

Mr Richard Al-Dabbagh
Director of Insurance
Santander UK plc

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

Cc: Christopher Harding
Regulatory Liaison Manager
Santander UK plc

5 December 2016

Dear Mr Al-Dabbagh,

Payment Protection Insurance Market Investigation Order 2011

As part of the CMA's monitoring of Santander UK plc's compliance with the Payment Protection Insurance Market Investigation Order 2011 ('the Order'), Santander reported a breach of Article 4 of the Order. Santander failed to send Annual Reviews to a number of its customers with PPI during the period 2012-2015.

The CMA considers the failure to issue PPI Annual Reviews to be a serious breach of the Order.

The CMA notes that Santander has implemented a number of measures to address the issue identified and prevent it arising in the future.

Santander's apology letters to affected customers and remedial action

Of the 520 customers affected by the breach, 209 customers received their first Annual Reviews in the 2015/2016 mailing cycle; 257 customers had either cancelled, not used their PPI, were deceased or had moved away from their registered addresses. In September 2016, Santander issued apology letters to the remaining 54 customers.

In respect of the 209 customers referred to above, 15 of those customers cancelled their PPI within six months of receiving their first Annual Reviews in 2015/16. Santander confirmed that it refunded those customers their PPI premiums, plus interest to the date on which they should have first received their Annual Review.

Santander agreed to send apology letters to the remaining 194 customers with live PPI policies who received their first Annual Reviews in the 2015/2016 mailing cycle. Santander reported that of the 194 customers, 189 apology letters were sent on 21st November and that five further customers have cancelled their cover and apology letters and refunds of premiums have been issued.

Santander has confirmed that any customers who subsequently cancel their policy within six months of receiving their apology letter will receive a full refund, calculated from the date they should have received their first Annual Review.

Santander's controls to prevent further breaches

Santander has put in place control mechanisms to address this issue and will provide additional reporting on these control mechanisms in the next PPI Compliance Report due in April 2017.

Santander has told us that manual checks to identify any Annual Reviews not being produced, have been completed for the 2016/2017 Annual Reviews mailing cycle and no breaches have been identified.

In parallel with the manual checks, Santander is developing an automatic control to identify any customers not receiving Annual Reviews. This will be implemented by the end of January 2017.

The CMA expects Santander to inform it 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 Director to Santander on GOV.UK

This letter will be published by the CMA on GOV.UK. The date of publication will be Friday 9 December 2016.

Yours sincerely,

Alistair Thompson
CMA Director of Remedies, Business and Financial Analysis