

Dixons Carphone t/a Currys PC World

From: Alistair Thompson
Director, Remedies, Business and
Financial Advice

5 November 2019

Letter to Dixons Carphone (t/a Currys PC World) about the Supply of Extended Warranties on Domestic Electrical Goods Order 2005

I am writing to you regarding the results of the mystery shopping exercise carried out between 8th and 29th July 2019 by Currys PC World to assess your compliance with the [Supply of Extended Warranties on Domestic Electrical Goods Order 2005](#) and the related [Undertakings](#).

This exercise highlighted two areas of concern, set out below. The CMA has brought these two issues to your attention previously, and, while there has been some improvement, the CMA remains concerned that customers may not be receiving the appropriate information in all Currys PC World stores. The CMA welcomes Currys PC World recognising these results and the actions it has agreed to take to improve its compliance with the Order.

Information about cosmetic damage

Only 74% of staff tested in the mystery shopping exercise gave correct information about whether the extended warranty covered cosmetic damage if the product still worked and was safe to use. The CMA is therefore concerned that some customers may have taken out an extended warranty believing this to cover cosmetic damage when it does not. The CMA notes that levels of compliance for answers to this question have been consistently poor (varying between 70% and 79%) since July 2016.

Providing customers with approved quotes

The CMA is concerned that only 83% of staff tested were able to provide the mystery shopper with a quote which included important information designed to help potential

customers decide whether to take out an extended warranty. The CMA is concerned that some customers may have taken out an extended warranty without being provided with all the relevant information. The CMA notes that levels of compliance for this measure have generally been below 83% since July 2016.

Actions that Currys PC World is taking to address these concerns

You have told the CMA that Currys PC World is taking the following steps to improve its compliance:

- it has recently begun Board-level engagement with actions to address compliance with the Order;
- day-to-day responsibility for compliance now lies with Currys PC World's Financial Services team, with second-line compliance oversight and a revised governance framework;
- it has introduced a centrally managed training programme for staff (which includes an assessment element);
- customer surveys will be enhanced to include additional compliance questions relating to extended warranties;
- extended warranty leaflets have been updated to ensure key features and exclusions are clearer for customers and sales staff prior to purchase. Key changes include:
 - the cosmetic damage exclusion is now on the front page of the leaflet
 - wording on quotations is now on the front page of the leaflet
 - the full page of exclusions appears earlier in the booklet and opposite the page showing features and what's included
 - to improve visibility, the fall-back quotation proforma have been moved to the back of the leaflet
- new point of sale posters will be introduced at till points to ensure similar visibility of exclusions and key features for customers in store;
- the mystery shopping programme will now be carried out on a monthly basis, covering a wider range of stores, and including transactional elements for the first time; and
- it is carrying out independent quality assurance / call listening for customer queries, cancellations and complaints to enable analysis regarding any issues that are identified.

Currys PC World has agreed to implement these changes by the end of November 2019.

The CMA has discussed these changes with Currys PC World, and is content that their effective implementation should result in improvements for customers. Consequently, the CMA does not consider it appropriate to take any more formal action at this time.

The CMA will continue regular dialogue and monitor the progress of these actions closely, and Currys PC World has agreed to provide it with a monthly report explaining how its implementation of these actions is progressing.

Yours sincerely

Alistair Thompson
Director
Remedies, Business and Financial Advice