

**COMPLETE**

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**PAGE 3: Your details**

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<b>Q1: Title (e.g. Mr, Mrs, Ms, Dr, etc)</b>	Mr
<b>Q2: Forename</b>	James
<b>Q3: Surname</b>	Daley
<b>Q4: Email</b>	[ ]
<b>Q5: What is your role / profession?</b>	
Managing Director of the consumer group Fairer Finance	
<b>Q6: Are you representing yourself or an organisation?</b>	An organisation

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**PAGE 4: Publishing your details**

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<b>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?</b>	<i>Respondent skipped this question</i>
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**PAGE 5: Your organisation**

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<b>Q8: What is the organisation's name?</b>
Fairer Finance
<b>Q9: Please could you briefly explain the role of your organisation, including the sectors in which it operates or has most interest?</b>
We are a consumer group that campaigns for a better deal for consumers of financial services. We publish ratings on our website, which rank banks and insurers based on customer polling, complaints data and our own transparency analysis. We look at bank accounts, credit cards, personal loans, mortgages, savings, home insurance, car insurance, travel insurance and life insurance.

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**PAGE 6: Theme 1: Consumers' perceptions, use and experience of DCTs**

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

Consumers use comparison sites to buy a whole range of financial services products. Car and home insurance are perhaps the most popular - but increasingly they are used by consumers shopping around for credit cards, loans, travel insurance and just about every financial service available.

Trust levels are fairly low. When I was at [ ], we would poll consumers on how much they trusted comparison sites. People were very skeptical about these sites. They used them, but didn't trust them completely. That was a few years ago, perceptions may have improved slightly since then.

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

TV adverts are a big driver in this market. Almost £100m a year is spent on advertising by the big 4. Experts like Moneysavingexpert are a big influence as well.

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**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?**

Consumers expect to be getting a comparison of the whole market. They don't realise that in many cases, they are only getting a small percentage of providers available.

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**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?**

Comparison sites have driven down headline prices. But they have also driven up fees attached to the products they sell (administration and cancellation fees) and in the case of insurance, they have often led to more differentiation from a quality perspective. In short, many insurers have diluted their cover to stay competitive on price. But consumer expectations have not kept pace with these changes

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**PAGE 7: Theme 2: Impact of DCTs on competition between suppliers of the services they compare**

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

Suppliers look at reach they can achieve, and the cost of using the different sites. The big 4 comparison sites account for a very large share of car and home insurance sales - so it's very difficult to ignore them if you want to be a serious player.

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**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?**

They make it easy in so much as they will take you on if they can be reassured that you will be able to deal with any volume that they drive to you. But they won't take on very new, unproven brands unless there is a lot of money behind them - as they realise that any problems at the start of the purchase journey will reflect badly on them.

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**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?**

They've affected competition by putting a lot of downward pressure on price. This means insurers have looked at watering down cover levels, increasing excesses, increasing fees - to prop up their margins. That tends to lead to more poor customer experiences.

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

We don't need more price competition - we need more competition on quality and service, so that we get out of the race to the bottom. We need better product quality and service information on comparison sites. And we need longer questionnaires so that customer needs are better understood.

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**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?**

Suppliers don't reward loyalty anymore. They offer a low price in year one, and then try and ratchet through high price rises in subsequent years. This reduces trust and means that customers need to shop around every year. Yet comparison sites don't work hard to get you to switch in year two - presumably because they get higher commissions if you stay with the person they signed you up to in year one.

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**PAGE 8: 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?**

I think most see the big 4 as much of a muchness. They compete on ease of use, speed of journey. But actually, we need to be slowing this down, to help consumers make better decisions. We're now moving from an era of mis-selling to mis-buying.

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**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?**

It's very hard for smaller comparison sites to compete with the big 4. There's an enormous investment in technology required to get started. You need live price information from hundreds of different brands. And they won't want to get involved unless you can demonstrate you'll have the traffic and business.

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

*Respondent skipped this question*

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**PAGE 9: Theme 4: The regulatory environment**

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

*Respondent skipped this question*

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

They are not always helping customers get products that are right for their needs. Consumers need more help to make the right decisions.  
They are also not very transparent. In life insurance, they are often taking hundreds of pounds commission for setting up a policy. These commissions were designed for advised sales, yet they are hanging onto them even though they are providing non-advised services. In my experience, comparison sites abuse the trust they have built up in car and home insurance, by offering much poorer offerings in emerging product areas.

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

Comparison sites need to be forced to ask more questions - so that they can better serve customer needs. Journeys need to be redesigned so customers are comparing like with like.  
They also need to provide better comparative information on product quality and service quality.  
They need to be more transparent.

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**PAGE 10: Future developments, other comments and further contact**

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CMA: Digital Comparison Tools Market Study Response Form

**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?**

The CMA retail banking study recommended that more real customer data is used - and also set the FCA a challenge to come up with service metrics. What comes out of the FCA work will be relevant to this inquiry.

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

Here's a blog I wrote which contains a few other points: <http://www.fairerfinance.com/business/blog/can-the-cma-clean-up-comparison-sites>

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

Yes

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