs (i) to (iii) below:
  - (i) if on 6 July 2012 ('the reference date') the total amount of Premium paid in the preceding 12 months is less than £50, send the first Annual Reminder with the next Retail Credit Account statement and if on any subsequent 12-month anniversary of the reference date the total amount of Premium paid in the preceding 12 months is either:
    - (ii) less than £50, send an Annual Reminder with the next Retail Credit Account statement; or
    - (iii) £50 or more, send an Annual Review at any time in the following month.

- 4.7 The obligations in Article 4.1 and Article 4.4 do not apply, if in the 12 months preceding the date when the Annual Review would have been sent either:
- (a) the PPI Policyholder has:
    - (i) not paid nor been required to pay any PPI Premium;
    - (ii) cancelled the PPI policy; or
    - (iii) permitted the PPI policy to lapse; or
  - (b) the PPI Provider has:
    - (i) cancelled the PPI policy in accordance with contractual rights;
    - (ii) received notice of the death of the Policyholder; or
    - (iii) received notice that the Policyholder has left the current address and no notice of the Policyholder's new address has been received by the PPI Provider.
- 4.8 The obligations in Article 4.2, Article 4.3, Article 4.5 and Article 4.6 do not apply if in the 12 months preceding the calculation date either:
- (a) the Retail PPI Policyholder has:
    - (i) not paid nor been required to pay any Retail PPI Premium;
    - (ii) cancelled the Retail PPI policy; or
    - (iii) permitted the Retail PPI policy to lapse; or
  - (b) the Retail PPI Provider has:
    - (i) cancelled the PPI policy in accordance with contractual rights;
    - (ii) received notice of the death of the Policyholder; or
    - (iii) received notice that the Policyholder has left the current address and no notice of the Policyholder's new address has been received by the PPI Provider.
- 4.9 Articles 4.1 to 4.8 do not apply to an Intermediary when the Intermediary no longer maintains direct contact with the Policyholder following the provision of a PPI policy but apply to whichever of the Insurer, PPI Provider or Administrator is in direct contact with the Policyholder.
- 4.10 Whenever a PPI Provider or Administrator is required to send an Annual Review or Annual Reminder, the PPI Provider or Administrator must:
- (a) use the format of Annual Review as set out below:
    - (i) for PLPPI use the form set out in Schedule 3a;
    - (ii) for SMPPI or MPPI use the form set out in Schedule 3b(i) or Schedule 3(b)(ii) where an MPPI or SMPPI policy is provided to joint Policyholders;

- (iii) for CCPPI use the form set out in Schedule 3c;
  - (iv) for Retail PPI use the form set out in Schedule 3d(i); and
  - (v) for Stand-Alone PPI or Short-Term IP and for any PPI Product Type or Short-Term IP sold by an Intermediary use the form set out in Schedule 3e, except for CCPPI that constitutes Stand-Alone PPI where the form set out in Schedule 3c must be used;
- (b) include a policy summary for policies dated after 14 January 2005 with any Annual Review;
- (c) follow the instructions in [Schedule 3](#) when completing the Annual Review; and
- (d) for an Annual Reminder for Retail PPI include the words in Schedule 3d(ii) prominently on the Retail Credit Account statement.
- 4.11 Whenever an Annual Review is sent to the Policyholder the PPI Provider or Administrator must not:
- (a) include with the Annual Review any information on or about or relating to the Credit to which the PPI policy relates; or
  - (b) send the Annual Review as an Electronic Communication except where the Policyholder has made an explicit request that the Annual Review be sent as an Electronic Communication.
- 4.12 Where a PPI policy is provided to joint Policyholders, a PPI Provider or Administrator need not send a separate Annual Review to each of the Policyholders unless either of the Policyholders specifically request this.
- 4.13 Whenever a PPI Provider or Administrator requires and requests information from another PPI Provider or an Insurer in order to produce an Annual Review, the information requested must be provided to the PPI Provider within 7 days of the request being made.
- 4.14 For the purposes of this article:
- (a) '**calculation date**' means the date when it is determined whether an Annual Review or Annual Reminder must be sent for a Retail PPI policy;
  - (b) '**direct contact**' means written or oral communication concerning the carrying out of a PPI policy that takes place between the Administrator, Insurer or PPI Provider as the case may be and the Policyholder;
  - (c) '**explicit request**' means a written communication by the Policyholder instructing that the Annual Review be provided electronically which may not be a term or condition of an agreement, but may be made by the Policyholder indicating agreement to receive all communications from the PPI Provider or Administrator as Electronic Communications;
  - (d) '**policy summary**' means a document containing a summary of the PPI policy in the format and containing the information in ICOBS 6 Annex 2; and
  - (e) '**prominently**' means when assessing the Retail Credit Account statement as a whole, in a manner that ensures as far as is reasonably possible that it is likely that a Consumer's attention will be drawn to it.

## **5. Obligation to provide information to the CFEB**

- 5.1 A PPI Provider must provide to the CFEB such data, in such format, as the CFEB may need from time to time in connection with the preparation of and publication by the CFEB of the PPI Comparison Tables.

## **6. Obligation to disclose Claims Ratios**

- 6.1 A PPI Provider must produce a Claims Ratio within 3 months after the end of a Business Year for each PPI Product Type, Stand-Alone PPI and Short-Term IP provided in that Business Year.
- 6.2 A PPI Provider which is required to submit a Compliance Report must disclose the Claims Ratio produced in accordance with Article 6.1 to the OFT in the Compliance Report.
- 6.3 A PPI Provider may disclose the Claims Ratio produced in accordance with Article 6.1 on its website in the format of a range of 10 percentile increments commencing with 0–10% and continuing up to 80% and then in one aggregate banding.
- 6.4 A PPI Provider must disclose the Claims Ratio produced in accordance with Article 6.1 to any person requesting it (an ‘enquirer’) in accordance with Article 6.5 and in the format of a range of 10 percentile increments commencing with 0–10% and continuing up to 80% and then in one aggregate banding.
- 6.5 A PPI Provider must respond to an oral request from an enquirer as follows:
- (a) by disclosing the Claims Ratio produced in accordance with Article 6.1 orally to the enquirer within 24 hours or by close of business the next Working Day whichever is the later after receiving the request;
  - (b) by disclosing the Claims Ratio produced in accordance with Article 6.1 in writing to the enquirer within 7 days after receiving the request; or
  - (c) by directing the enquirer either orally or in writing within the timescale stipulated in (a) or (b) above to the Claims Ratio produced in accordance with Article 6.1 published on the PPI Provider’s website if it has done so.
- 6.6 A PPI Provider must respond to a written request either:
- (a) by disclosing the Claims Ratio produced in accordance with Article 6.1 in writing to the enquirer within 7 days of receiving the request; or
  - (b) by directing the enquirer within 7 days of receiving the request orally or in writing to the Claims Ratio produced in accordance with Article 6.1 published on the PPI Provider’s website if it has done so.
- 6.7 Whenever a PPI Provider requires and requests information from another PPI Provider or Insurer in order to produce a Claims Ratio in accordance with Article 6.1, the information requested must be provided to the PPI Provider within 7 days of receiving the request.

## 7. Obligation to provide a Personal PPI Quote

- 7.1 A PPI Provider which makes a written or oral Marketing Statement direct to a Consumer either during a Credit Sale or when otherwise promising, offering or arranging to provide Short-Term IP or any other PPI Product Type except for Retail PPI or Stand-Alone PPI, must, subject to Article 7.3, on the same occasion as making the Marketing Statement or as soon as practicable afterwards give the Consumer a Personal PPI Quote in accordance with Article 7.4.
- 7.2 A PPI Provider which makes a Marketing Statement orally or in writing direct to a Consumer either during a Credit Sale or when otherwise providing Retail PPI or Stand-Alone PPI must, subject to Article 7.3:
- (a) give the Consumer a Personal PPI Quote in a Durable Medium on the same occasion or no later than 14 days after providing the PPI policy; and
  - (b) use the Personal PPI Quote format set out in:
    - (i) Schedule 4c(i) for CCPPI provided in the circumstances set out in Article 8.5;
    - (ii) Schedule 4d for Retail PPI; or
    - (iii) Schedule 4e(i) for Stand-Alone PPI other than CCPPI provided in the circumstances set out in Article 8.5; and
  - (c) in each case follow the instructions in [Schedule 4](#).
- 7.3 The obligations in Articles 7.1 or 7.2 do not apply where after making the Marketing Statement:
- (a) the PPI Provider discovers:
    - (i) that the Consumer is ineligible for or does not intend to take out the Credit to which the PPI policy would relate;
    - (ii) that the Consumer is ineligible for the PPI of the kind to which the Marketing Statement relates or the PPI is not suitable for the Consumer; or
    - (iii) that the Consumer does not intend to purchase PPI and does not want to receive a Personal PPI Quote; or
  - (b) the PPI Provider is unable to produce a Personal PPI Quote where despite making reasonable endeavours to obtain information from the Consumer in order to provide a Personal PPI Quote, the Consumer does not provide the information; and
  - (c) in each case the PPI Provider is able to provide the OFT should the OFT request it with a record of and reasons for the exemption relied upon.
- 7.4 Where the obligations in Article 7.1 apply, a PPI Provider must give a separate Personal PPI Quote in a Durable Medium to the Consumer for each PPI Product Type or Short-Term IP offered to the Consumer and in each case must follow the instructions in [Schedule 4](#) when completing the Personal PPI Quote and:
- (a) for PLPPI give the Personal PPI Quote in the format set out in Schedule 4a;

- (b) for SMPPI or MPPI give the Personal PPI Quote in the format set out in Schedule 4b(i) or Schedule 4b(ii) where an MPPI or SMPPI policy is provided to joint Policyholders;
  - (c) for CCPPI excluding CCPPI sold in the circumstances set out in Article 8.5 give the Personal PPI Quote in the format set out in Schedule 4c(ii);
  - (d) for Short-Term IP give the Personal PPI Quote in the format set out in Schedule 4e(ii); and
  - (e) for any PPI Product Type or Short-Term IP sold by an Intermediary give the Personal PPI Quote in the format set out in Schedule 4e(ii).
- 7.5 A PPI Provider may **'give'** the Consumer a Personal PPI Quote by any of the following means:
  - (a) direct to the Consumer in person;
  - (b) by using Electronic Communication; or
  - (c) by post.
- 7.6 In all cases the PPI Provider must allow the Consumer to buy the PPI at the price stated in the Personal PPI Quote for at least 14 days commencing on the day the Personal PPI Quote is received by the Consumer provided the Consumer remains eligible for the PPI for which the Personal PPI Quote was given.
- 7.7 The PPI Provider must give the Consumer a new Personal PPI Quote where the previous Personal PPI Quote becomes inaccurate due to:
  - (a) material changes to the eligibility of the Consumer for the PPI, which the Consumer notifies to the PPI Provider or the PPI Provider otherwise discovers; or
  - (b) material changes to the costs or the benefits of the PPI.
- 7.8 In any circumstance other than the Consumer receiving the Personal PPI Quote in person or by recorded receipt, the date of receipt after the PPI Provider gives the Personal PPI Quote to the Consumer is deemed to be:
  - (a) in the case of posting, the second postal delivery day following the day on which the Personal PPI Quote was posted; or
  - (b) in the case of Electronic Communication, the same day.
- 7.9 For the purposes of this article:
  - (a) **'material change'** means a change which could reasonably be expected to influence the Consumer's decision to purchase; and
  - (b) **'postal delivery day'** means any day except a Sunday or a Bank Holiday as determined pursuant to the Banking and Financial Dealings Act 1971 in the location of the Consumer.

## PART 3

### The prohibitions

#### 8. Prohibition on sale of PPI at the Credit Sale

- 8.1 Subject to Articles 8.4 and 8.6 from the start of a Credit Sale determined in accordance with Article 8.2 until the end of the Prohibition Period determined in accordance with Article 8.3 a Credit Arranger or an Associate may provide a Personal PPI Quote to a Consumer but must not provide PPI to a Consumer.
- 8.2 A Credit Sale starts when a Consumer makes an application for Credit and ends when the Consumer receives confirmation in a Durable Medium that the Credit Provider is bound unconditionally to provide the Credit which is the subject of the application, and in deciding whether:
- (a) an application for Credit has been made, no account is taken of:
- (i) an application, request or notification by the Consumer to utilize Credit or vary the amount of Credit which has been approved or agreed under an existing Credit agreement and which does not give rise to a new Credit agreement; or
  - (ii) replacement of a Credit Card;
- (b) the Credit Provider is bound unconditionally to provide Credit, no account is taken of the conditions in Article 8.2(b)(i) to (iii) and a condition is not treated as falling outside the scope of Article 8.2(b)(i) to (iii) merely because a matter or a thing needs to be demonstrated or done to the reasonable satisfaction of the Credit Provider or Credit Arranger:
- (i) conditions relating to the value of, title to or any rights or obligations attaching to any property to be offered by way of security for the Credit;
  - (ii) conditions which are within the power of the Consumer to fulfil (including conditions relating to actions to be taken by the Consumer to activate a Credit Card or commencing to use a Retail Credit Account); or
  - (iii) conditions which are within the power of a third party (other than the Credit Provider or Credit Arranger) to fulfil.
- 8.3 A Prohibition Period starts at the end of a Credit Sale determined in accordance with Article 8. 2 and ends at the later of either:
- (a) the start of the 7<sup>th</sup> consecutive day following the day when the Credit Sale ends; or
- (b) the start of the 7<sup>th</sup> consecutive day following the day the Consumer receives a Personal PPI Quote from the Credit Arranger or Associate.
- 8.4 Article 8.1 and Article 8.6 do not apply to providing:
- (a) Retail PPI which may be provided at any time after the start of a Credit Sale;
  - (b) Stand-Alone PPI or any PPI Product Type or Short-Term IP deemed to be Stand-Alone in accordance with Article 8.5;

- (c) any PPI Product Type or Short-Term IP where all the conditions in Article 8.7 are met.
- 8.5 Except in the case of Retail PPI, when any PPI Product Type or Short-Term IP is provided to the Consumer by a Credit Arranger or Associate in the circumstances set out in Article 8.5(a) and (b), it is deemed to be Stand-Alone PPI and the prohibition in Article 8.1 does not apply:
- (a) where the PPI Product Type or Short-Term IP is provided:
- (i) not less than 1 month after the end of a Credit Sale to the Policyholder by the Credit Arranger or Associate; or
  - (ii) within 1 month of a Credit Sale where the Credit Arranger or Associate after making reasonable efforts including making inquiries of the Customer and of the Credit Arranger's or Associate's internal records of Credit sales cannot determine if a Credit Sale has been made within the preceding month; and
- (b) in each case the Policyholder has received a Personal PPI Quote in accordance with Article 7.2 on the same occasion as, or no later than 14 days after, the PPI Product Type or Short-Term IP is provided.
- 8.6 A Credit Arranger or Associate who meets all the conditions in Article 8.7 may provide any PPI Product Type or Short-Term IP the day after the later of either the end of the Credit Sale or the receipt by the Consumer of a Personal PPI Quote in accordance with Article 7.4.
- 8.7 The conditions are:
- (a) the Consumer initiates the provision of PPI by contacting the Credit Arranger or Associate by using only either of the two following means:
- (i) in writing using the Internet; or
  - (ii) orally by telephone;
- (b) the Credit Arranger or Associate does not encourage, suggest or in any other way induce the Consumer to initiate the provision of PPI during the Prohibition Period;
- (c) the Consumer confirms to the Credit Arranger or Associate that the Consumer has received the Personal PPI Quote; and
- (d) the Credit Arranger or Associate is able to provide the OFT, should the OFT request it, with a record that all of these conditions were met prior to the provision of PPI.
- 8.8 A Consumer does not 'initiate the provision of PPI' for the purposes of Article 8.7(a) where the Consumer's decision to purchase PPI is demonstrably:
- (a) confirmation of a pre-agreed sale; or
  - (b) an affirmative response to a question from the Credit Arranger or Associate.
- 8.9 The provision of PPI initiated by a Consumer in accordance with Article 8.7(a) may be concluded through any sales channel including in-branch.



- 8.10 If before or after the start of this Order a Consumer enters into an insurance arrangement which has the same effect as PPI but which has the sole, dominant or substantial purpose to avoid the operation of this Order or can reasonably be expected to have that purpose, that insurance arrangement will be regarded as PPI and this Order will apply.

## **9. Prohibition on sale of PPI before the start of the Credit Sale**

- 9.1 Whenever a Credit Arranger has discussed orally or in writing a type of Credit with a Consumer and has reasonable grounds to believe that the Consumer will make an application for that type of Credit from the Credit Arranger within 7 days of the discussion, the Credit Arranger or an Associate of the Credit Arranger may provide a Personal PPI Quote but must not provide PPI that could provide cover for the type of Credit discussed with the Consumer before the application for the Credit is made.

- 9.2 Article 9.1 does not apply:

(a) to providing Retail PPI for a Retail Credit Account; or

(b) where the Credit Arranger after making reasonable inquiries of the Consumer and its own internal records does not have reasonable grounds to believe that the Consumer will make an application for the type of Credit discussed.

- 9.3 For the purposes of Article 9.1, a Credit Arranger or Associate will have 'reasonable grounds to believe' that the Consumer will make an application for the type of Credit discussed if the Credit Arranger has discussed any of the following with the Consumer:

(a) the amount of Credit that may be provided; and

(b) either:

(i) the terms of repayment of that Credit; or

(ii) the interest rate or charges payable on that Credit.

## **10. Prohibition of payment by Single Premium and requirement to pay a rebate**

- 10.1 A PPI Provider must not enter into an agreement with a Consumer to provide PPI which requires payment by a Single Premium.

- 10.2 A PPI policy must not require payment of the Premium other than by Monthly or Annual Premium but payment may be made by any arrangement provided that the arrangement does not result in a payment which constitutes a Single Premium or can reasonably be construed to do so.

- 10.3 A PPI policy must not require the Policyholder to pay any additional charges for set-up, administration or early termination of a PPI policy for any reason.

- 10.4 Where a PPI policy paid by Annual Premium is terminated by the Policyholder, the PPI Provider must pay a rebate to the Policyholder in direct proportion to the remaining period of cover.

## PART 4

### Requirement as to separate supply

#### 11. Duty to offer Retail PPI separately when sold in a package of insurance

- 11.1 Whenever a PPI Provider offers a package of insurance which contains Retail PPI and Merchandise Cover, the PPI Provider must also:
- (a) offer Retail PPI as a separate insurance; and
  - (b) promote the separate Retail PPI with equal prominence in all written Marketing Communications as the package of insurance.
- 11.2 A Retail PPI Provider must offer to provide Retail PPI through all sales channels through which it also provides the package of insurance which contains Retail PPI and Merchandise Cover.

## PART 5

### Compliance

#### 12. Obligation to submit Compliance Reports

- 12.1 A Compliance Report must be submitted to the OFT in accordance with Article 12.2 by any PPI Provider which in 2007 achieved on a Corporate Group basis either:
- (a) a total GWP of £30 million or more; or
  - (b) a GWP of £10 million or more in relation to any PPI Product Type, Stand-Alone PPI or Short-Term IP.
- 12.2 A PPI Provider which satisfies the conditions in Article 12.1 must submit a Compliance Report to the OFT subject to Article 12.11:
- (a) on the following dates: 6 April 2012, 1 October 2012, 6 April 2013, 1 October 2013 (**Six-Monthly Compliance Report**); and
  - (b) then annually from 6 April 2014 (**Annual Compliance Report**) provided either of the amounts in Article 12.1(a) or (b) continue to be achieved in the preceding year.
- 12.3 Any other PPI Provider that on 6 April 2013 satisfies the conditions in Article 12.4(a) or (b) must submit a Compliance Report (**Annual Compliance Report**) to the OFT and annually thereafter on 6 April, subject to Article 12.11, provided the conditions in Article 12.4(a) or (b) continue to be satisfied.
- 12.4 The conditions are that in the year preceding 6 April a PPI Provider achieves either:
- (a) a total GWP of £30 million or more; or
  - (b) a GWP of £10 million or more in relation to any PPI Product Type, Stand-Alone PPI or Short-Term IP.

- 12.5 On 6 April 2012 and annually thereafter on 6 April for each year in which both the conditions in (a) and (b) are satisfied a Compliance Report must be submitted to the OFT, subject to Article 12.11, by a PPI Provider which:
- (a) does not meet the conditions in Articles 12.1(a) or (b) or 12.4(a) or (b); and
  - (b) achieves on a Corporate Group basis a total GWP of £10 million or more in the preceding year.
- 12.6 The Compliance Report submitted by a PPI Provider that meets the conditions in Article 12.5 must set out the annual breakdown of GWP by PPI Product Type, Stand-Alone PPI and Short-Term IP in a format to be determined and advised by the OFT.
- 12.7 Where PPI Providers are members of the same Corporate Group:
- (a) only one Compliance Report for the Corporate Group must be submitted; and
  - (b) the Compliance Report must identify the information in [Schedule 5b](#) separately for each PPI Provider.
- 12.8 A Compliance Report must be prepared at the PPI Provider's election either:
- (a) by an Independent Party; or
  - (b) by the PPI Provider.
- 12.9 A PPI Provider must ensure that:
- (a) where the Compliance Report is prepared by the PPI Provider it includes a certificate signed by an Independent Party verifying that the Compliance Report is true and correct;
  - (b) the Compliance Report includes a signed certificate stating that:
    - (i) the Compliance Report has been prepared in accordance with the requirements of this Order; and
    - (ii) for the period to which the Compliance Report relates, the PPI Provider has complied in all material aspects with the requirements of this Order and is reasonably expected to continue to do so; and
  - (c) the certificate is signed as follows:
    - (i) for an incorporated PPI Provider, by a director and non-executive director or where there are no non-executive directors, two directors of the PPI Provider;
    - (ii) for an unincorporated PPI Provider, by two principals who are both Approved Persons; or
    - (iii) for a sole trader PPI Provider, by an Approved Person.
- 12.10 Subject to any additional or different requirements that the OFT may impose pursuant to [Schedule 6](#):
- (a) the Six-Monthly Compliance Report must report on the matters listed in [Schedule 5a](#); and

(b) the Annual Compliance Report must report on the matters listed in Schedule 5b.

12.11 The obligation to provide a Compliance Report will be satisfied if it is submitted within 1 week of the due date in each case.

12.12 In this article:

(a) '**Approved Person**' means a person in relation to whom the FSA has given approval under section 59 of the Financial Services and Markets Act 2000 for the performance of activities regulated by section 22;

(b) '**Independent Party**' means a person expert in the preparation of compliance reports and which is a separate legal entity from and not in the same Corporate Group as any PPI Provider and in which a PPI Provider does not have a beneficial and/or controlling interest; and

(c) '**preceding year**' means the year which precedes the year for which the Compliance Report is to be submitted.

### **13. Obligation to conduct a mystery shopping exercise**

13.1 Starting with the year from 6 April 2012 and annually afterwards in addition to any requirements arising under Article 12, a PPI Provider which achieves a total GWP of £60 million or more in a preceding year must commission and conduct an independent mystery shopping exercise in accordance with the requirements in [Schedule 5c](#).

13.2 The independent mystery shopping exercise must not be conducted unless the OFT has agreed to the design.

13.3 A PPI Provider must include a report of the results of the mystery shopping exercise in the Compliance Report prepared in accordance with Article 12.

13.4 In this article '**preceding year**' means the year which precedes the year for which the report of the results of the independent mystery shopping exercise is to be submitted.

### **14. Obligation to report on clarity of Marketing Communication**

14.1 A PPI Provider required by Article 12 to submit a Compliance Report must include a report confirming that the Marketing Communications used in the previous year were prepared using easily understandable words and in a clear and comprehensible form.

14.2 A Marketing Communication is 'prepared using easily understandable words and in a clear and comprehensible form' only if it has been either:

(a) certified as such by an independent organization specializing in plain English; or

(b) tested with Consumers by an Independent Market Research Agency and found to be using easily understandable words and in a clear and comprehensible form.

### **15. Obligation to appoint a Compliance Officer**

15.1 A PPI Provider within 21 days after 6 April 2011 must:

(a) appoint a Compliance Officer who is a natural person; and

(b) notify the name of the Compliance Officer to the OFT.

15.2 In addition to any others, the duties of the Compliance Officer must include:

(a) monitoring compliance by the PPI Provider with this Order;

(b) responsibility for compilation and submission of the Compliance Report to the OFT;

(c) facilitation of the provision of information to the OFT; and

(d) acting as a point of contact for the OFT with the PPI Provider.

## **PART 6**

### **The CC**

#### **16. Directions by the CC as to compliance**

16.1 The CC may give directions falling within Article 16.2 to:

(a) a person specified in the directions; or

(b) a holder for the time being of an office so specified in any body of persons corporate or unincorporate.

16.2 Directions fall within this paragraph if they are directions:

(a) to take such actions as may be specified or described in the directions for the purpose of carrying out, or ensuring compliance with, this Order; or

(b) to do, or refrain from doing, anything so specified or described which the person might be required by this Order to do or refrain from doing.

16.3 In Article 16.2 above, 'actions' includes steps to introduce and maintain arrangements to ensure that any director, employee or agent of a PPI Provider carries out, or secures compliance with, this Order.

16.4 The CC may vary or revoke any directions so given.

## **Schedule 1**

### **Information giving rise to a Marketing Statement**

#### **Price Information**

'Price Information' includes, but is not limited to, the expression of the price or cost of PPI as an exact, indicative or illustrative amount.

#### **Significant benefits of PPI**

'Significant benefits of PPI' includes, but is not limited to, claims of 'peace of mind', details of PPI cover and any other claim or assertion which is intended to influence or induce the Consumer to buy PPI.

#### **Significant exclusions or limitations**

A significant exclusion or limitation is one that may have an adverse effect on the benefit payable under the PPI policy or affect the Consumer's decision to buy PPI.

#### **Duration**

Length of time of the PPI policy or time that benefits are paid under the policy.

## **Schedule 1a**

### **Prescribed Statement for PLPPI, SMPPI, MPPI, CCPPI or Retail PPI for inclusion in a Marketing Communication**

#### **The Prescribed Statement is:**

This Payment Protection Insurance is optional. There are other providers of Payment Protection Insurance and other products designed to protect you against loss of income. For impartial information about insurance, please visit the website at [www.moneymadeclear.org.uk](http://www.moneymadeclear.org.uk).

## Schedule 1b

### Prescribed Statement for Stand-Alone PPI and Short-Term IP for inclusion in a Marketing Communication

#### The Prescribed Statement is:

There are other providers of Payment Protection Insurance [Short-Term Income Protection] and other products designed to protect you against loss of income. For impartial information about insurance, please visit the website at [www.moneymadeclear.org.uk](http://www.moneymadeclear.org.uk).



## **Schedule 2**

### **Additional Statement**

#### **The Additional Statement is:**

'The monthly benefit payable under this policy is for a duration of less than 12 months.'

## Schedule 3

### Annual Review

#### Instructions for the Annual Review

1. The format of the Annual Review that follows must be used as the basis of the Annual Review provided pursuant to Article 4 and in particular:
  - (a) no text should be omitted or amended but amendments to update the name of a government department or organization or person or place or thing (including a website), may be made;
  - (b) presentation should be clear and easily legible and prominence must be given to text shown in bold;
  - (c) where square brackets or italics indicate that specific information is to be provided (for example, company logo, details of PPI cover, required notice for termination or telephone number), then the PPI Provider's specific information should be used to complete these sections. If a particular section is not applicable to the PPI Provider (for example, if no additional types of PPI cover are provided), then this section can be deleted or completed as 'none' or 'not applicable', as appropriate. If information is unknown to the PPI Provider at the time of issuing the Annual Review (for example, if the PPI Provider does not keep information about its customers' age or employment status) then those sections can be completed as 'not known';
  - (d) colour and shading of the text can be adjusted so long as the other instructions of this schedule are not affected;
  - (e) additional markings such as a bar code may be included provided these markings are solely for the purpose of facilitating processing for the benefit of Consumers and do not detract from the presentation of the required text; and
  - (f) modifications to the placement of the Policyholder's name and address may be made in order to comply with existing systems designed for Consumer communications.
2. The Annual Review must always specify Life, Accident & Sickness and Unemployment cover and, where offered, include additional types of cover. If the PPI does not include one or more of Life, Accident & Sickness and Unemployment cover this must be specified as not provided. Details of any additional types of cover must follow the specification of Life, Accident & Sickness and Unemployment cover. If no additional types of cover are offered then the section headed 'other' can be deleted or completed as 'none' or 'not applicable', as appropriate. For each type of cover, state what benefit is paid in the event of a claim.
3. Where statements for Credit are provided on a 4-week basis (instead of monthly) instead of the average monthly balance, the average balance of the statement must be used as the basis for the calculations for 'Average Monthly Cost of Payment Protection Insurance in the past year' and 'Average Monthly Cost of Payment Protection Insurance for every £100 of outstanding balance covered'. The description on the form must not be changed, though a note may be included on the form to indicate the basis on which calculations have been made.

4. Where instalments are not required by a Credit Provider, the section headed 'instalments' can be deleted.
5. Where the Annual Review is for a Short-Term Income Protection Insurance policy, the words 'Payment Protection Insurance' may be replaced with 'Short-term Income Protection'.
6. Where a policy summary is sufficiently succinct to be printed on the reverse of the Annual Review, this can be done and the text 'are in the attached policy summary' should be replaced with 'is on the reverse of this page'.
7. The title of the form cannot be changed but the name of the product may be given in the line immediately following the title in place of the words 'this insurance'.
8. Age should be given as a whole number as at the Policyholder's last birthday. Date of birth may be substituted for Age.
9. Annual cost is the calculation of those payments received over the course of the previous year. The average Monthly Cost is the calculation of the mean Monthly Cost over the period the Annual Review refers to. Average outstanding balance is the mean of the outstanding balances shown on the monthly Credit Card or Retail Credit statements over the period the Annual Review refers to.
10. The estimated total cost of PPI for the remainder of the credit agreement does not need to be included for policies that are annually renewable and this section can be deleted for such policies.
11. 'Start date' may be the date of first movement on the account or date of agreement as may be applicable.
12. Where no notice is required before cancellation the words 'You can cancel your Payment Protection Policy at any time' may be used.

# Schedule 3a

[Name]  
[Address Line 1]  
[Address Line 2]  
[Address Line 3]  
[Address Line 4]  
[Postcode]

Reference [x]  
Date [x]



## Annual Review of Optional Payment Protection Insurance on your Personal Loan

This form gives you information about how much this insurance has cost in the past year

### Things you should know about your Optional Payment Protection Insurance

You can cancel your policy at any time and it will not affect your credit.  
Cheaper or more appropriate cover may be available from other providers. You can compare product features and costs using the Consumer Financial Education Body's comparison tables at [www.moneymadeclear.org.uk/tables/bespoke/PPI](http://www.moneymadeclear.org.uk/tables/bespoke/PPI).  
There are other products which can protect you against loss of your income. For impartial information about insurance, please visit the website at: [www.moneymadeclear.org.uk/products/insurance/insurance.html](http://www.moneymadeclear.org.uk/products/insurance/insurance.html).

Further details of cover, including any significant exclusions and limitations, are in the attached policy summary. You should check this form to make sure that all the recorded details are correct, otherwise your insurance cover may be affected.

### Payment Protection Insurance cover

#### Type of cover included

Life	[Repays outstanding balance on loan]
Accident & Sickness	[Up to 12 months of monthly instalments in any claim]
Unemployment	[Up to 12 months of monthly instalments in any claim]
[Other]	[Not included]

We have recorded your current employment status as	[Employed 16+ hours a week]
We have recorded your current age [or Date of birth] as	[Age] or [Date of birth]

#### Cost of Payment Protection Insurance cover

Annual cost of Payment Protection Insurance in the past year	£[xxx]
Estimated total cost of Payment Protection Insurance for the remainder of the credit agreement	£[xxx]
Average monthly cost of Payment Protection Insurance in the past year	£[xxx]

We have calculated the cost of our Payment Protection Insurance as a **monthly cost for every £100 of monthly benefit below**. This number explains how much this insurance costs you each month for every £100 in benefit that you would receive each month if you made a successful claim for accident, sickness or unemployment. For example, if the number is £5 this means that for every £5 that you pay as a monthly premium, you will get £100 for each [full] month that the claim lasts [less the waiting period on the policy]. This number can be used to make comparisons with the cost of insurance from other providers. You should also compare the cover offered and the way in which benefits are paid out.

Monthly cost of Payment Protection Insurance for every £100 of monthly benefit	£[xxx]
--	--------

### The credit protected by this cover

Original start date	[Date]	Total amount payable	£[xxx]
The term of the credit agreement	[xx] months	Instalments	£[xxx]/month
The total amount of credit	£[xxx]	Amount of monthly repayment covered [if different from instalment]	£[xxx]/month
Total charge for credit	£[xxx]		

#### Cancellation rights

You can cancel your Payment Protection Insurance at any time [by providing [X] days' notice to your insurer]. To cancel, call [xxx xxxx xxxx] or write to [Customer Services at [X]]. There is no charge for cancellation.  
For general enquiries, please call: [xxx xxxx xxxx].

[Name]  
[Address Line 1]  
[Address Line 2]  
[Address Line 3]  
[Address Line 4]  
[Postcode]

## Schedule 3b(i)



Reference [x]  
Date [x]

# Annual Review of Optional Payment Protection Insurance on your Mortgage

This form gives you information about how much this insurance has cost in the past year

### Things you should know about your Optional Payment Protection Insurance

You can cancel your policy at any time and it will not affect your credit.

Cheaper or more appropriate cover may be available from other providers. You can compare product features and costs using the Consumer Financial Education Body's comparison tables at [www.moneymadeclear.org.uk/tables/bespoke/PPI](http://www.moneymadeclear.org.uk/tables/bespoke/PPI).

There are other products which can protect you against loss of your income. For impartial information about insurance, please visit the website at: [www.moneymadeclear.org.uk/products/insurance/insurance.html](http://www.moneymadeclear.org.uk/products/insurance/insurance.html).

Further details of cover, including any significant exclusions and limitations, are in the attached policy summary. You should check this form to make sure that all the recorded details are correct, otherwise your insurance cover may be affected.

## Payment Protection Insurance cover

### Type of cover included

Life	[Not included]
Accident & Sickness	[Up to 12 months of monthly instalments per claim]
Unemployment	[Up to 12 months of monthly instalments per claim]
[Other]	[Not included]

We have recorded your current employment status as [Employed 16+ hours a week]

We have recorded your current age [or Date of birth] as [Age] or [Date of birth]

### Cost of Payment Protection Insurance cover

Annual cost of Payment Protection Insurance in the past year £[xxx]

Estimated total cost of Payment Protection Insurance for the remainder of the loan agreement £[xxx]

Average monthly cost of Payment Protection Insurance in the past year £[xxx]

We have calculated the cost of our Payment Protection Insurance as a **monthly cost for every £100 of monthly benefit below**. This number explains how much this insurance costs you each month for every £100 in benefit that you would receive each month if you made a successful claim for accident, sickness or unemployment. For example, if the number is £5 this means that for every £5 that you pay as a monthly premium, you will get £100 for each [full] month that the claim lasts [less the waiting period on the policy]. This number can be used to make comparisons with the cost of insurance from other providers. You should also compare the cover offered and the way in which benefits are paid out.

Monthly cost of Payment Protection Insurance for every £100 of monthly benefit £[xxx]

## The mortgage protected by this cover

Original start date [Date] The total remaining amount you must pay back including the amount borrowed as at [date] £[xxx]

Remaining term of the loan agreement [xx] years Payments £[xxx]/month

Total outstanding loan as at [date] £[xxx] Amount of monthly payment covered [if different from monthly payment] £[xxx]/month

[Estimated] Total remaining charge for loan as at [date] £[xxx]

### Cancellation rights

You can cancel your Payment Protection Insurance at any time [by providing [X] days' notice to your insurer]. To cancel, call [xxx xxxx xxxx] or write to [Customer Services at [X]]. There is no charge for cancellation.

For general enquiries, please call: [xxx xxxx xxxx].

[Name]  
[Address Line 1]  
[Address Line 2]  
[Address Line 3]  
[Address Line 4]  
[Postcode]

## Schedule 3b(ii)



Reference [x]  
Date [x]

# Annual Review of Optional Payment Protection Insurance on your Joint Mortgage

This form gives you information about how much this insurance has cost in the past year

### Things you should know about your Optional Payment Protection Insurance

You can cancel your policy at any time and it will not affect your credit.

Cheaper or more appropriate cover may be available from other providers. You can compare product features and costs using the Consumer Financial Education Body's comparison tables at [www.moneymadeclear.org.uk/tables/bespoke/PPI](http://www.moneymadeclear.org.uk/tables/bespoke/PPI).

There are other products which can protect you against loss of your income. For impartial information about insurance, please visit the website at: [www.moneymadeclear.org.uk/products/insurance/insurance.html](http://www.moneymadeclear.org.uk/products/insurance/insurance.html).

Further details of cover, including any significant exclusions and limitations, are in the attached policy summary. You should check this form to make sure that all the recorded details are correct, otherwise your insurance cover may be affected.

### Payment Protection Insurance cover

#### Type of cover included

	Beneficiary 1	Beneficiary 2
Life	[Not included]	[Not included]
Accident & Sickness	[Up to 12 months of monthly instalments per claim]	[Up to 12 months of monthly instalments per claim]
Unemployment	[Up to 12 months of monthly instalments per claim]	[Up to 12 months of monthly instalments per claim]
[Other]	[Not included]	[Not included]
We have recorded your current employment status as	[Employed 16+ hours a week]	[Employed 16+ hours a week]
We have recorded your current age [or Date of birth] as	[Age] or [Date of birth]	[Age] or [Date of birth]

#### Cost of Payment Protection Insurance cover

Annual cost of Payment Protection Insurance in the past year	£[xxx]	£[xxx]
Estimated total cost of Payment Protection Insurance for the remainder of the loan agreement	£[xxx]	£[xxx]
Average monthly cost of Payment Protection Insurance	£[xxx]	£[xxx]

We have calculated the cost of our Payment Protection Insurance as a **monthly cost for every £100 of monthly benefit below**. This number explains how much this insurance costs you each month for every £100 in benefit that you would receive each month if you made a successful claim for accident, sickness or unemployment. For example, if the number is £5 this means that for every £5 that you pay as a monthly premium, you will get £100 for each [full] month that the claim lasts [less the waiting period on the policy]. This number can be used to make comparisons with the cost of insurance from other providers. You should also compare the cover offered and the way in which benefits are paid out.

Monthly cost of Payment Protection Insurance for every £100 of monthly benefit	£[xxx]	£[xxx]
--	--------	--------

### The mortgage protected by this cover

Original start date	[Date]	The total remaining amount you must pay back including the amount borrowed as at [date]	£[xxx]
Remaining term of the loan agreement	[xx] years	Payments	£[xxx]/month
Total outstanding loan as at [date]	£[xxx]	Amount of monthly payment covered [if different from monthly payment]	£[xxx]/month
[Estimated] Total remaining charge for loan as at [date]	£[xxx]		

#### Cancellation rights

You can cancel your Payment Protection Insurance at any time [by providing [X] days' notice to your insurer]. To cancel, call [xxx xxxx xxxx] or write to [Customer Services at [X]]. There is no charge for cancellation.

For general enquiries, please call: [xxx xxxx xxxx].

## Schedule 3c

[Name]  
[Address Line 1]  
[Address Line 2]  
[Address Line 3]  
[Address Line 4]  
[Postcode]

Reference [X]  
Date [X]



## Annual Review of Optional Payment Protection Insurance on your Credit Card

This form gives you information about how much this insurance has cost in the past year

### Things you should know about your Optional Payment Protection Insurance

You can cancel your policy at any time and it will not affect your credit.

Cheaper or more appropriate cover may be available from other providers. You can compare product features and costs using the Consumer Financial Education Body's comparison tables at [www.moneymadeclear.org.uk/tables/bespoke/PPI](http://www.moneymadeclear.org.uk/tables/bespoke/PPI).

There are other products which can protect you against loss of your income. For impartial information about insurance, please visit the website at: [www.moneymadeclear.org.uk/products/insurance/insurance.html](http://www.moneymadeclear.org.uk/products/insurance/insurance.html).

Further details of cover, including any significant exclusions and limitations, are in the attached policy summary. You should check this form to make sure that all the recorded details are correct, otherwise your insurance cover may be affected.

### Payment Protection Insurance cover

#### Type of cover included

Life	[Repays outstanding balance up to a maximum of £10,000]
Accident & Sickness	[Repays 10% of your outstanding balance for up to 12 months in any claim]
Unemployment	[Repays 10% of your outstanding balance for up to 12 months in any claim]
[Other]	[Not included]

We have recorded your current employment status as [Employed 16+ hours a week]

We have recorded your current age [or Date of birth] as [Age] or [Date of birth]

#### Cost of Payment Protection Insurance cover

Annual cost of Payment Protection Insurance in the past year £[xxx]

Average monthly cost of Payment Protection Insurance in the past year £[xxx]

Monthly cost of Payment Protection Insurance for every £100 outstanding balance covered £[xxx]

We have calculated the cost of our Payment Protection Insurance as a **monthly cost for every £100 of monthly benefit below**. This number explains how much this insurance costs you each month for every £100 in benefit that you would receive each month if you made a successful claim for accident, sickness or unemployment. For example, if the number is £5 this means that for every £5 that you pay as a monthly premium, you will get £100 for each [full] month that the claim lasts [less the waiting period on the policy]. This number can be used to make comparisons with the cost of insurance from other providers. You should also compare the cover offered and the way in which benefits are paid out.

Monthly cost of Payment Protection Insurance for every £100 of monthly benefit £[xxx]

### The credit protected by this cover

Credit limit, as at the date of this annual review £[xxx]

Average outstanding balance in past year £[xxx]

#### Cancellation rights

You can cancel your Payment Protection Insurance at any time [by providing [X] days' notice to your insurer]. To cancel, call [xxx xxxx xxxx] or write to [Customer Services at [X]]. There is no charge for cancellation.

For general enquiries, please call: [xxx xxxx xxxx].

## Schedule 3d(i)

[Name]  
[Address Line 1]  
[Address Line 2]  
[Address Line 3]  
[Address Line 4]  
[Postcode]

Reference [x]  
Date [x]



# Annual Review of Optional Payment Protection Insurance on your Home Shopping Account

This form gives you information about how much this insurance has cost in the past year

### Things you should know about your Optional Payment Protection Insurance

You can cancel your policy at any time and it will not affect your credit.

Cheaper or more appropriate cover may be available from other providers. You can compare product features and costs using the Consumer Financial Education Body's comparison tables at [www.moneymadeclear.org.uk/tables/bespoke/PPI](http://www.moneymadeclear.org.uk/tables/bespoke/PPI).

There are other products which can protect you against loss of your income. For impartial information about insurance, please visit the website at: [www.moneymadeclear.org.uk/products/insurance/insurance.html](http://www.moneymadeclear.org.uk/products/insurance/insurance.html).

Further details of cover, including any exclusions and limitations, are in the attached policy summary. You should check this form to make sure that all the recorded details are correct, otherwise your insurance cover may be affected.

### Payment Protection Insurance cover

#### Type of cover included

Life	[Repays outstanding balance up to a maximum of £10,000]
Accident & Sickness	[Repays 10% of your outstanding balance for up to 6 months in any claim]
Unemployment	[Repays 10% of your outstanding balance for up to 6 months in any claim]
[Other]	[Not included]

We have recorded your current employment status as [Employed 16+ hours a week]

We have recorded your current age or [Date of birth] as [Age] or [Date of birth]

#### Cost of Payment Protection Insurance cover

Annual cost of Payment Protection Insurance in past year £[xxx]

Average monthly cost of Payment Protection Insurance in past year £[xxx]

Average monthly cost of Payment Protection Insurance for every £100 outstanding balance covered £[xxx]

We have calculated the cost of our Payment Protection Insurance as a **monthly cost for every £100 of monthly benefit below**. This number explains how much this insurance costs you each month for every £100 in benefit that you would receive each month if you made a successful claim for accident, sickness or unemployment. For example, if the number is £5 this means that for every £5 that you pay as a monthly premium, you will get £100 for each [full] month that the claim lasts [less the waiting period on the policy]. This number can be used to make comparisons with the cost of insurance from other providers. You should also compare the cover offered and the way in which benefits are paid out.

Monthly cost of Payment Protection Insurance for every £100 of monthly benefit £[xxx]

### The credit protected by this cover

Credit limit, as at the date of this annual review £[xxx]

Average outstanding balance in past year £[xxx]

#### Cancellation rights

You can cancel your Payment Protection Insurance at any time [by providing [X] days' notice to your insurer]. To cancel, call [xxx xxxx xxxx] or write to [Customer Services at [X]]. There is no charge for cancellation.

For general enquiries, please call: [xxx xxxx xxxx].



## Schedule 3d(ii)

### Annual Reminder for Retail PPI

Payment Protection Insurance is optional. Cheaper or more appropriate cover may be available from other providers. You can compare product features and costs using the Consumer Financial Education Body's comparison tables at [www.moneymadeclear.org.uk/tables/bespoke/PPI](http://www.moneymadeclear.org.uk/tables/bespoke/PPI). You can cancel your Payment Protection Insurance at any time [by providing X days' notice]. To cancel, call [xxx xxx xxx] or write to Customer Services at [X]. There is no charge for cancellation.

## Schedule 3e

[Name]  
[Address Line 1]  
[Address Line 2]  
[Address Line 3]  
[Address Line 4]  
[Postcode]

Reference [x]  
Date [x]



## Annual Review of your Optional Payment Protection Insurance [Stand Alone]

This form gives you information about how much this insurance has cost in the past year

### Things you should know about your Optional Payment Protection Insurance

You can cancel your policy at any time.

Cheaper or more appropriate cover may be available from other providers. You can compare product features and costs using the Consumer Financial Education Body's comparison tables at [www.moneymadeclear.org.uk/tables/bespoke/PPI](http://www.moneymadeclear.org.uk/tables/bespoke/PPI).

There are other products which can protect you against loss of your income. For impartial information about insurance, please visit the website at: [www.moneymadeclear.org.uk/products/insurance/insurance.html](http://www.moneymadeclear.org.uk/products/insurance/insurance.html).

Further details of cover, including any exclusions and limitations, are in the attached policy summary. You should check this form to make sure that all the recorded details are correct, otherwise your insurance cover may be affected.

### Payment Protection Insurance cover

#### Type of cover included

Life	[Repays up to a maximum of £10,000]
Accident & Sickness	[Up to 12 months' benefit]
Unemployment	[Up to 12 months' benefit]
[Other]	[Not included]

We have recorded your current employment status as [Employed 16+ hours a week]

We have recorded your current age [or Date of birth] as [Age] or [Date of birth]

#### Cost of Payment Protection Insurance cover

Annual cost of Payment Protection Insurance in past year £[xxx]

Average monthly cost of Payment Protection Insurance in the past year £[xxx]

We have calculated the cost of our Payment Protection Insurance as a **monthly cost for every £100 of monthly benefit below**. This number explains how much this insurance costs you each month for every £100 in benefit that you would receive each month if you made a successful claim for accident, sickness or unemployment. For example, if the number is £5 this means that for every £5 that you pay as a monthly premium, you will get £100 for each [full] month that the claim lasts [less the excess period on the policy]. This number can be used to make comparisons with the cost of insurance from other providers. You should also compare the cover offered and the way in which benefits are paid out.

Monthly cost of Payment Protection Insurance for every £100 of monthly benefit £[xxx]

### Monthly income [or monthly repayment] protected by this cover [or monthly benefit]

Amount of monthly income [or repayment] protected £[xxx]

or

[Your monthly benefit is] £[xxx]

#### Cancellation rights

You can cancel your Payment Protection Insurance at any time [by providing [X] days' notice to your insurer]. To cancel, call [xxx xxxx xxxx] or write to [Customer Services at [X]]. There is no charge for cancellation.

For general enquiries, please call: [xxx xxxx xxxx].

## Schedule 4

### Personal PPI Quote

#### Instructions for quotes

1. The form of the quotes that follow must be used for the format of the quote provided by any PPI Provider and in particular:
  - (a) no text should be omitted or amended but amendments to update the name of a government department or organization or person or place or thing (including a website), may be made;
  - (b) presentation must be clear and legible and prominence must be given to text shown in bold;
  - (c) where square brackets or italics indicate that certain specific information is to be provided (for example, company logo, reference, dates, how long the quote is valid for, PPI details, website address or telephone number), then the PPI Provider should use its own PPI Provider-specific information to complete these sections where this is relevant. If a particular section is not applicable to the PPI Provider (for example, if PPI is not sold via the Internet or if no additional types of cover are offered) then this section can be deleted or completed as 'none' or 'not applicable', as appropriate. If information is unknown to the PPI Provider at the time of issuing the quote (for example, if the details of the Credit have not yet been finalized) then those sections can be completed as 'not known'; and
  - (d) colour and shading of the text can be adjusted so long as the other instructions of this schedule are not affected.
2. The quote must always specify Life, Accident & Sickness and Unemployment cover and, where offered, include additional types of cover. If the PPI does not include one or more of Life, Accident & Sickness and Unemployment cover this must be specified as not provided. Details of any additional types of cover must follow the specification of Life, Accident & Sickness and Unemployment cover. If no additional types of cover are offered then the section headed 'other' can be deleted or completed as 'none' or 'not applicable', as appropriate. For each type of cover, state what benefit is paid in the event of a claim.
3. If the total cost of PPI is the same as the annual cost of PPI, it need not be included separately.
4. If the Monthly Cost for every £100 Monthly Benefit varies with the payment terms on which goods are purchased using a Retail Credit Account and this is not known at the time of issuing the Personal PPI Quote, Retail PPI Providers may use an illustrative value in Schedule 4d. (This may be based on the most frequently used payment terms on which goods are purchased using the Retail Credit Account in question.)
5. Where instalments are not required by a Credit Provider, the section headed 'instalments' can be deleted.
6. Where the Personal PPI Quote is for a Short-Term IP Policy, the words 'Payment Protection Insurance' may be replaced with 'Short-term Income Protection'.

7. Where a policy summary is sufficiently succinct to be printed on the reverse of the Personal PPI Quote, this can be done and the text 'are in the attached policy summary' should be replaced with 'are on the reverse of this page'.
8. The title of the form cannot be changed but the name of the product may be given in the line immediately following the title in place of the words 'this insurance'.
9. Annual cost is the estimated or actual annual cost of the PPI being quoted. Monthly cost is the estimated or actual Monthly Cost of the PPI being quoted.
10. The estimated total cost of PPI for the remainder of the credit agreement does not need to be included for policies that are annually renewable and this section can be deleted for such policies.
11. Where PPI is offered to more than one Consumer including a joint or group discount, the Personal PPI Quote for each Consumer will include that portion of any such discount as is appropriate.
12. The Personal PPI Quote issued for Retail PPI may display both the price of PPI as a separate insurance and the price of PPI together with Merchandise Cover.

## Schedule 4a

[Name]  
[Address Line 1]  
[Address Line 2]  
[Address Line 3]  
[Address Line 4]  
[Postcode]

Reference [x]  
Date [x]



## Quote for Optional Payment Protection Insurance on your Personal Loan

This form gives you information about how much this insurance will cost

### Things you should know about Optional Payment Protection Insurance

Taking out this insurance is optional and does not increase your chances of obtaining credit.

Cheaper or more appropriate cover may be available from other providers. You can compare product features and costs using the Consumer Financial Education Body's comparison tables at [www.moneymadeclear.org.uk/tables/bespoke/PPI](http://www.moneymadeclear.org.uk/tables/bespoke/PPI).

There are other products which can protect you against loss of your income. For impartial information about insurance, please visit the website at: [www.moneymadeclear.org.uk/products/insurance/insurance.html](http://www.moneymadeclear.org.uk/products/insurance/insurance.html).

Further details of cover, including any significant exclusions and limitations, are in the attached policy summary. This quote is valid [for [X] days] provided that you remain eligible for this product. Before we are allowed to sell you Payment Protection Insurance we will need to tell you about its key features, significant benefits, exclusions and limitations and tell you about any parts of the policy you may not be eligible to make a claim under given your personal circumstances.

### Payment Protection Insurance quote

#### Type of cover included

Life	[Repays outstanding balance on loan]
Accident & Sickness	[Up to 12 months of monthly instalments in any claim]
Unemployment	[Up to 12 months of monthly instalments in any claim]
[Other]	[Not included]

#### Cost of Payment Protection Insurance cover

Annual cost of Payment Protection Insurance	£[xxx]
Estimated total cost of Payment Protection Insurance for the duration of the credit agreement	£[xxx]
Monthly cost of Payment Protection Insurance	£[xxx]

We have calculated a **combined APR** to illustrate the cost of taking the credit and Payment Protection Insurance together. Comparing this measure with the APR of the credit alone gives an indication of the additional cost of Payment Protection Insurance over a period.

Combined APR (credit and Payment Protection Insurance)	[xx]%
--	-------

We have calculated the cost of our Payment Protection Insurance as a **monthly cost for every £100 of monthly benefit below**. This number explains how much this insurance costs you each month for every £100 in benefit that you would receive each month if you made a successful claim for accident, sickness or unemployment. For example, if the number is £5 this means that for every £5 that you pay as a monthly premium, you will get £100 for each [full] month that the claim lasts [less the waiting period on the policy]. This number can be used to make comparisons with the cost of insurance from other providers. You should also compare the cover offered and the way in which benefits are paid out.

Monthly cost of Payment Protection Insurance for every £100 of monthly benefit	£[xxx]
--	--------

### The credit on which this quote is based

Start date (if known)	[date]	Total amount payable	£[xxx]
The term of the credit agreement	[xx] months	Annual Percentage Rate of Charge (APR)	[xx]%
The total amount of credit	£[xxx]	Instalments	£[xxx]/month
Total charge for credit	£[xxx]	Amount of monthly repayment covered [if different from instalment]	£[xxx]/month

As the provider of this credit we are not allowed to complete the sale of Payment Protection Insurance at the same time as you take out the credit. This is to give you time to compare this policy against alternatives. If you decide that you would like to take out this Payment Protection Insurance policy from us, please [ring xxx xxxx xxxx] or visit [www.xxx.com] on or after [the next day after the later of the end of the credit sale or the date of quote].

## Schedule 4b(i)

[Name]  
[Address Line 1]  
[Address Line 2]  
[Address Line 3]  
[Address Line 4]  
[Postcode]

Reference [x]  
Date [x]



## Quote for Optional Payment Protection Insurance on your Mortgage

This form gives you information about how much this insurance will cost

### Things you should know about Optional Payment Protection Insurance

Taking out this insurance is optional and does not increase your chances of obtaining credit.

Cheaper or more appropriate cover may be available from other providers. You can compare product features and costs using the Consumer Financial Education Body's comparison tables at [www.moneymadeclear.org.uk/tables/bespoke/PPI](http://www.moneymadeclear.org.uk/tables/bespoke/PPI).

There are other products which can protect you against loss of your income. For impartial information about insurance, please visit the website at: [www.moneymadeclear.org.uk/products/insurance/insurance.html](http://www.moneymadeclear.org.uk/products/insurance/insurance.html).

Further details of cover, including any significant exclusions and limitations, are in the attached policy summary. This quote is valid [for [X] days] provided that you remain eligible for this product. Before we are allowed to sell you Payment Protection Insurance we will need to tell you about its key features, significant benefits, exclusions and limitations and tell you about any parts of the policy you may not be eligible to make a claim under given your personal circumstances.

### Payment Protection Insurance quote

#### Type of cover included

Life	[Not included]
Accident & Sickness	[Up to 12 months of monthly instalments in any claim]
Unemployment	[Up to 12 months of monthly instalments in any claim]
[Other]	[Not included]

#### Cost of Payment Protection Insurance cover

Annual cost of Payment Protection Insurance	£[xxx]
Total cost of Payment Protection Insurance for the duration of the loan agreement	£[xxx]
Monthly cost of Payment Protection Insurance	£[xxx]

We have calculated a **combined APR** to illustrate the cost of taking the mortgage and Payment Protection Insurance together. Comparing this measure with the APR of the mortgage alone gives an indication of the additional cost of Payment Protection Insurance over a period.

Combined APR (mortgage and Payment Protection Insurance)	[xx]%
--	-------

We have calculated the cost of our Payment Protection Insurance as a **monthly cost for every £100 of monthly benefit below**. This number explains how much this insurance costs you each month for every £100 in benefit that you would receive each month if you made a successful claim for accident, sickness or unemployment. For example, if the number is £5 this means that for every £5 that you pay as a monthly premium, you will get £100 for each [full] month that the claim lasts [less the waiting period on the policy]. This number can be used to make comparisons with the cost of insurance from other providers. You should also compare the cover offered and the way in which benefits are paid out.

Monthly cost of Payment Protection Insurance for every £100 of monthly benefit	£[xxx]
--	--------

### The mortgage on which this quote is based

Start date (if known)	[date]	The total amount you must pay back including the amount borrowed	£[xxx]
The term of the loan agreement	[xx] years	Annual Percentage Rate of Charge (APR)	[xx]%
Total loan	£[xxx]	Payments	£[xxx]/month
Total charge for loan	£[xxx]	Amount of monthly payment covered [if different from monthly payment]	£[xxx]/month

As the provider of this mortgage we are not allowed to complete the sale of Payment Protection Insurance at the same time as you take out the mortgage. This is to give you time to compare this policy against alternatives. If you decide that you would like to take out this Payment Protection Insurance policy from us, please [ring [xxx xxxx xxx] or visit [www.xxx.com] on or after [the next day after the later of the end of the credit sale or the date of quote]].

## Schedule 4b(ii)

[Name]  
[Address Line 1]  
[Address Line 2]  
[Address Line 3]  
[Address Line 4]  
[Postcode]

Reference [x]  
Date [x]



## Quote for Optional Payment Protection Insurance on your Joint Mortgage

This form gives you information about how much this insurance will cost

### Things you should know about Optional Payment Protection Insurance

Taking out this insurance is optional and does not increase your chances of obtaining credit.

Cheaper or more appropriate cover may be available from other providers. You can compare product features and costs using the Consumer Financial Education Body's comparison tables at [www.moneymadeclear.org.uk/tables/ bespoke/PPI](http://www.moneymadeclear.org.uk/tables/ bespoke/PPI).

There are other products which can protect you against loss of your income. For impartial information about insurance, please visit the website at: [www.moneymadeclear.org.uk/products/insurance/insurance.html](http://www.moneymadeclear.org.uk/products/insurance/insurance.html).

Further details of cover, including any significant exclusions and limitations, are in the attached policy summary. This quote is valid [for [X] days] provided that you remain eligible for this product. Before we are allowed to sell you Payment Protection Insurance we will need to tell you about its key features, significant benefits, exclusions and limitations and tell you about any parts of the policy you may not be eligible to make a claim under given your personal circumstances.

### Payment Protection Insurance quote

#### Type of cover included

	Beneficiary 1	Beneficiary 2
Life	[Not included]	[Not included]
Accident & Sickness	[Up to 12 months of monthly instalments in any claim]	[Up to 12 months of monthly instalments in any claim]
Unemployment	[Up to 12 months of monthly instalments in any claim]	[Up to 12 months of monthly instalments in any claim]
[Other]	[Not included]	[Not included]

#### Cost of Payment Protection Insurance cover

Annual cost of Payment Protection Insurance	£[xxx]	£[xxx]
Total cost of Payment Protection Insurance for the duration of the credit agreement	£[xxx]	£[xxx]
Monthly cost of Payment Protection Insurance	£[xxx]	£[xxx]

We have calculated a **combined APR** to illustrate the cost of taking the mortgage and Payment Protection Insurance together. Comparing this measure with the APR of the mortgage alone gives an indication of the additional cost of Payment Protection Insurance over a period.

Combined APR (mortgage and Payment Protection Insurance)	[xx]%	[xx]%
--	-------	-------

We have calculated the cost of our Payment Protection Insurance as a **monthly cost for every £100 of monthly benefit below**. This number explains how much this insurance costs you each month for every £100 in benefit that you would receive each month if you made a successful claim for accident, sickness or unemployment. For example, if the number is £5 this means that for every £5 that you pay as a monthly premium, you will get £100 for each [full] month that the claim lasts [less the waiting period on the policy]. This number can be used to make comparisons with the cost of insurance from other providers. You should also compare the cover offered and the way in which benefits are paid out.

Monthly cost of Payment Protection Insurance for every £100 of monthly benefit	£[xxx]	£[xxx]
--	--------	--------

### The mortgage on which this quote is based

Start date (if known)	[date]	The total amount you must pay back including the amount borrowed	£[xxx]
The term of the loan agreement	[xx] years	Annual Percentage Rate of Charge (APR)	[xx]%
Total loan	£[xxx]	Payments	£[xxx]/month
Total charge for loan	£[xxx]	Amount of monthly payment covered [if different from monthly payment]	£[xxx]/month

As the provider of this mortgage we are not allowed to complete the sale of Payment Protection Insurance at the same time as you take out the mortgage. This is to give you time to compare this policy against alternatives. If you decide that you would like to take out this Payment Protection Insurance policy from us, please [ring [xxx xxxx xxxx] or visit [www.xxx.com] on or after [the next day after the later of the end of the credit sale or the date of quote]].

## Schedule 4c(i)

[Name]  
[Address Line 1]  
[Address Line 2]  
[Address Line 3]  
[Address Line 4]  
[Postcode]

Reference [x]  
Date [x]



# Quote for Optional Payment Protection Insurance on your Credit Card [Stand-Alone]

This form gives you information about how much this insurance will cost

### Things you should know about Optional Payment Protection Insurance

Cheaper or more appropriate cover may be available from other providers. You can compare product features and costs using the Consumer Financial Education Body's comparison tables at [www.moneymadeclear.org.uk/tables/bespoke/PPI](http://www.moneymadeclear.org.uk/tables/bespoke/PPI).

There are other products which can protect you against loss of your income. For impartial information about insurance, please visit the website at: [www.moneymadeclear.org.uk/products/insurance/insurance.html](http://www.moneymadeclear.org.uk/products/insurance/insurance.html).

Further details of cover, including any significant exclusions and limitations, are in the attached policy summary. This quote is valid for [X] days provided that you remain eligible for this product.

### Payment Protection Insurance quote

#### Type of cover included

Life	[Repays outstanding balance up to a maximum of £10,000]
Accident & Sickness	[Repays 10% of your outstanding balance for up to 12 months in any claim]
Unemployment	[Repays 10% of your outstanding balance for up to 12 months in any claim]
[Other]	[Not included]

#### Cost of Payment Protection Insurance cover

Illustrative annual cost of Payment Protection Insurance (based on a typical outstanding balance of £1,000 each month for one year)	£[xxx]
Illustrative monthly cost of Payment Protection Insurance (based on a typical outstanding balance of £1,000 for each month)	£[xxx]
Monthly cost of Payment Protection Insurance for every £100 outstanding balance covered	£[xxx]

We have calculated a **combined APR** to illustrate the cost of taking the credit and Payment Protection Insurance together. Comparing this measure with the APR of the credit alone gives an indication of the additional cost of Payment Protection Insurance over a period.

Combined APR (credit and Payment Protection Insurance) [xx]%

We have calculated the cost of our Payment Protection Insurance as a **monthly cost for every £100 of monthly benefit below**. This number explains how much this insurance costs you each month for every £100 in benefit that you would receive each month if you made a successful claim for accident, sickness or unemployment. For example, if the number is £5 this means that for every £5 that you pay as a monthly premium, you will get £100 for each [full] month that the claim lasts [less the waiting period on the policy]. This number can be used to make comparisons with the cost of insurance from other providers. You should also compare the cover offered and the way in which benefits are paid out.

Monthly cost of Payment Protection Insurance for every £100 of monthly benefit £[xxx]

### The credit on which this quote is based

Credit limit (if known) £[xxx]

Annual Percentage Rate of Charge (APR) [xx]%

#### Cancellation rights

You can cancel your Payment Protection Insurance at any time [by providing [X] days' notice to your insurer]. To cancel, call [xxx xxxx xxxx] or write to [Customer Services at [X]]. There is no charge for cancellation.

For general enquiries, please call: [xxx xxxx xxxx].



## Schedule 4c(ii)

[Name]  
[Address Line 1]  
[Address Line 2]  
[Address Line 3]  
[Address Line 4]  
[Postcode]

Reference [x]  
Date [x]



## Quote for Optional Payment Protection Insurance on your Credit Card

This form gives you information about how much this insurance will cost

### Things you should know about Optional Payment Protection Insurance

Taking out this insurance is optional and does not increase your chances of obtaining credit.

Cheaper or more appropriate cover may be available from other providers. You can compare product features and costs using the Consumer Financial Education Body's comparison tables at [www.moneymadeclear.org.uk/tables/ bespoke/PPI](http://www.moneymadeclear.org.uk/tables/ bespoke/PPI).

There are other products which can protect you against loss of your income. For impartial information about insurance, please visit the website at: [www.moneymadeclear.org.uk/products/insurance/insurance.html](http://www.moneymadeclear.org.uk/products/insurance/insurance.html).

Further details of cover, including any significant exclusions and limitations, are in the attached policy summary. This quote is valid [for [X] days] provided that you remain eligible for this product. Before we are allowed to sell you Payment Protection Insurance we will need to tell you about its key features, significant benefits, exclusions and limitations and tell you about any parts of the policy you may not be eligible to make a claim under given your personal circumstances.

### Payment Protection Insurance quote

#### Type of cover included

Life	[Repays outstanding balance up to a maximum of £10,000]
Accident & Sickness	[Repays 10% of your outstanding balance for up to 12 months in any claim]
Unemployment	[Repays 10% of your outstanding balance for up to 12 months in any claim]
[Other]	[Not included]

#### Cost of Payment Protection Insurance cover

Illustrative annual cost of Payment Protection Insurance (based on a typical outstanding balance of £1,000 each month for one year)	£[xxx]
Illustrative monthly cost of Payment Protection Insurance (based on a typical outstanding balance of £1,000 for each month)	£[xxx]
Monthly cost of Payment Protection Insurance for every £100 outstanding balance covered	£[xxx]

We have calculated a **combined APR** to illustrate the cost of taking the credit and Payment Protection Insurance together. Comparing this measure with the APR of the credit alone gives an indication of the additional cost of Payment Protection Insurance over a period.

Combined APR (credit and Payment Protection Insurance)	[xx]%
--	-------

We have calculated the cost of our Payment Protection Insurance as a **monthly cost for every £100 of monthly benefit below**. This number explains how much this insurance costs you each month for every £100 in benefit that you would receive each month if you made a successful claim for accident, sickness or unemployment. For example, if the number is £5 this means that for every £5 that you pay as a monthly premium, you will get £100 for each [full] month that the claim lasts [less the waiting period on the policy]. This number can be used to make comparisons with the cost of insurance from other providers. You should also compare the cover offered and the way in which benefits are paid out.

Monthly cost of Payment Protection Insurance for every £100 of monthly benefit	£[xxx]
--	--------

### The credit on which this quote is based

Credit limit (if known)	£[xxx]
Annual Percentage Rate of Charge (APR)	[xx]%

As the provider of this credit we are not allowed to complete the sale of Payment Protection Insurance at the same time as you take out the credit. This is to give you time to compare this policy against alternatives. If you decide that you would like to take out this Payment Protection Insurance policy from us, please [ring [xxx xxxx xxxx] or visit [www.xxx.com] on or after [the next day after the later of the end of the credit sale or the date of quote]].

# Schedule 4d

[Name]  
[Address Line 1]  
[Address Line 2]  
[Address Line 3]  
[Address Line 4]  
[Postcode]

Reference [x]  
Date [x]



## Quote for Optional Payment Protection Insurance on your Home Shopping Account

This form gives you information about how much this insurance will cost

### Things you should know about Optional Payment Protection Insurance

Taking out this insurance is optional and does not increase your chances of obtaining credit.  
Cheaper or more appropriate cover may be available from other providers. You can compare product features and costs using the Consumer Financial Education Body's comparison tables at [www.moneymadeclear.org.uk/tables/bespoke/PPI](http://www.moneymadeclear.org.uk/tables/bespoke/PPI).  
There are other products which can protect you against loss of your income. For impartial information about insurance, please visit the website at: [www.moneymadeclear.org.uk/products/insurance/insurance.html](http://www.moneymadeclear.org.uk/products/insurance/insurance.html).

Further details of cover, including any significant exclusions and limitations, are in the attached policy summary. This quote is valid [for [X] days] provided that you remain eligible for this product.

### Payment Protection Insurance quote

#### Type of cover included

Life	[Repays outstanding balance up to a maximum of £10,000]
Accident & Sickness	[Repays 10% of your outstanding balance for up to 6 months in any claim]
Unemployment	[Repays 10% of your outstanding balance for up to 6 months in any claim]
[Other]	[Not included]

#### Cost of Payment Protection Insurance cover

Illustrative annual cost of Payment Protection Insurance (based on a typical outstanding balance of £300 each month for one year)	£[xxx]
Illustrative monthly cost of Payment Protection Insurance (based on a typical outstanding balance of £300 for each month)	£[xxx]
Monthly cost of Payment Protection Insurance for every £100 outstanding balance covered	£[xxx]

We have calculated a **combined APR** to illustrate the cost of taking the credit and Payment Protection Insurance together. Comparing this measure with the APR of the credit alone gives an indication of the additional cost of Payment Protection Insurance over a period.

Combined APR (credit and Payment Protection Insurance)	[xx]%
--	-------

We have calculated the cost of our Payment Protection Insurance as a **monthly cost for every £100 of monthly benefit below**. This number explains how much this insurance costs you each month for every £100 in benefit that you would receive each month if you made a successful claim for accident, sickness or unemployment. For example, if the number is £5 this means that for every £5 that you pay as a monthly premium, you will get £100 for each [full] month that the claim lasts [less the waiting period on the policy]. This number can be used to make comparisons with the cost of insurance from other providers. You should also compare the cover offered and the way in which benefits are paid out.

Monthly cost of Payment Protection Insurance for every £100 of monthly benefit	£[xxx]
--	--------

### The credit on which this quote is based

Credit limit	£[xxx]
Annual Percentage Rate of Charge (APR)	[xx]%

#### Cancellation rights

You can cancel your Payment Protection Insurance at any time [by providing [X] days' notice to your insurer]. To cancel, call [xxx xxxx xxxx] or write to [Customer Services at [X]]. There is no charge for cancellation.

For general enquiries, please call: [xxx xxxx xxxx].

# Schedule 4e(i)

[Name]  
[Address Line 1]  
[Address Line 2]  
[Address Line 3]  
[Address Line 4]  
[Postcode]

Reference [x]  
Date [x]



## Quote for your Optional Payment Protection Insurance [Stand-Alone]

This form gives you information about how much this insurance will cost

### Things you should know about Optional Payment Protection Insurance

Cheaper or more appropriate cover may be available from other providers. You can compare product features and costs using the Consumer Financial Education Body's comparison tables at [www.moneymadeclear.org.uk/tables/bespoke/PPI](http://www.moneymadeclear.org.uk/tables/bespoke/PPI).

There are other products which can protect you against loss of your income. For impartial information about insurance, please visit the website at: [www.moneymadeclear.org.uk/products/insurance/insurance.html](http://www.moneymadeclear.org.uk/products/insurance/insurance.html).

Further details of cover, including any significant exclusions and limitations, are in the attached policy summary. This quote is valid [for [X] days] provided that you remain eligible for this product.

### Payment Protection Insurance quote

#### Type of cover included

Life	[Repays a maximum of £10,000]
Accident & Sickness	[Up to 12 months' benefit]
Unemployment	[Up to 12 months' benefit]
[Other]	[Not included]

#### Cost of Payment Protection Insurance cover

Annual cost of Payment Protection Insurance	£[xxx]
Monthly cost of Payment Protection Insurance	£[xxx]

We have calculated the cost of our Payment Protection Insurance as a **monthly cost for every £100 of monthly benefit below**. This number explains how much this insurance costs you each month for every £100 in benefit that you would receive each month if you made a successful claim for accident, sickness or unemployment. For example, if the number is £5 this means that for every £5 that you pay as a monthly premium, you will get £100 for each [full] month that the claim lasts [less the waiting period on the policy]. This number can be used to make comparisons with the cost of insurance from other providers. You should also compare the cover offered and the way in which benefits are paid out.

Monthly cost of Payment Protection Insurance for every £100 of monthly benefit	£[xxx]
--	--------

### Monthly income [or monthly repayment] protected by this cover [or monthly benefit]

Amount of monthly income [or repayment] protected	£[xxx]
or [Your monthly benefit is]	£[xxx]

## Schedule 4e(ii)

[Name]  
[Address Line 1]  
[Address Line 2]  
[Address Line 3]  
[Address Line 4]  
[Postcode]

Reference [x]  
Date [x]



## Quote for your Optional Payment Protection Insurance

This form gives you information about how much this insurance will cost

### Things you should know about Optional Payment Protection Insurance

Taking out this insurance is optional and does not increase your chances of obtaining credit.

Cheaper or more appropriate cover may be available from other providers. You can compare product features and costs using the Consumer Financial Education Body's comparison tables at [www.moneymadeclear.org.uk/tables/bespoke/PPI](http://www.moneymadeclear.org.uk/tables/bespoke/PPI).

There are other products which can protect you against loss of your income. For impartial information about insurance, please visit the website at: [www.moneymadeclear.org.uk/products/insurance/insurance.html](http://www.moneymadeclear.org.uk/products/insurance/insurance.html).

Further details of cover, including any significant exclusions and limitations, are in the attached policy summary. This quote is valid [for [X] days] provided that you remain eligible for this product. Before we are allowed to sell you Payment Protection Insurance we will need to tell you about its key features, significant benefits, exclusions and limitations and tell you about any parts of the policy you may not be eligible to make a claim under given your personal circumstances.

### Payment Protection Insurance quote

#### Type of cover included

Life	[Repays a maximum of £10,000]
Accident & Sickness	[Up to 12 months' benefit]
Unemployment	[Up to 12 months' benefit]
[Other]	[Not included]

#### Cost of Payment Protection Insurance cover

Annual cost of Payment Protection Insurance	£[xxx]
Monthly cost of Payment Protection Insurance	£[xxx]

We have calculated the cost of our Payment Protection Insurance as a **monthly cost for every £100 of monthly benefit below**. This number explains how much this insurance costs you each month for every £100 in benefit that you would receive each month if you made a successful claim for accident, sickness or unemployment. For example, if the number is £5 this means that for every £5 that you pay as a monthly premium, you will get £100 for each [full] month that the claim lasts [less the waiting period on the policy]. This number can be used to make comparisons with the cost of insurance from other providers. You should also compare the cover offered and the way in which benefits are paid out.

Monthly cost of Payment Protection Insurance for every £100 of monthly benefit	£[xxx]
--	--------

### Monthly income [or monthly repayment] protected by this cover [or monthly benefit]

Amount of monthly income [or repayment] protected	£[xxx]
or	
[Your monthly benefit is]	£[xxx]

As we have recently arranged credit for you, we are not allowed to complete the sale of Payment Protection Insurance at the same time as you take out the credit. This is to give you time to compare this policy against alternatives. If you decide that you would like to take out this Payment Protection Insurance policy from us, please [ring [xxx xxxx xxxx] or visit [www.xxx.com] on or after [the next day after the later of the end of the credit sale or the date of quote]].

## Schedule 5a

### Contents of Six-Monthly Compliance Report

1. The Compliance Report must, subject to any additional or different requirements that the OFT may impose pursuant to [Schedule 6](#), include for the 6-month reporting period:
  - (a) GWP by PPI Product Type and for Stand-Alone PPI or Short-Term IP;
  - (b) Penetration Rates, by PPI Product Type;
  - (c) Claims Ratio, by PPI Product Type and for Stand-Alone PPI or Short-Term IP;
  - (d) the percentage of the PPI Provider's PPI Policyholders for whom they are not the Credit Provider;
  - (e) the percentage of the PPI Provider's Credit customers who received a Personal PPI Quote from the PPI Provider and subsequently purchased PPI from the PPI Provider;
  - (f) the percentage of the PPI Provider's Credit customers who received a Personal PPI Quote and follow-up from the PPI Provider at or after the end of the Prohibition Period and did not subsequently take PPI from the PPI Provider;
  - (g) steps taken to ensure compliance, including:
    - details of training of staff regarding compliance; and
    - details of internal compliance monitoring systems;
  - (h) representative samples of Marketing Communications including sales scripts; and
  - (i) details of any incidences of non-compliance and steps taken to rectify this.

## Schedule 5b

### Contents of Annual Compliance Report

1. The Compliance Report must, subject to any additional or different requirements that the OFT may impose pursuant to [Schedule 6](#), include for the annual reporting period:
  - (a) annual GWP by PPI Product Type and for Stand-Alone PPI or Short-Term IP;
  - (b) Penetration Rates, by PPI Product Type;
  - (c) Claims Ratio, by PPI Product Type and for Stand-Alone PPI or Short-Term IP;
  - (d) the percentage of the PPI Provider's PPI Policyholders for whom they are not the Credit Provider;
  - (e) the percentage of the PPI Provider's Credit customers who received a Personal PPI Quote from the PPI Provider and subsequently purchased PPI from the PPI Provider;
  - (f) the percentage of the PPI Provider's Credit customers who receive a Personal PPI Quote and follow-up from the PPI Provider at or after the end of the Prohibition Period and did not subsequently take PPI from the PPI Provider;
  - (g) steps taken to ensure compliance including:
    - details of training of staff regarding compliance; and
    - details of internal compliance monitoring systems;
  - (h) representative samples of Marketing Communications including sales scripts;
  - (i) for a PPI Provider meeting the requirements in [Schedule 5a](#), a report on the clarity of Marketing Communication in accordance with Article 14;
  - (j) details of any incidences of non-compliance and steps taken to rectify this; and
  - (k) for a PPI Provider meeting the requirement, a report of the annual mystery shopping exercise as required by Article 13.

## Schedule 5c

### Specifications of mystery shopping exercise

1. The mystery shopping exercise must be undertaken by an Independent Market Research Agency.
2. The Independent Market Research Agency must apply for PPI from the Credit Arranger for each PPI Product Type or Short-Term IP offered by the Credit Arranger in each of the following ways (where PPI is offered in any of these ways):
  - (a) at least 20 separate applications by telephone;
  - (b) at least 20 separate applications by personal branch visits; and
  - (c) at least 20 separate applications through the Credit Arranger's website.
3. The mystery shopping exercise must provide information on the following issues, in so far as these are relevant to the PPI Product Type or Short-Term IP:
  - (a) whether the Consumer was prompted to buy PPI at the same time as arranging the Credit;
  - (b) whether it is made clear to the Consumer that:
    - (i) the Consumer could return to purchase PPI from the next day after the conclusion of the Credit Sale or, if later, the provision of a Personal PPI Quote; and
    - (ii) the Personal PPI Quote continues to be valid for at least 14 days after it was provided;
  - (c) whether the oral disclosures required by Article 3.2 were made prominently;
  - (d) whether the Personal PPI Quote was received in the form relevant for the PPI Product Type and consistent with the requirements of Article 7 and [Schedule 4](#); and
  - (e) where the Consumer obtains Retail PPI, if Retail PPI is offered separately to Merchandise Cover.
4. Any information on any issues identified by the Independent Market Research Agency may be investigated and commented on by the Credit Arranger alongside the report which is provided to the OFT. Any one mystery shop which is verified by the OFT as non-compliant will constitute evidence of non-compliance with the Order.

## **Schedule 6**

### **Supply of information to the OFT**

1. Any person to whom this Order applies is required to provide to the OFT any information and documents required for the purposes of enabling the OFT to monitor the carrying out of this Order or any provisions of this Order and/or to review the effectiveness of the operation of this Order, or any provision of this Order.
2. Any person to whom this Order applies may be required by the OFT to keep and produce those records specified in writing by the OFT that relate to the operation of any provisions of this Order.
3. Any person to whom this Order applies and whom the OFT believes to have information which may be relevant to the monitoring or the review of the operation of any provisions of this Order may be required by the OFT to attend and provide such information in person.
4. Subject always to Part 9 of the Act, the OFT may publish any information or documents that it has received in connection with the monitoring or the review of this Order or any provisions of this Order for the purpose of assisting the OFT in the discharge of its functions under or in connection with this Order.