

General Counsel, Cardif Pinnacle

From: Alistair Thompson  
Director, Remedies, Business and  
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### **Cardif Pinnacle: Breach of the Payment Protection Insurance Market Investigation Order 2011**

I am writing to you, on behalf of the CMA, regarding two breaches reported by Cardif Pinnacle relating to Article 4 of the [Payment Protection Insurance Market Investigation Order 2011](#) (the Order). This follows four breaches of the Order for which the CMA issued [formal Directions](#) to Cardif Pinnacle in July 2020.

#### **The breaches**

For the first breach, Cardif Pinnacle notified the CMA on 25 June 2020 that it failed to send Annual Reviews to 77 customers in April 2019. The underlying cause was that its policy record incorrectly indicated that an Annual Review had already been issued.

For the second breach, Cardif Pinnacle notified the CMA on 14 August 2020 that it had sent inaccurate Annual Reviews to 167 customers in July 2020. Cardif Pinnacle implemented a fix to address the issue which had been undetected for eight years previously. However, the fix did not successfully address the issue identified and the incorrect Annual Reviews were not identified and corrected before they were issued to customers.

#### **The CMA's concerns**

The breaches relate to Part 2 Information Requirements of the Order, specifically Article 4. 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.

The CMA considers that these breaches, which have resulted in some customers failing to receive PPI Annual Reviews and others receiving inaccurate information in their Annual Reviews, represent a failure to maintain compliance with the Order, particularly given the previous breaches for which the CMA issued Directions to Cardif Pinnacle. These breaches may 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.

### **Voluntary action Cardif Pinnacle will take to end the breaches**

Cardif Pinnacle will send apology letters to customers affected and will also offer affected customers the option to cancel their policy and seek a refund for the period since the breaches first occurred. In the short term, Cardif Pinnacle has agreed to increase manual quality assurance to 100% of all Annual Reviews generated for at least a month to demonstrate whether the fix to address the system has been effective.

Pursuant to the July 2020 Directions, the CMA has instructed Cardif Pinnacle to appoint an Independent Body to audit its systems and processes to assess whether they are sufficiently robust to ensure compliance with the Order. Cardif Pinnacle has agreed that as part of this independent assurance audit it will request that the Independent Body tests the proposed fixes designed to bring the breaches to an end. This will ensure that the underlying issue is resolved in full.

### **CMA's assessment and next steps**

Given the steps Cardif Pinnacle has taken to address the two breaches of the Order, the CMA does not consider it appropriate to take formal enforcement action at this time. The CMA will monitor the resolution of these breaches. It reserves the right to take formal enforcement action if any further material breaches of the Order or the July 2020 Directions occur.

This letter has been published on our website.

Yours sincerely

Alistair Thompson  
Director  
Remedies, Business and Financial Analysis