

To: Mr Jason Crawford
Head of Personal Lines Risk & Governance
Aviva

From: Alistair Thompson,
Director of Remedies, Business
and Financial Analysis

Date: 24 January 2017

Dear Mr Crawford,

Payment Protection Insurance Market Investigation Order 2011

We are writing to you regarding an issue reported by Aviva relating to Article 4 of the Payment Protection Insurance Market Investigation Order 2011 ('the Order') and the obligation to provide Annual Reviews to all PPI customers.

In May 2016, Aviva identified an error in PPI Annual Reviews sent to customers. There was a system error in the calculation of the value of the amounts paid by customers in the previous 12 months and where the price paid by the customer during the 12 month period had changed, this resulted in customers receiving inaccurate Annual Reviews. Aviva reported that actual PPI premiums were charged correctly and that the calculation of the future cost of PPI was correct.

The issue affected customers of Aviva's distributor partners; Cheltenham & Gloucester, Coventry Building Society, Danske Bank, Leeds Building Society, National Australia Group and Norwich & Peterborough Building Society.

We note that Aviva either sends Annual Reviews on behalf of its distributor partners or provides data to distributor partners as a third party data provider, enabling the distributor partner to send out Annual Reviews.

We consider this to be a serious breach which could have potentially harmed customers' interests, for example by causing them to make inappropriate decisions about whether to retain PPI protection or switch to another provider. Customers should receive accurate information as to the amount paid on PPI in Annual

Reviews. Aviva has agreed to take the necessary action to ensure that in future it complies with the Order.

Aviva's remedial action and apology letters to affected customers

Aviva reported that on 13 November 2016 it fixed the IT issue giving rise to the incorrect data and that affected customers have received an apology letter from Aviva. The letters were sent to customers between 21 November 2016 and 11 January 2017. The apology letter explained the error, and either enclosed a copy of the Annual Review or offered a corrected historical Annual Review on request.

We expect Aviva and its distributor partners 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 the CMA to Aviva on GOV.UK

This letter will be published by the CMA on GOV.UK. The date of publication will be Wednesday 25 January 2017.

Yours sincerely

Alistair Thompson

Director

Remedies, Business and Financial Analysis

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