

Managing Director, Consumer Finance
Lloyds Banking Group plc

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8 July 2020

Lloyds Banking Group: 18 breaches 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 Lloyds Banking Group (Lloyds) in October 2018 for two serious breaches of Article 4 of the [Payment Protection Insurance Market Investigation Order 2011](#) (the Order), the audit of compliance procedures that the CMA directed Lloyds to undertake and the additional checks that Lloyds has subsequently undertaken have uncovered that Lloyds has breached the Order a further 18 times, with some breaches dating back to 2012. This demonstrates broader failures in compliance with the Order over a significant period of time.

In fourteen of the breaches, Lloyds failed to send Annual Reviews to 4,950 Payment Protection Insurance (PPI) customers within 14 days of the anniversary date, and in four of the breaches Lloyds included incorrect information or failed to provide information to 5,537 PPI customers (see the attached Annex). Some of these breaches were small, affecting only one customer, while others affected thousands.

These breaches came to light as a result of the assurance work carried out by Lloyds as required by the [Directions](#) that the CMA issued to Lloyds in October 2018. The Directions required Lloyds to implement new processes to ensure future compliance and appoint an independent body to conduct assurance audits of its processes and controls. Lloyds 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.

Each of the breaches relate 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.

Lloyds stated that in total 10,487 customers were affected by these breaches and £95,937.78 has already been refunded to customers.

The CMA considers that these 18 breaches, which have resulted in customers failing to receive PPI Annual Reviews or not receiving accurate Annual Reviews, collectively represent a significant failure to maintain compliance with the Order, particularly given the previous breaches for which the CMA issued Directions to Lloyds. These breaches 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. Where Annual Reviews were sent, but information was missing or incorrect, there is also the risk that customers might have made different decisions had they received correct information.

The CMA notes that, as required by the Directions, Lloyds is now putting in place processes to ensure its future compliance with the Order. Lloyds has stated that it has either corrected the underlying cause of each breach or is in the process of doing so. It has also committed to write to affected customers to apologise and offer refunds where customers have suffered losses, and we understand this process has already begun for some customers.

This letter has been published on our website.

Yours sincerely

Alistair Thompson
Director
Remedies, Business and Financial Analysis

Annex 1

Breach	Part of the order that has been breached
Annual Reviews not sent to 51 MBNA customers for one month and two days.	Article 4.1 (Annual Reviews not sent)
Annual Reviews not issued to two customers in two years following policy reinstatement.	Article 4.1 (Annual Reviews not sent)
MPPI Annual Reviews not issued for 8 years for ten customers.	Article 4.1 (Annual Reviews not sent)
17 MPPI customers were not sent Annual Reviews over seven years	Article 4.1 (Annual Reviews not sent)
15 customers of AA Credit Card missed Annual Reviews for 5 years.	Article 4.1 (Annual Reviews not sent)
37 TSB credit card holders did not receive Annual Reviews for their TSB Credit Cards PPI for up to 3 months.	Article 4.1 (Annual Reviews not sent)
MBNA integration – Annual Review not sent (Credit Cards) affecting 11 customers over two months.	Article 4.1 (Annual Reviews not sent)
Credit Card Annual Review not sent to 1,842 customers over two months	Article 4.1 (Annual Reviews not sent)
One Annual Review issued to the wrong customer, with the problem lasting one year and two months.	Article 4.1 (Annual Reviews not sent)
2,801 PPI Annual Reviews not sent due to an exception code issue over six years.	Article 4.1 (Annual Reviews not sent)
One customer's Annual Review not issued in 2019 and around one month late in 2020 due to an error relating to maximum age eligibility (the customer was over 70 and should have received an Annual Review but initially did not).	Article 4.1 (Annual Reviews not sent)
A single PPP daily data file not received by Lloyds in 2016, leading to 148 customers not receiving an Annual Review for one year.	Article 4.1 (Annual Reviews not sent)
Annual Reviews sent to Lloyds offices instead of to the customer and date of	Article 4.1 (Annual Reviews not sent)

birth missing for up to 12 customers over two years.	
Annual Reviews not sent to two MPPI customers due to a mailing rejection code issue. One was not sent in 2016 and one was not sent in 2019.	Article 4.1 (Annual Reviews not sent)
63 former Bradford & Bingley customers provided with incorrect 'cost per £100 of monthly benefit quoted' information over seven years.	Breaches of Article 4.10 (Annual Reviews including incorrect information or in incorrect format)
Benefit Level Field blank on Annual Reviews for 2,326 Pearl MPPI Customers for seven years three months.	Breaches of Article 4.10 (Annual Reviews including incorrect information or in incorrect format)
MBNA integration – Incorrect annual premiums calculation affected 3,118 customers over two months.	Breaches of Article 4.10 (Annual Reviews including incorrect information or in incorrect format)
30 customers received incorrect benefit values for DTA policies for MPPI over seven years eight months.	Breaches of Article 4.10 (Annual Reviews including incorrect information or in incorrect format)