

Head of General Insurance & Protection  
Nationwide Building Society

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### **Nationwide Building Society: Breach of the Payment Protection Insurance Market Investigation Order 2011**

I am writing to you on behalf of the CMA to express its disappointment that, having issued formal [Directions](#) to Nationwide Building Society (Nationwide) in October 2019 for two serious breaches of Article 4 of the [Payment Protection Insurance Market Investigation Order 2011](#) (the Order), and following the audit of compliance procedures that the CMA directed it to undertake, a control check performed by Nationwide has uncovered that it has breached the Order again.

Nationwide failed to send Annual Reviews to 3,053 Mortgage Payment Protection Insurance (MPPI) customers by the due date of 1 February 2020. The underlying cause was that an incorrect record was included within MPPI data that was due to be provided to Nationwide's print house in December 2019 for mailing to customers.

The breach came to light following the assurance work carried out by Nationwide as required by the Directions that the CMA issued to Nationwide in October 2019. The Directions required Nationwide to implement new processes to ensure future compliance and appoint an independent body to conduct assurance audits of its processes and controls. Nationwide is required to continue providing annual assurance audits to the CMA, continue maintaining its compliance processes and controls, and notify the CMA within 14 days of any breaches identified. These new processes had not been implemented fully at the time of the breach.

The breach relates to Part 2 Information Requirements of the Order, specifically Article 4 ('Obligation to provide Annual Reviews or Annual Reminders'). The purpose of Annual Reviews is to remind customers that they continue to have PPI which they are entitled to cancel, to raise consumer awareness of their ability to switch PPI provider and to help them compare the cost of PPI at any point in time with policies offered by other providers.

Nationwide stated that in total 3,053 customers were affected by this breach and those customers have until 31 August 2020 to ask for a refund if they want to cancel their policy.

The CMA considers that this breach, which has resulted in customers failing to receive PPI Annual Reviews, represents a significant failure to maintain compliance with the Order, particularly given the previous breaches for which the CMA issued Directions to Nationwide. This breach could have harmed customers' interests, for example, by affecting or altering a customer's decision on whether to retain a PPI policy or switch to another provider.

The CMA notes that Nationwide has stated that it has sent the late Annual Reviews to each affected customer. It also states it has sent an apology letter to all impacted customers with the offer of a refund of premiums if they choose to cancel their MPPI policy covering the period from when the Annual Reviews should have been sent, to when they actually arrived with the customer. Affected customers who choose to cancel their policy and receive refunds of premiums will also receive 8% compensatory interest.

This letter has been published on our website.

Yours sincerely

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