

QUESTIONS AND ANSWERS

Payment Protection Insurance

Market Investigation Order

2011

11 March 2013

This is a working document. The OFT will be updating this document on an on-going basis: it was previously updated on 20 October 2011, 15 November 2011, 15 December 2011, 13 April 2012, 23 April 2012, 17 May 2012 and 11 March 2013

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This publication is also available from our website at: www.offt.gov.uk.

PAYMENT PROTECTION INSURANCE MARKET INVESTIGATION ORDER 2011

This document records questions and answers raised by parties during the public consultations on this Order, its implementation and subsequently a selection of/common queries from the industry. The Competition Commission, the Office of Fair Trading, the Money Advice Service and the Financial Services Authority have been involved in its preparation.

This document was last updated on 11 March 2013 and may be updated from time to time if further issues arise during the implementation, monitoring and enforcement of the Order.

Please note this document is for guidance purposes only and not law and cannot cover every eventuality. Companies should seek their own legal advice if they are unsure as to how the Order applies to their situation.

If you have further queries about the Order, please contact remediesmonitoring@cma.gov.uk

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Scope of the Order

1. If I have a [query relating to the PPI Order](#), what should I do?

Firstly, refer to the Order and its Explanatory note. You may also find it helpful to refer to this Q&A document as we will be adding further questions on an on going basis. There are also helpful documents such as the Competition Commission's 2009 and 2010 reports that can be found on the Competition Commission's website. If you have read the documents and still cannot find the answer to your query please contact the OFT. The OFT is happy to discuss your individual query and will assist where possible.

2. Will there need to be [compliance with the Order for policies sold outside the UK?](#)

The Order applies to PPI provided in the UK. A policy sold outside the UK will not therefore be subject to compliance under the Order.

3. Is [long-term income protection](#) included?

Long-term income protection (long-term IP) does not come within the scope of the Order. However, short-term income protection (short-term IP) does. Short-term IP is a defined term in the Order. Where providers offer a range of cover within a suite of products, some variants may be long-term IP or otherwise fall outside the scope of the Order (for example life insurance): others may be short-term IP (for example because they contain short-term unemployment insurance). Whether or not a particular product is short-term IP or long-term IP is likely to depend on the specific cover provided, such as whether cover is provided against accident, sickness or unemployment and whether there is a maximum time-limited benefit duration for this cover.

4. What about free or compulsory [PPI offered with a mortgage](#)? The APR shown may be different or higher for the product with the 'free' integrated PPI

If the product being supplied alongside the mortgage is PPI, then it would be covered by the Order and providers of such products would need to comply with all of its measures. Consumer credit regulation would also apply in this situation,

including in relation to the APR. We do not want the development of 'free' or compulsory products to be used to circumvent the terms of the Order. The price of a product does not determine a PPI provider's obligations under the Order, nor does it exempt a PPI provider from complying with it.

5. Does the Order cover [debt-freeze products](#)?

The Order covers contracts of insurance only. It does not cover contractual terms in credit agreements (for example debt-freeze) where these do not constitute contracts of insurance. As such, debt-freeze or debt waiver products that do not constitute contracts of insurance are outside the scope of the Order.

6. What are the [insurers' obligations](#) under the Order?

The primary focus of the Order is the sale of PPI to consumers. With the exception of situations in which insurers have specific obligations under the Order (for example with regard to marketing materials that they produce for use by intermediaries) or where insurers' co-operation is necessary to enable others to meet their obligations (for example with regard to the provision of claims ratios), the Order only covers insurers who sell PPI products directly to consumers. If products are all sold through a distributor or intermediary, then they are not required to submit a compliance report.

7. What if an insurer makes PPI [sales to different levels of the supply chain](#), that is they sometimes sell PPI both directly to consumers and through a distributor?

The Office of Fair Trading (OFT) is responsible for monitoring and enforcing the Order. Compliance monitoring and reporting for insurers focuses mainly on the insurer's activities when providing PPI directly to consumers, though the insurer's other obligations under the Order must also be met.

8. The Order refers to '[Consumer Financial Education Body](#)' or CFEB: should this now be replaced with the Money Advice Service?

Yes. On 4 April 2011, the Consumer Financial Education Body (CFEB) became the Money Advice Service. The Service is an independent organisation, offering a new nationwide service – free, unbiased advice to help everyone make the

most of their money. The term 'consumer financial education body' was a temporary name given in the Financial Services Act 2010. Any references made to CFEB should be replaced by the Money Advice Service. Any references to Moneymadeclear or www.moneymadeclear.org.uk should be replaced by the Money Advice Service or www.moneyadviceservice.org.uk.

Stand-alone PPI

9. What about [portable PPI products](#) (that is that can be transferred from one credit product to another), or short-term IP policies which are sold at the point of sale of credit but are not linked to the credit?

Where a PPI or short-term IP product is sold at the credit point of sale, it is not a stand-alone PPI product and is subject to the point-of-sale prohibition (POSP), regardless of whether or not it is 'portable'. However, if, having taken out a 'portable' product when taking out credit, a customer subsequently switches credit provider but retains the PPI policy, then the policy may be treated as stand-alone PPI from this point forward and the PPI provider may use the stand-alone form of the annual review.

10. [Definitions of credit arranger and stand-alone provider](#): could a company be a stand-alone PPI provider in some contexts but not in others?

Yes. A distributor can provide stand-alone cover—that is the same firm can operate in a number of roles, depending on the context. See related questions about the point of sale prohibition.

Intermediaries

11. [Where an intermediary sells the products of more than one provider, are they required to publish a figure per provider or are they required to produce an average ratio across all providers?](#)

Where an intermediary sells the products of more than provider, they are required to publish an aggregate claims ratio per provider split by PPI Product Type (as per Article 6.1 of the Order). Please refer to www.competition-commission.org.uk/inquiries/ref2010/ppi_remittal/further_consultation_draft_order.htm

Paragraph 40 of the Competition Commission's 'Note of responses to the consultation on the Draft PPI Order' explains that the obligation to disclose an aggregated claims ratio for each PPI product type, stand-alone PPI and short-term IP, rather than for every individual product, such that an existing provider, which introduced a new product, while withdrawing another one, would be under a continuing obligation to publish claims ratios'.

12. Should the Claims Ratio that an intermediary discloses be a general figure provided by the insurer or should it be a specific rate based on business that it has sold through that insurer?

The claims ratio that an intermediary should disclose is described in paragraph 10.241 of the Competition Commission's 2009 Report: www.competition-commission.org.uk/rep_pub/reports/2009/542ppi.htm The Competition Commission provided the example that 'intermediaries will be able to discharge their obligations by disclosing a Claims Ratio from the providers of the PPI policies that they offer to customers'.

13. Intermediaries and annual reviews: When a policy has been sold by an intermediary, who should send an annual review to customers?

The party which maintains direct contact with the policyholder during the life of the PPI policy is required to send the annual review. This is set out in Article 4.9 and is also a reason why Article 4.1 applies to the PPI provider or to an administrator. It will be for the parties concerned to use their business experience and common sense in such situations to determine who is best placed to send the annual review.

14. What if a customer is referred to an intermediary for a PPI sale after a credit sale?

This would come under the definition of an Associate and the point of sale prohibition would be likely to apply.

Obligations to provide information

15. [Who is obliged to send annual reviews and / or reminders to a PPI policyholder?](#)

The flow chart on the next page will assist firms in working out whether they are obliged to send annual reviews and / or reminders to each policyholder. Administrators, Distributors, Insurers and Intermediaries (as defined in the Payment Protection Insurance Market Investigation Order 2011) will need to apply the questions in this chart to each Policyholder. For some Policyholders you may be obliged to send annual reviews and/or reminders and for others you may not. Please note this flow chart is a guidance illustration only and is not intended to cover every possible scenario. This diagram does not apply to Retail PPI policies with an annual premium of less than £50.

Do you have direct contact with the Policyholder in relation to the PPI policy?
 (We interpret direct contact consistently with the way it is defined in Article 4.14(b) as 'written or oral communication concerning the carrying out of a PPI Policy that takes place between the Administrator, Insurer or PPI Provider, as the case may be, and the Policyholder.')

Yes

No

Do you have a credit agreement with the Policyholder?

You do not have to send reviews or reminders to the Policyholder because this obligation applies in practice only to an Insurer, PPI Provider or Administrator that is in direct contact with the Policyholder. However, you may have to comply with other requirements under Article 4 (for example Article 4.13).

Yes

No

Are you an insurer?

If you are an Intermediary, use Schedule 3e except for CCPPI that constitutes stand-alone PPI where Schedule 3C must be used.

Yes

No

Did you sell through a Distributor or an Intermediary who is still in direct contact with the Policyholder?

If you are an Administrator

You are a Distributor: use one of Schedules 3a, 3b(i), 3b(ii), 3c or 3d(i) (or Schedule 3e where paragraph (b) in the definition of Stand-Alone PPI in Article 2.1 of the Order applies).

Yes

No

Your distributor or Intermediary will send the annual review and/or reminder.

For Stand Alone and STIP use Schedule 3e. Otherwise, use Schedule 3a, 3b(i), 3b(ii), 3c or 3d(i).

16. [Do firms need to include the Additional Statement \(Schedule 2\) for short-term income protection policy which has options for six months benefit as well as 12 months benefit? Or if the Additional Statement is required is it permissible to only include the Additional Statement if a customer has chosen the six month option? Can the wording be changed \(without changing the meaning\) so that it fits more naturally with our product design?](#)

Additional Statement (Schedule 2) - If your short term income protection has 6/12 month options, your Marketing Statement will need to contain the additional wording so that it is made clear to consumers that if the six month option is taken [as the statement says] 'the monthly benefit payable under this policy is for a duration of less than 12 months'. The wording of this statement must not be changed.

17. Is a [renewal query a marketing statement](#) defined in the Order under Article 3?

Yes, the renewal must contain the Prescribed Statement as, by its nature, a renewal will comprise or contain a Marketing Statement as defined in the Order.

18. ['Marketing Statement' include such things as Google Ads where a restricted amount of text is allowed, thereby rendering it impossible to include the Prescribed Statement?](#)

Yes, website materials can have the Prescribed Statement on the landing page.

19. Relating to Article 3. [Obligation to provide information about PPI: Where a product is age banded is it sufficient to quote the price per £100 for a particular age band and state which it is to comply with the Order?](#)

Yes, it is sufficient to quote the price per £100 for a particular age band and state which it is.

20. Is it acceptable in the [Annual review form for joint mortgages](#) in Schedule 3b(ii) to insert names of the parties to the mortgage rather than the generic 'Beneficiary 1 and Beneficiary 2' mortgage but only one beneficiary on the payment protection insurance?

On naming of the beneficiaries, it should be self-evident from the information in the boxes as to which beneficiary a box relates and the beneficiaries themselves would be able to identify each other. Therefore, please do not replace the heading 'Beneficiary 1' and 'Beneficiary 2' with the names of the policyholders. The names should be inserted at the top of the Schedule forms on the allocated name boxes.

21. For Stand-Alone PPI policies held by joint policy holders [which Schedule should be used when sending out annual reminders?](#)

Use Schedule 3(c) for CCPPI Stand-Alone PPI policies and Schedule 3(e) for all other Stand-Alone policies. The fields containing square brackets are intended to have free text put in them. Therefore you can enter in these the details of each policy holder, the benefits each receive and the costs each have paid (along the lines of the details provided to consumers via Schedule 3(b)(ii)). Schedule 3(b)(ii) is not to be used for Stand-Alone PPI policies.

22. [How can a firm calculate the monthly cost for every £100 of monthly benefit metric for its business whereby interest is calculated by reference to the outstanding balance on the loan and hence the monthly cost and / or monthly benefit for PPI may vary during the course of a loan?](#)

Please follow the guidance provided by the Competition Commission in its Remittal report (appendix Q) dated October 2011 for the application of the monthly cost for every £100 of monthly benefit metric for your business, www.competition-commission.org.uk/inquiries/ref2010/ppi_remittal/pdf/appendices_and_glossary_final_report.pdf

All PPI providers must prominently disclose information (in PPI marketing materials, which includes pricing claims or cost information, any indication of the benefits of the PPI product or its main characteristics) including the monthly cost of PPI for every £100 of monthly benefit. If the benefit pays out for less than 12 months notice of this fact must be clearly disclosed to consumers alongside the cost of the policy and also CCPPI and

retail PPI providers must also show the cost of PPI per £100 of outstanding balance.

23. [Can templates in Schedules 3 - 5 be amended?](#)

Templates cannot be amended apart from the 'free text' boxes. The obligation to comply with the PPI Order is concurrent with the obligation to meet the FSA's ICOBs requirements. You need to check with the FSA if you have questions about meeting the ICOBs requirements.'

24. Where there are [joint beneficiaries](#) issuing Schedule 3b(ii) and this states that providers have to show the costs of the cover split by each beneficiary, can a supplementary note be included on the form to indicate the basis on which calculations have been made?

A note may be included on the form to indicate the basis on which calculations have been made.

25. Many [MPPI policies are held by joint policyholders](#), with the monthly benefit split between them (for example 50/50) in the event of a claim. The template only allows for the total monthly benefit to be shown which could lead to confusion about the amount payable at point of claim. Do extra fields need to be added to allow for joint policyholders?

Please use Schedule 3b(ii) 'Annual Review form for your Joint Mortgage'. In addition, please note that Article 4.12 states that 'where a PPI policy is provided to joint Policyholders, a PPI Provider or Administrator need not send a separate Annual Review to each of the Policyholders unless either of the Policyholders specifically request this'.

26. Are [General statements about PPI subject to the Article 3 requirements of the Order?](#)

The intention behind Article 3 is that where a PPI Provider is attempting to sell PPI they are required to give certain key messages. The key to compliance with Article 3 is not to get too complicated and PPI Providers are expected to use their business experience and common sense. PPI Providers need to look at the purpose of the statement not just the words it contains: if the purpose of a

statement is to persuade a consumer to purchase PPI even though it is a consumer initiated call, then it seems likely that Article 3 would apply. On the other hand, if a consumer has initiated the transaction following provision of the Personal PPI Quote and all the conditions in Article 8.7 are met, then it seems unlikely that Article 3 would apply. To reiterate: it is not just the words used that are important, PPI Providers need to look at the context and purpose of the statement if it is to induce, that is persuade a consumer to purchase PPI from that provider then in all likelihood Article 3 of the Order would apply.

27. [Do oral sales scripts trigger Article 3 requirements?](#)

If the contents of the oral sales scripts constitute a Marketing Statement then it will trigger Article 3 requirements.

28. [Are quote illustrations and illustrative quotations subject to Article 3 requirements of the Order?](#)

A quote illustration is subject to Article 3 given the definition of 'Marketing Statement' contained at Article 2.1 of the Order which states, 'Marketing Statement means a promotional message, invitation or inducement to purchase PPI consisting of or including any of the items of information Listed in Schedule 1.' Schedule 1 – 'information giving rise to a Marketing Statement' lists 'Price Information' includes, but is not limited to, the express of the price of cost of PPI as an exact, indicative or illustrative amount.' Accordingly a Personal PPI Quote and an illustrative quotation would fall within the scope of Article 3 of the Order.

29. [If a Marketing Statement covers several web pages would the Prescribed Statement need to be on every page or the landing page?](#)

The principle is that the Marketing Statement must be provided prominently. Repetition may not be necessary to achieve prominence but this may depend upon the length and complexity of the Marketing Statement and the design of the web site in question. The key issue in deciding whether the Marketing Statement appears in one place only on the web site (for example on the PPI products landing page) or in multiple locations is whether consumers are likely to have a clear understanding of, and access to (for example via a hyperlink) to the Marketing Statement and the relevant Prescribed Statement.

30. Could [oral disclosures](#) be given in the pre-recorded part of discussions with customers, or should they be given during the sales conversations with customers?

It is not anticipated that disclosures will be given as part of a pre-recorded conversation. There is a need for disclosures, both oral and written, to be made prominently and not marginalized as 'small print'. The Order includes a definition of 'prominently' in Article 3 for assistance.

31. Are the [oral marketing statements requirements](#) intended to capture radio advertisements, or they only intended for salespersons?

The definitions in the Order indicate that they are intended to capture both, that is they would include intervening media such as radio. The Order avoids requiring disclosures every time PPI is mentioned, while ensuring that the key messages are conveyed when appropriate.

32. How flexible will the OFT be in allowing firms to vary the [informational remedies to reflect new or different products](#)?

As flexible as can be, but consumers must find the information easy to use and compare. The Order is more prescriptive with annual reviews and annual reminders, as well as with personal PPI quotes. In these cases, consumers told the Competition Commission that comparability was important, whereas with marketing materials the Order only requires disclosure of certain key messages, thus leaving more scope for providers to articulate the benefits of their products in their own way.

33. Will PPI providers be permitted to change the [language in the prescribed statements in Schedule 1a and 1b to deal with short-term IP](#) products?

Some flexibility is needed in relation to the disclosure of information about short-term IP products. The Competition Commission sought to build that flexibility into the specification of the personal quote and the annual review and into the prescribed statements.

34. On the [annual review for short term IP](#) is there flexibility to add the name of the product?

Yes, see Schedule 3, paragraph 7 to the Order.

35. Further clarification in relation to the [definition of 'short term IP'](#).

For the purposes of the PPI Order, we consider the definition of 'term' to be the term the policy is written for, rather than the time the benefits are payable for: for example the Order would not apply to a ten year policy which pays the benefits described in the definition of Short Term IP in the Order for under five years. The benefits described in the definition:

- (i) have a maximum time limited benefit duration
- (ii) may include or combine other forms of insurance cover or include other benefits
- (iii) are written for a term which is less than five years and not predetermined by the term of any Credit, and
- (iv) can be terminated by the Insurer.

36. Can [annual reviews and reminders be sent electronically](#) to customers if they want that?

If that is the customer's choice, then yes. However, a firm would be required to have verification that the customer has made an express request to receive communications electronically: this could not be the firm's default assumption. Therefore a firm would have to have systems in place to enable customers to express their preference. If a customer has agreed to receive all of their communications from a firm electronically, then there is not a further requirement for customers to make an additional request in relation to annual reviews or annual reminders.

37. [PPI pricing according to risk](#): The PPI price information that PPI Providers are required to give consumers up front and in annual review documents is in the form of monthly cost for every £100 of benefit. What should providers do if they price according to risk?

Provision has been made in the Order for providers to offer PPI at a range of prices. The CC also sought to formulate a common metric for the calculation and disclosure of price information. Firms must use the common price metric to communicate information to consumers which enables them to search for and compare PPI policies. It is acknowledged that it may not be possible to use a single price to communicate the cost of PPI to every consumer who sees a particular marketing statement. In these situations, the Order does not prohibit providers from disclosing an illustrative or typical price, provided that it discloses this using the common price metric. Other legislation covering truthfulness in advertising will continue to apply. In the personal quotes and annual reviews it should be possible for firms to give a customer-specific price.

38. [Intermediaries and annual review information](#): What should intermediaries do if they do not have the underlying information available to them to give consumers the information required in annual reviews?

Provision has been made in the Order at Article 4.13 for circumstances where consumers or other parties have not communicated to the providers information they need to complete the annual reviews. The forms that intermediaries are required to send have been tailored to take account of the situation where they do not have all the underlying information.

39. [Annual review, personal PPI quotes and life cover](#): What if a PPI policy does not include life cover—do I have to disclose that on the annual review and personal PPI quotes?

If a PPI policy does not include life cover, then this fact needs to be disclosed in the relevant section of the annual review or personal PPI quote. This is to facilitate comparison between products, some of which may include this cover and others of which will not. Depending on the context, providers can use an appropriate form of words (for example 'not available' or 'not applicable') to make this disclosure.

40. Why is the quotation of the cost of PPI for the duration of credit agreements not in line with [FSA cost examples](#), for example mortgages or length of time people keep the product? There is a difference in the way the total cost of PPI is presented (the FSA allows total cost to be

shown for a mortgage as the typical length of time consumers keep a policy (for example five years)).

Customer testing showed clear support for ‘lifetime’ cost of PPI where it was practicable to show this. Customers found this useful as it made them think about the potential scale of commitment. This has also been discussed with the Financial Services Authority, which has published its own guidance on this issue). In light of these discussions and the consumer testing the Competition Commission decided that this disclosure may be deleted from annual reviews and personal PPI quotes in relation to annually renewable contracts, but must otherwise be included.

41. Why are there [differences in the information provided about the credit in the annual review forms for personal loans and mortgages?](#)

The difference between these forms reflects differences in the language that is used to talk about personal loans and mortgages, the fact that mortgages are typically longer in duration than personal loans and the fact that a customer’s mortgage commitments are generally more likely to evolve over the lifetime of a PPI policy than those relating to a personal loan. This approach reflected feedback on previous versions of the forms.

For the personal loan form (Schedule 3a to the Order), the information to be provided about the credit relates to the original details of the loan taken out by the customer. The language used in this form is consistent with terms used in consumer credit regulation, for example in the Standard European Consumer Credit Information sheet.

For the mortgage form, the information to be provided about the credit is a ‘snapshot’ of a customer’s current mortgage obligations at the time of issuing the annual review, using language that is consistent with terms used in mortgage regulation. For the mortgage form, providers will need to provide details of:

- (i) the original start date of the loan
- (ii) the remaining term of the loan agreement—this is how much longer the mortgage has left to run

- (iii) total outstanding loan as at [date]—this is the balance outstanding on the mortgage, and excludes interest and other charges
- (iv) total remaining charge for loan as at [date]—this is the total amount of interest and any other charges payable by the customer for the remainder of the loan agreement, assuming the mortgage ran for its remaining term
- (v) the total remaining amount the customer must pay back including the amount borrowed as at [date]—this is the sum of (c) and (d) above
- (vi) the payments on the loan—which it is expected would usually be expressed as a monthly payment, and
- (vii) the amount of monthly payment covered by the MPPI policy, if this is different from (f).

42. The industry spent a lot of time with the Financial Services Authority (FSA) talking about the total annual cost for PPI: [the Order seems to contradict the FSA's views on costs of PPI](#)

The CC remained in contact with the FSA throughout the inquiry to ensure that there were no inadvertent contradictions in the Order's requirements for the personal quote and annual review, both of which require the disclosure of the annual cost of PPI.

43. For [annual reviews](#) (if there is no indication of the customer's current salaries and the premiums are the joint responsibility of both borrowers within the mortgage payment), is it acceptable for the figures on the review to be represented as 'total figures' with a separate note for borrowers providing further explanation to the method of proportioning the benefit?

It is acceptable for the figures to be represented as total benefit for joint policyholders and then provide a cover note to explain the proportioning of benefits.

44. Does the Order prohibit PPI Providers from [sending out PPI information with Annual Reviews?](#)

The Order does not prohibit PPI Providers from sending out PPI information with the Annual Review. Businesses will need to decide what is the most appropriate and suitable information to include in the letters regarding renewal and annual reviews in accordance with the Order. The Financial Services Authority offered clarification around the ICOBs rules in 2009: please read www.fsa.gov.uk/pages/Library/Other_publications/Miscellaneous/2009/icobs.shtml

45. How should PPI Providers complete the [beneficiaries section of the form 'Annual Review of Optional PPI on your Joint Mortgage'](#) (at Schedule 3b(ii) to the Order) where there are more than two beneficiaries with cover on the mortgage?

Schedule 3b(i) and 3b(ii) should appear as set out in the Order. Please see the attached link to the OFT website:

www.of.gov.uk/business-advice/treating-customer-fairly/PPI/

Please note that the Schedule 3 forms cannot be amended. You are free to enter information in the free text box and in the brackets. See Schedule 3 for 'Instructions for the Annual Review'. If there are more than two beneficiaries with cover on the mortgage please use multiple forms.

46. Would a PPI Provider breach the Order if [Annual Review statements were sent to customers who had a PPI policy for less than 12 months that is 10 months?](#)

Please refer to Article 4.1(a): For any PPI policy which starts on or after 6 April 2012 except a Retail PPI policy, a PPI Provider or Administrator must, subject to Article 4.7, send an Annual Review to a Policyholder in accordance with paragraphs (a) to (b):

- (a) where a PPI Policy has an annual renewal date or the Premium is paid by an Annual Premium the first and each subsequent Annual Review must be sent not less than two weeks and not more than four weeks

before the date by which the PPI policy must be renewed or the date by which the Annual Premium must be paid as the case may be

- (b) where a PPI policy is paid by Monthly Premium:
- (i) the first Annual Review must be sent at any time during the first 13 months following the commencement of the PPI Policy, and
 - (ii) each subsequent Annual Review must be sent on a date which is either within two weeks before or within two weeks after the anniversary of the date on which the first Annual Review was sent.

Article 4 also provides requirements for a Retail PPI policy and any SMPPI policy, CCPPI policy or any MPPI policy which are in force on 6 April 2012.

Claims ratios

47. Should PPI Providers be giving customers a [Claims Ratio](#) which is not adjusted for changes in reserves?

Reserves are not included in Claims Ratios. The changes in reserves (the change/movement in claims reserves over the relevant period) should be taken into account in the calculation of claims ratios.

48. [Is an insurer required to publish a Claims Ratio figure for each PPI Product Type for all business that it has sold](#) (including business sold by other PPI distributors) or is it required to publish a Claims Ratio based only on business where it sold direct to a Consumer?

An insurer, to the extent that the insurer has provided PPI directly to consumers, is required to publish Claims Ratio figures for each PPI Product Type for all business it has sold.

49. Do PPI Providers need to provide [Claims Ratios for products no longer being sold?](#)

Claims Ratios need to be provided for products that are current in the business year in question (that is still held by customers, whether or not they are still being sold as new products).

50. Would it be helpful to consumers if [Claims Ratios for new products and small blocks of business](#) included a clarifying explanation?

Yes. Any information that would help consumers understand Claims Ratios would be helpful: the Order does not preclude additional text.

51. Should [PPI Providers report one Claims Ratio or by separate insurer?](#)

Disclosure of Claims Ratios should be for each PPI Product Type offered by PPI Providers.

52. [What is the purpose of disclosing claims ratios to customers?](#) Why not use other information such as claims accepted and declined?

The 2009 report explained the purpose of requiring Claims Ratios to be disclosed (the section starting at paragraph 10.236). The Competition Commission found Claims Ratios to be relevant information for consumers when they are considering the value for money offered by PPI. PPI Providers are not required to make this disclosure to all of their consumers (for example in a personal PPI quote), but they must disclose this information to any person on request in accordance with Article 6 of the Order. Claims Ratios are also likely to be of interest to informed and motivated third parties (for example consumer groups).

53. From what [date do PPI providers have to disclose Claims Ratios?](#)

This element of the remedy package came into force on 1 October 2011. Firms will be obliged to disclose Claims Ratios within three months after the end of the first business year to conclude after that date. So, for example, if a firm's business year concluded on 31 December then, from 31 March 2012, it would be obliged to disclose Claims Ratios in relation to the business year ending 31 December 2011.

54. [Do I have to disclose separate Claims Ratios for each class of CCPPI policy?](#)

No. For the purposes of this article, it is satisfactory to disclose a single Claims Ratio for all CCPPI business, however it was sold.

Personal PPI quote

55. Is there a [requirement to provide a quotation in the new format when making mid-term adjustments?](#) If a customer comes back and asks for changes, for example the benefit to an existing PPI policy, would we need to provide them a quotation in the new format? Article 7 of the Order talks about giving rise to making marketing statements and selling a policy. However in this case it wouldn't be a new sale.

Regarding mid-term adjustments, Article 7.1 sets out the rule, that is when the obligation to give a quote arises and Article 7.3 describes when the obligation does not arise. Because the quote was found to be an important element of the remedy package, the circumstances when a quote need not be given are limited and, as you will see, there is also an obligation on the provider claiming the exemption to be able to prove the grounds to the OFT. The Competition Commission received representations about needing to give a quote at the mid-term review during the consultations on the Order and these were not accepted as grounds for an exemption from the obligation to provide a quote.

56. Article 7.7 - of the Order states that a PPI Provider must give a new quote where the previous quote becomes inaccurate due to (a) material changes to the eligibility of the consumer for the PPI or (b) material changes to the costs or benefits of the PPI. However, based on paragraph 10.109 of the Competition Commission's original Report and clarifying comments made by the Competition Commission during the consultations, we understand that this does not trigger a further POS prohibition - paragraph 10.109 of the report states that 'This prohibition would apply only on the first occasion that the consumer is offered PPI for that credit agreement. Subsequent offers of PPI for that credit agreement would be treated as stand-alone sales [...]'. On that basis, [can a firm assume that any subsequent quote taken in the form of a stand-alone quote template at Schedule 4\(e\)\(i\), even if the second quote is given within one month of a Credit Sale?](#)

We agree that in cases where there is no change to the credit agreement and only a change to the quote, a new point of sale prohibition period is not triggered. If the credit agreement changes then a new PPI point of sale

prohibition period would be triggered. Please use the template provided in Schedule 4(e)(i).

57. [If a lender offered PPI to a consumer, would this always trigger a personal quote](#) (for example even if the consumer turned down the offer at the credit point of sale)?

The Order does not seek to force upon consumers information they have said they do not want. Article 7.3 sets out circumstances where it is not necessary to give a quote and these include when the consumer does not want to receive one.

58. [Personal quotes: what version would need to be provided if a lender sold a short-term IP policy alongside a personal loan?](#)

Schedule 4(e)(ii) to the Order was developed to cover this type of situation and is the appropriate form to use.

59. [What version of the personal quote would need to be provided if a lender sold a PLPPI, MPPI or SMPPI policy one month or more after the end of the credit sale?](#)

Schedule 4(e)(i) was developed to cover this type of situation and is the appropriate form to use.

60. [What version of the personal quote would need to be provided if a lender sold a CCPPI policy one month or more after the end of the credit sale?](#)

Schedule 4(c)(i) was developed to cover this type of situation and is the appropriate form to use.

61. [Is the provider still obliged to give a personal quote for PPI sales after the customer has had the credit product for one month? If so, what form of quote should they use?](#)

Yes, the provider would have to provide a quote. The form to be used depends on the type of PPI concerned:

- (i) for short-term IP, unsecured personal loan PPI, first-charge mortgage PPI and second-charge mortgage PPI, Schedule 4(e)(i) is the appropriate form to use in this situation, and
- (ii) for credit card PPI, Schedule 4(c)(i) is the appropriate form to use in this situation as it has been designed for products that track a customer's outstanding balance.

62. How does the PPI personal quote refer to the pricing information to be provided under ICOBS?

Total price includes all elements that would be paid by a customer. The objective is to provide a realistic quote, so the quoted price should reflect the price paid by the customer, including any associated fees where appropriate. So if a customer would pay insurance premium tax this should be included in the quote. However, a personal PPI quote would not replace a provider's requirements to provide pre- and post-contract information as required by ICOBS 6.4.6 [R] to 6.4.10 [G]. In such a situation, the customer would need to be sent the information required under ICOBS at the appropriate time, in addition to the PPI quote.

63. The types of premiums are limited to annual and monthly: why could there not be biannual or quarterly as this would be more flexible for the customer?

We are not aware of any policies which are paid for by biannual or quarterly premiums in the market at present. Allowing this seems to us to raise the risk of more complex pricing structures making it harder for consumers to make comparisons. The Order does not, however, prohibit consumers from making their monthly or annual premium payment in biannual or quarterly blocks if this is more convenient for them.

Combined APR

64. What rate would be shown if you have the following products on offer:-

LASU £7.50 per £100

ASU £6.50 per £100

AS £4.50 per £100

U £5.50 per £100

Is the price used based on the same principle as APRs, where it is based on the percentage of take up rate or is it a blend of all the rates?

65. Please see paragraph 10.214 of the 2009 Competition Commission's final report. www.competition-commission.org.uk/rep_pub/reports/2009/542ppi.htm Some providers already offer consumers a choice of different levels of cover (for example LASU, ASU, AS and U). In these circumstances, it may not be possible to use a single price to communicate the cost of PPI to every consumer who sees the advertisement. However, the CC noted that ICOBS includes rules regarding financial promotions and considered that these rules adequately addressed the issue of how variations in product offers could best be accommodated. How does the combined APR quote apply to intermediaries?

They would use the stand-alone quote (that is without combined APR). This is a pragmatic approach, given the potential need for intermediaries to combine information from a range of credit and PPI providers.

66. APR is seen as a measure of interest. Customers may not recognise that 'combined APR' includes the interest on the loan PLUS the cost of the PPI. It may give a competitive advantage to the stand-alone providers. Showing monthly cost may be a fairer way.

Consumers found this presentation helpful in the Competition Commission's (CC) consumer research. The CC also took account of this consumer research in deciding how the combined APR is presented to consumers in the personal PPI quote. There is no evidence that, when presented in this context, consumers failed to understand that the combined APR included the loan rate and the PPI.

67. OFT is very specific that PPI should only be included in the credit APR if the PPI is compulsory. How does this sit with the requirements of the Order to include a combined APR in the personal quote?

The Consumer Credit Directive does not preclude the Competition Commission from including the requirement to quote a combined APR in the Order. This disclosure is specific to the PPI personal quote and is designed to ensure that consumers have information which enables them to search for and compare PPI policies. This purpose is stated explicitly on the quote itself.

Point of sale prohibition (POSP)

68. Can PPI (other than retail) be sold jointly as a single offering with another product provided the customer is given the choice to purchase the product on a standalone basis and all legally required disclosures are made to the client? And does the point of sale prohibition apply (especially the seven day cooling off period)? In designing the bundle, can a single insurance provider be chosen?

Yes and a single insurance provider can be offered but the point of sale prohibition and the seven day cooling off period will apply where credit is intended to be sold as part of the package. Furthermore, Article 11 of the Order requires that where retail PPI is intended to be sold with merchandise cover, the PPI provider must offer consumers the retail PPI as a separate insurance.

69. Does the POSP apply to mid-term adjustments?

The prohibition does not apply to mid-term adjustments.

The POSP is triggered by a Credit Sale (refer to Article 8 of the Order), rather than an insurance sale: the POSP will not apply to mid-term adjustments where there is no Credit Sale (See paragraphs 26 – 29 of Annex N in www.competition-commission.org.uk/assets/competitioncommission/docs/pdf/inquiry/ref2010/ppi_remittal/pdf/appendices_and_glossary_final_report.pdf) Inconsequential amendments made to an existing credit offer or credit agreement which would not result in a new Credit agreement do not constitute a new Credit Sale. Examples include:

- (a) when a customer's credit limit is increased
- (b) where a customer receives an updated credit card
- (c) where the interest rate is varied
- (d) where a customer requests or draws down credit under a facility available under an existing credit agreement, or
- (e) where corrections are made to errors in respect of matters such as the name or address of the customer, or details of any security to be offered in support of the credit.

There may be similar situations where the amendments relate to the PPI, such as amendment of the level of cover under an existing policy or cancellation of a policy in favour of a new PPI product. Unless the prompt for upgrading or amending the policy was a new Credit Sale, an upgrade or cancellation in order to take out a new PPI product where there is no break or interruption in the cover does not trigger a POSP. This is because the POSP is triggered by a Credit Sale, rather than an insurance sale. Three illustrative scenarios are set out below:

Scenario One – No further loan advance

A PPI policyholder may wish to increase or decrease their PPI cover, not because there is any change in their borrowing (up or down) but perhaps because other personal circumstances have changed. If there is no further loan advance, there will normally be no new Credit Sale, in which case the POSP will not apply.

Scenario Two – Further loan advance – Run off book

In this case the policyholder has a loan and a PPI policy that was sold at the time the loan was first taken. The intermediary arrangement between the insurer and lender is at an end and the lender is no longer selling the insurer's PPI. The lender makes a further advance or gives a new loan to the customer. The customer then contacts the insurer to increase their PPI cover to reflect the fact that they have increased their borrowing. Given that the increase in cover is not sold by the lender (because the intermediary arrangement has ended) but is

triggered by the customer contacting the insurer, the two transactions are not linked and the POSP will not apply.

Scenario Three – Further loan advance – Live book.

A policyholder has an existing loan and a PPI policy that was sold at the time the loan was first taken. The intermediary arrangement between the insurer and lender is live and the lender is still selling the insurer's PPI. The lender makes a further advance or gives a new loan to the customer. The customer or the lender then contacts the insurer to increase their PPI cover to reflect the increased borrowing. The POSP will apply.

70. What if an intermediary firm is advising customers on PPI across the whole market? The customers cannot then go and get a better deal. Why would a POSP be needed?

When the Competition Commission looked at the intermediary sector, it found that similar competition problems applied to intermediary sales as to sales by distributors and that generally consumers did not get market-wide advice. Therefore intermediary sales of PPI alongside credit are also subject to the prohibition. If an intermediary is genuinely searching the market for the best deal, then consumers may well choose to return to the intermediary, if they find that further search does not lead them to a better deal.

71. Given that the consumer must be asked questions before a quote can be given, what is the distinction between fact-finding and making a sale: when does the prohibition period start?

The Order does not rule out giving advice at the credit point of sale, or impose restrictions. Firms can recommend that PPI be taken out later but, if they do so, they will need (a) to meet an informed decision standard at PPI sale and (b) provide balanced information at credit sale. The prohibition period starts at the end of the credit sale or, if later, the time that a personal PPI quote is provided. In response to consultation, the Competition Commission set out in Article 7.3 of the Order the circumstances in which it is not necessary to provide a quote – which includes a scenario where, despite the best efforts of the provider, the consumer does not provide the information necessary to provide a quote.

72. [How does the POSP operate where companies operate in a variety of capacities?](#) for example the customer goes to a branch, receives a quote for a policy underwritten by an insurer (whose name is mentioned during the credit sale) and then goes online to take out a stand-alone policy from the insurer or another stand-alone product underwritten by that insurer. Would that be a breach of the Order?

It is possible for firms to act in different capacities. In this specific case, whether or not there would be a breach of the Order would depend on whether or not the insurer or the third party was an associate of the credit arranger. The purpose of including associates within the scope of the POSP is to avoid circumvention (for example directing the consumer to a party not subject to the prohibition) but not to prevent the development of stand-alone provision.

73. [Application of the POSP where suppliers offer a range of PPI products:](#) for example, what if a customer is given a quote for silver cover, but after search comes back and wants gold or bronze? Does another prohibition period commence?

No, the situation was considered in paragraph 10.109 of the 2009 report. The consumer would have to be given a personal quote for the revised cover, if they asked for this, but there would not be a second prohibition period.

74. [Clarity sought on the definition of credit sale especially in relation to 'unconditionally bound to provide the credit'](#). For example, a firm mortgage offer might still include some conditions (for example to have the roof or windows repaired).

Following responses to consultations, the Competition Commission (CC) provided a non-prescriptive definition of credit sale which is applicable across all forms of credit. The CC recognised that a credit sale cannot be completed at the same point for all sales of all types of credit. The Order therefore fixes the end point of the credit sale at the point that the provider itself considers that the credit has been approved. The circumstances referred to in Article 8.2(b) have been included in the Order to address some of the concerns which were raised in consultations about this type of minor condition on the credit approval that would still apply to a loan even after it has been made clear to a consumer that

they will get the credit. Examples of the type of minor condition would not need to be taken into account in determining the ends of a credit sale include:

- (i) conditions relating to property on which a mortgage is secured (for example repairs, as noted above)
- (ii) conditions which are within the power of the consumer to fulfil (for example activating a credit card, or providing factual confirmation of the information on which a decision to grant credit was based), and
- (iii) conditions which are within the power of a third party to fulfil (for example confirmation of employment or salary by the customer's current employer).

75. [How does the POSP apply if I make several credit sales to the same customer in a short period of time?](#)

Firms will need to apply their common sense and business judgement in applying the Order to their own business processes, including in what would be relatively unusual situations such as this. As a general principle to guide businesses, the POSP will only apply once in relation to each credit sale. So if a customer takes out a credit card from a firm and, at the end of the prohibition period, takes out CCPPI this will be permitted whether or not they have taken out other credit products from the firm during the prohibition period.

Single-premium prohibition

76. [Could a customer choose to pay 18 months of PPI insurance in advance?](#)

Payments of this type risk being viewed as a single-premium payment (see Article 10 of the Order). The seriousness of any breach would likely depend on the context. If a company developed a practice of systematically prompting consumers to take out PPI over the term of a loan, and pay for it in a lump sum, this may be seen as a deliberate attempt to circumvent the remedies.

77. Does the [prohibition of admin charges in Article 10](#) only apply to policies made after 6 April 2012? For any annual policy that was sold prior to 6

April 2012 but which renewed after 6 April 2012 does the prohibition apply?

Article 10.3 prohibits the inclusion of administration, set-up or termination charges in the price of any PPI Policy. Therefore, the prohibition applies to renewing policies after 6 April 2012.

Charges

78. [Article 10.3: does prohibition on additional charges for set-up/administration or early termination also apply to the back book of policies?](#)

Yes, the prohibition applies to back book policies. Article 10.3 prohibits the inclusion of administration, set-up or termination charges in the price of any PPI policy.

Compliance and enforcement

79. Where an entity within a [corporate group is sold to a different group](#), would the remaining members of the original corporate group have to include 2007 GWP figures for that entity or would that fall to the purchaser of the company?

If an entity has been sold off, reporting should fall to the purchaser of that entity.

80. For [Corporate Groups what are the requirements to submit Compliance Reports and where applicable, the obligation to report on the clarity of marketing communications under Article 14?](#)

The key thing is that we get one report per Corporate Group. Article 12.7 requires such reports to be broken down by constituent PPI provider - and that especially applies to Schedule 5b paragraphs (a) - (f). For (g), (h) and (i). We do not need a breakdown or separate sub-reports for each PPI provider if the Marketing Communications, compliance monitoring systems and staff training are all similar or the same. (j) is to be an exhaustive list. The obligation to submit

compliance reports is contained in Art 12. Please refer to Art 12.7 for the requirement as it relates to members of a Corporate Group.

81. Should premiums paid in a previous year, that is ASU policies, but effectively earned, be included with the GWP figure for the latest reporting period?

For any single premium ASU policies sold a few years ago, and where no premiums were collected within the reporting period, there is no need to include the single premium figure in GWP data.

82. Is there a requirement to have a certificate for a compliance report from two directors as per Article 12.9(c)?

The compliance report must be:

- prepared by an Independent Party Article 12.8(a)

OR

- prepared by the PPI Provider Article 12.8(b)

AND

AND

subject to independent third party verification Article 12.9(a):
verification that

compliance report is
true and correct

- Signed in either case by the appropriate

company representatives

Article 12.9(c)

Article 12.9(b): Content of certificate

to be signed by Art 12.9(c) signatories

The signatory box is for the Compliance Officer and an appropriate company representative to sign report prepared by an Independent Party Article 12.8(a) is for the Compliance Officer and an appropriate company representative to sign.

83. What types of information does the OFT expect receive for the information requirement under Article 12 in relation to 'description and evidence to demonstrate training of staff'?

A brief description is all that is needed with reference to compliance with the prohibitions on point of sale of credit and single premium sales and with the requirements relating to Marketing Statements, annual reviews and reminders and personal quotes.

84. Does an incidence of non-compliance constitute a breach of the Order, for example, the non-receipt of an Annual Review Statement by one customer or is the OFT only interested in systematic failings? Furthermore, does the OFT expect detailed evidence of remediation or an 'issue/remediation summary' included in the compliance report?

The OFT is interested in systematic failings but also interested in dealing with incidences of non-compliance which get escalated to senior management by consumers or others.

85. Article 14.1 of the Order refers to reporting on the clarity of Marketing Communications 'used in the previous year'. There is no requirement in the six monthly report contents (Schedule 5a) to report on clarity of Marketing Statements but there is in the annual report contents (schedule 5b). Is there a need to have Marketing Communications certified / tested from April 2012 to be reported on the annual report in 2013?

You will need to provide representative samples of Marketing Communications including sales scripts in six monthly reports. If your first annual compliance report will be due on 6 April 2014 as per Article 12.2(b) then you will need to have your Marketing Communications certified / tested from 12 months before your first Annual Compliance Report is due.

86. [When does the first report on clarity of Marketing Communications need to be submitted as part of a compliance report and then how frequently thereafter? that is - does this need to be included in each of the six-monthly Compliance Reports for the past year? Or on an annual basis?](#)

Please see Schedules 5a and 5b to the Order. Reports on Clarity of Marketing Communications should be included in Annual Compliance Reports. A PPI Provider meeting the requirements in Schedule 5a (6 monthly reporting requirements), must submit a report on the clarity of Marketing Communication at the same time as submitting its Annual Compliance Report only. For some PPI Providers (Article 12.1), the first Annual Compliance Reports are due April 2014 covering April 2013 – March 2014 (see Part 5 of the Order for more information on different requirements on PPI Providers and thresholds).

87. When should the [first mystery shopping report](#) (Article 13.3) be carried out and when should the first report be submitted as part of a compliance report? The Order says that from 6 April 2012 providers need to carry out an annual mystery shopping exercise. Does this mean that the first mystery shop should take place after 6 April 2012 and should then be included in the next compliance report - that is 1 October 2012? Or should it be included in the 6 April 2013 Compliance Report?

By April 2012, firms should have agreed with the OFT their designs for the mystery shopping exercise. Mystery shopping exercises should be carried out in the year from 6 April 2012 and each subsequent year by PPI Providers earning £60m + Gross Written Premium. Reports on mystery shopping are to be submitted annually, not six-monthly.

88. [For the purposes of compliance reporting in the Order, what does GWP mean and include?](#)

Gross Written Premium (GWP) is the total premiums exclusive of Insurance Premium Tax for all new PPI policies including premiums renewed and all PPI policies that are extant all or part of the reporting period. In other words, PPI premiums earned for the period or money received in that period. To calculate GWP you are looking at just the gross written premium for extant PPI policies in the reporting period.

89. [How much lead in time will be given for the Compliance Report?](#) If for example the report is due in April, will it be based on figures for 31 Jan to allow firms enough time to collate, check and sign off the data?

Article 12.11 of the Order requires a Compliance Report to be submitted within one week of its due date. Article 12 commenced 4 April 2011 so firms should have been aware of the timescale of the obligation to submit compliance reports. There is no lead in time offered in the Order.

90. [The first six monthly compliance report starts from 1 October 2011, so if the Personal PPI quote remedy is not in effect until 6 April 2012, is there a need to report this in the first compliance report?](#)

There is no need to report as per Schedule 5a, paragraph 1(f) in the first 6 month Compliance Report.

91. Should [total GWP be for just UK or at group level and include EU?](#)

The Order applies to PPI provided in the UK so total GWP for the purpose of reporting requirements would not include PPI sold outside the UK.

92. [Will any trends be published?](#)

OFT will not publish individual firms' data. It has taken no decision on what generic data it might publish.

93. Asking about taking credit with another provider seems an unreasonable question especially if the product is [short term IP](#) (designed to cover a pot of money rather than a specific loan). Can insurers report 'not applicable'?

Obligation is a positive one rather than a negative one, if credit and PPI is taken out. The template design which the OFT has provided for reporting should help to clarify this.

94. Regarding [Schedule 5a and six monthly compliance report periods – will this be new and existing business? What period will the first report cover?](#)

The information will be for all business, new and existing. The first report was due 6 April 2012 and should have covered the period from 1 October 2011 to 31 March 2012. In particular, GWP data and Claims ratios should include all business.

95. [Has the OFT been working with the Financial Services Authority to ensure a streamlined approach to monitoring and enforcement?](#)

Yes. A hallmark of the inquiry and remedy implementation has been the close working relationship between the OFT, Competition Commission, Money Advice Service and the Financial Services Authority.

96. [How are firms to evidence compliance with obligations to make oral disclosures in face-to-face communications?](#)

The Order does not prescribe every aspect of how this should be done or require evidence of every single sales conversation. The types of evidence that the OFT might find indicative of good compliance include sales scripts and demonstrations that there are effective internal systems in place to ensure that these disclosures are given. Oral disclosures are also one aspect of compliance that would be monitored by mystery shopping.

97. [What are the practicalities of appointing a compliance officer for smaller players?](#)

The obligation to appoint a compliance officer and the compliance officer's main duties are set out in Article 15 of the Order. It applies to all PPI Providers. The OFT is happy to answer any specific queries about this.

98. [If a firm has stopped selling PPI but meets the 2007 thresholds for compliance reporting in the Order, does it still have to provide those reports?](#)

Yes, where a firm has stopped selling new policies, there are other obligations on those firms which have customers who still hold PPI (that is those relating to existing customers). The extent and focus of compliance reporting may be adapted if the firm is not currently selling new PPI policies and the OFT would

be happy to have discussions about this. The Order includes provisions which will update the thresholds for compliance reporting as time goes by.

99. [If a PPI Provider has stopped selling PPI, is there a requirement to notify the OFT?](#)

There is no requirement in the Order to notify the OFT of a decision to stop selling PPI. However, it would assist us with monitoring and keeping our records up to date. An email to Natalie Lam to confirm that the relevant PPI Provider has now stopped selling PPI would be sufficient. Please note there may still be obligations on the PPI Provider.

100. [Do different PPI providers within the same corporate group all have to submit different compliance reports?](#)

Article 12 of the Order envisages that the compliance reporting will be done on a group basis, but each business would be required to include its own data.

Other issues

101. [Where firms hold credit licences, how will the OFT enforce incidences of non-compliance with the Order?](#)

It is possible that non-compliance with the PPI Order may affect fitness to hold a consumer credit licence. The OFT would have to examine carefully the circumstances of each case of non-compliance before we could conclude whether such fitness was affected.

102. Will there be any [additional requirements to the Order?](#)

There is nothing planned at the moment but the OFT has a general power under Schedule 6 to the Order to obtain more information to assist with monitoring compliance.

103. What will the [measures/key indicators of the effectiveness of the Order](#) be?

The statistical information required in compliance reports provides an indication of the kinds of trends that are likely to be considered relevant.

104. [When will the Order be reviewed by the OFT](#) to see if it has been effective?

The OFT cannot say whether or when such a review might take place. Under section 162 of the Enterprise Act 2002, among other things, the OFT has a duty from time to time to consider whether by reason of any change of circumstances an Order is no longer appropriate and needs to be varied or revoked. However, it will also be important to allow a sufficient period for the remedies to take effect before considering any review.

105. The [Money Advice Service links in Schedules 3 and 4](#) of the Order do not work. What is the latest advice on Money Advice Service's web links for Schedules 3 and Schedules 4 forms?

As many firms will have realised, the Money Advice Service is the successor to the Consumer Financial Education Body and no longer uses the brand name 'moneymadeclear'. In addition, there are currently no PPI price comparison tables on Money Advice Service's website. New material about income-protection insurance is under development by the Money Advice Service and we will advise as and when there is further news on this.

Consequently, pending further advice and having discussed this with the Money Advice Service, we recommend the following approach to communication of the 'key messages' in Schedules 3 and 4 to the Payment Protection Market Investigation Order 2011, particularly in relation to the references to the moneymadeclear website. The third sentence under the heading 'Things you should know about your optional Payment Protection Insurance' beginning, 'You can compare....' should be deleted. The link in the last sentence should be replaced with

www.moneyadviceservice.org.uk/en/articles/do-you-need-payment-protection-insurance-ppi

This link will take readers through to information about PPI.