

To: Catherine McGrath  
Barclays Managing Director - Transaction Product &  
Community Banking Propositions

Cc: Kirsten Taylor, Director Barclays Competition Team

27 April 2016

Dear Catherine,

**Payment Protection Insurance Market Investigation Order 2011**

The CMA has been in discussion with Barclays regarding several substantive breaches of the Payment Protection Insurance Market Investigation Order 2011 ('the Order'), and the steps that Barclays has taken to remedy these. This letter sets out the course of action that has been agreed between the CMA and Barclays.

The three issues identified below constitute serious breaches of Article 4 of the Order which could potentially harm customers' interests. Barclays has agreed to take the necessary action to ensure that in future it complies fully with the Order.

The compliance issues relate to Barclays' failure to issue Annual Reviews to some PPI customers. The purpose of Annual Reviews is to remind customers that they continue to have PPI which they are entitled to cancel, raise consumer awareness of their ability to switch PPI provider and to help customers to compare the premium they pay at any point in time with policies offered by other providers.

As part of our monitoring of Barclays' compliance with the Order we received three reports of breaches by Barclays:

1. April 2015 - Barclays' 6th PPI Compliance Report to the CMA reported that 52 customers had not received Credit Card PPI Annual Reviews on their credit card PPI.
2. October 2015 - Barclays reported that following its investigation of the first issue (above) it had determined that over the last three Credit Card PPI Annual Review periods, 9,404 Barclays' customers had not received their Annual Reviews.
3. November 2015 – Barclays reported a third incident of non-compliance. Annual Reviews for Mortgage PPI had not been sent to 740 customers on a specific mortgage PPI scheme since the PPI Order became effective in 2012.

We have been in discussion with Barclays as to how to remedy these breaches, and we are satisfied that for each issue Barclays has taken the appropriate remedial action.

We also note that Barclays has put in place control mechanisms to address the issues identified and prevent these issues giving rise to compliance problems in the future.

### **Barclays' apology letters to affected customers and remedial action**

Barclays has sent apology letters to all affected customers and is sending a further clarificatory letter to one group. Once they have done this, all affected customers will have received a letter explaining the error, together with a copy of the Annual Review. Having both documents means customers have access to all the documentation referred to in the letter as well as identifying the PPI policies to which the letter is referring.

In the letters to the affected customers Barclays has offered to refund the premiums to any customers who now decide to cancel their policy, dated back to when the Annual Reviews should have been issued. In addition Barclays has offered an additional 8% annual interest on the amount refundable.

The CMA is satisfied that this proposal by Barclays is sufficient to address the potential harm suffered by the affected customers.

### **Additional compliance reporting by Barclays**

Barclays has put in place control mechanisms to ensure that all such breaches have been addressed and to provide additional reporting on these control mechanisms.

Barclays has also agreed to provide the CMA with additional reporting on the findings from its ongoing reviews from Q4 2016 and to submit these to the CMA in January 2017 (i.e. before the PPI compliance report for 2017 is due).

We expect Barclays to inform the CMA of any future compliance issues that may arise and to do so as soon as any such issue is identified.

**Publishing this letter from CMA Senior Director to Barclays and a press release on GOV.UK**

This letter will be published by the CMA on GOV.UK. The agreed date of publication will be Thursday 28 April 2016.

*Disclosure to the Financial Conduct Authority*

We note that Barclays has contacted its supervisory team at the Financial Conduct Authority regarding this matter. We will be sharing this letter with the Financial Conduct Authority prior to publication.

Yours sincerely,

*Adam Land*

*Senior Director of Remedies, Business and Financial Analysis*