

Your details

Q1: Title (e.g. Mr, Mrs, Ms, Dr, etc)

Mr

Q2: Forename

Brian

Q3: Surname

Brown

Q4: Email

[<]

Q5: What is your role / profession?

Head of Insight (Banking & General Insurance)

Q6: Are you representing yourself or an organisation?

An organisation

Publishing your details

Q7: If you are representing yourself rather than an organisation would you be content for us to include your name when we publish your response? *Respondent skipped this question*

Your organisation

Q8: What is the organisation's name?

Defaqto Limited

Q9: Please could you briefly explain the role of your organisation, including the sectors in which it operates or has most interest?

Defaqto provides a wide range of products, applications, ratings and services to various sectors of the financial services industry.

Defaqto provides over 6,000 financial advisers from over 4,000 firms with market leading research covering over 2,700 life, pensions and investment products across more than 100 product types via its online product research and analysis application Defaqto Engage.

Defaqto Star Ratings are widely used by Providers to help consumers identify where a product sits in the market in terms of the features and benefits it offers over and above price and/or rate. In addition, leading price comparison sites present Defaqto Star Ratings to consumers within their Insurance aggregation services and comparison tables.

Further, Defaqto provides a range of data based products and services to price comparison websites which are displayed to consumers within comparison tables and tools.

Theme 1: Consumers' perceptions, use and experience of DCTs

Q10: 1. When and why do consumers use DCTs? To what extent do they trust them?

We have provided some general feedback and comments at the end of this form.

Q11: 2. How do consumers choose which and how many DCTs to use?

We have provided some general feedback and comments at the end of this form.

Q12: 3. What are consumers' expectations of DCTs - for instance in terms of market coverage and the relationships between DCTs and the suppliers they list?

We have provided some general feedback and comments at the end of this form.

Q13: 4. What are consumers' experiences of using DCTs? Do they benefit from using them and, if so, how? What works well and what could be improved?

We have provided some general feedback and comments at the end of this form.

Theme 2: Impact of DCTs on competition between suppliers of the services they compare

Q14: 5. What factors influence suppliers' use and choice of DCTs and why?

We have provided some general feedback and comments at the end of this form.

Q15: 6. To what extent do DCTs make it easier for suppliers to enter the market, attract more consumers and engage more effectively with them?

We have provided some general feedback and comments at the end of this form.

Q16: 7. How have DCTs affected competition between suppliers? What impact has this had on the price, quality and range of products offered by suppliers?

We have provided some general feedback and comments at the end of this form.

Q17: 8. What are the barriers, if any, to DCTs increasing competition between suppliers, and how can these be overcome?

We have provided some general feedback and comments at the end of this form.

Q18: 9. In what ways, if any, have DCTs changed suppliers' approach to consumers - for instance in terms of whether they treat consumers who use DCTs differently to those who do not?

We have provided some general feedback and comments at the end of this form.

Theme 3: Competition between DCTs

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Q19: 10. In what ways do DCTs compete with each other -for instance in terms of coverage, the savings consumers can make, the services they provide, their ease of use, transparency and how they protect consumers' data?

We have provided some general feedback and comments at the end of this form.

Q20: 11. What factors influence how effectively DCTs can compete - for example, whether they can secure the necessary consumer data, supplier information or other data?

We have provided some general feedback and comments at the end of this form.

Q21: 12. If there are barriers to competition between DCTs, how significant are these and how can they be overcome?

We have provided some general feedback and comments at the end of this form.

Theme 4: The regulatory environment

Q22: 13. Are there any areas of regulation or self-regulation applying to DCTs that lack clarity, certainty, consistency, or enforcement?

We have provided some general feedback and comments at the end of this form.

Q23: 14. Do there appear to be any areas where DCTs may not be meeting competition or consumer protection requirements?

We have provided some general feedback and comments at the end of this form.

Q24: 15. Do any aspects of regulatory approaches to DCTs need to change and, if so, why?

We have provided some general feedback and comments at the end of this form.

Future developments, other comments and further contact

Q25: 16. Finally and in relation to all of the issues above, what likely developments over the next three years should we take into account and why?

We have provided some general feedback and comments below.

Q26: Do you have any other comments you would like to add?

We would like to offer the following observations for your consideration.
Defaqto has considerable experience of supplying financial services product information to price comparison websites (categorised as Digital Comparison Tools, or DCTs, by the CMA), and has been doing so for over many years. This includes to both commercial price comparison websites including MoneySupermarket.com, GoCompare.com, Comparethemarket.com, Confused.com and money.co.uk and non-commercial sites such as the FSA/FCA/Money Advice Service comparison tables and the 'Find a better deal mortgage DealFinder' comparison services which Defaqto hosts for the United Kingdom Asset Resolution (UKAR).

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Data provided to these customers focuses on product features and benefits so that when they are presented to a consumer they can help them make an informed choice based on the ability of a product to meet their needs over and above price or rate. The websites will typically combine this information together with quotations so that a consumer can assess value for money. Defaqto has worked with many DCTs to assist them in making the most of the data we supply, both in terms of selecting the content itself and exploring ways in which it may be better presented to consumers.

In addition to the above, Defaqto has been providing product comparison tools to the financial services industry for over 20 years, including product research tools for advisers to support the recommendation of products to their clients.

Product areas covered by the services described above include:

- Retail Banking products (e.g. Current Accounts, Credit Cards, Unsecured Loans and Mortgages)
- Personal Finance products (e.g. ISAs, Pensions, Savings products, life and health insurance)
- General Insurance products (e.g. Motor, Home, Travel and Pet insurance)

As well as supplying product feature information, Defaqto has for over 15 years been rating products based on their strengths and weaknesses in comparison to their peer group. This results in a product being attributed with a Defaqto Star Rating. Defaqto star rates over 75 different product types and over 9,600 individual products.

Some Digital Comparison Tool providers (i.e. websites) show four main categories of information to consumers who are looking at financial product information:

- General guidance on the product type, typical features, and uses for the product
- Pricing information
- Product feature information (which can be analysed by the consumer using filter and search tools on the site) including product inclusions, exclusions, limitations, fees and charges.
- Product ratings (which can be either based on an independent assessment of the product itself, such as carried out by Defaqto, or are based on customer reviews of either the product and/or the service levels experienced by the customer).

Defaqto agrees with the FCA that the services provided by DCTs enable consumers to make better, more informed choices. Furthermore, Defaqto believes that it is important for consumers to be encouraged to consider the features and benefits of a product rather than focus their decision purely on price, although we recognise that price will often be a factor in the buying decision.

Based on Defaqto's experience of working with and observing the development of DCTs, there are some areas that the CMA may wish to explore further as part of its investigation into past and present practices to determine how clearly consumers understand some of the characteristics and limitations of a DCT:

- The presentation of 'results' pages and in particular any default filtering or product positioning outside of a comprehensive best buy table
- The amount of product feature information and whether it is adequately signposted for comparison and analysis or only presented if specifically selected
- The extent of the market coverage provided and whether the Tool clearly states and/or delivers a 'whole of market' experience
- Whether the Tool offers bespoke terms versions of products available elsewhere, and how clearly the Tool makes it clear that it does so
- The treatment by the Tool of optional add-on benefits and how clearly their inclusion or availability is presented- The amount of personal information requested in order to provide a meaningful and personalised comparison of potentially suitable products.

Defaqto observes that a number of product providers design products to specifically market to users of DCTs. These may be distinct product offerings but commonly they are bespoke versions of 'standard' product terms. We suspect that this tailoring of product terms allows providers to be more price competitive when they wish to be and may also allow for this tailoring of product terms allows providers to be more price competitive when they wish to be and may also allow for product features that would otherwise typically be optional to be bundled into a product offering.

We have also observed a concerted effort on behalf of DCTs to shift the focus of the presentation of 'best buy' tables from the price of the product to the benefits and features available. We consider that more could be done to show the cost of ownership to consumers by detailing the fees and charges of a product in more detail.

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Defaqto welcomes the fact that DCTs that undertake regulated activities are subject to regulation by the FCA, and that this regulatory oversight can have a positive effect on the way information is presented to consumers as part of the user journey through the DCT.

We would welcome the opportunity of sharing our experience of supplying product data to DCTs as well as our own comparison tools that are used by product providers to demonstrate how their own products compare to those of their competitors. Defaqto would be pleased to participate in meetings and/or workshops as appropriate.

Q27: Would you be willing for us to contact you to discuss your response? Yes
