

ABI response to CMA209con

September 2025



Foreword

We support the intent behind the CMA guidance and welcome the opportunity to provide comment.

We have identified a potential gap in the guidance pertaining to the treatment of risk-based or personalised pricing in the context of the insurance and long terms saving industry, and ask that the CMA provides further clarity. While we are confident that the price transparency provisions are compatible with risk-based pricing, the current draft leaves open questions about how pricing information should be displayed in an 'invitation to purchase' for finance products such as insurance, where price is determined through an application process and by factors outside of the customers direct control, i.e. risk factors such as health.

Clarity within the regulatory environment is vitally important for certainty in financial services, and a key government priority for delivering growth. It is therefore important to see this potential area of ambiguity clarified.

Consistency within the regulatory environment is also important, for firms and ultimately for consumers. The ABI and our members have supported the high bar set by the Consumer Duty for FCA regulated firms' conduct and we believe that DMCC Act price transparency provisions are consistent with the Duty's Consumer Understanding outcome. We would like the CMA to reflect this consistency in its guidance, where relevant, and would encourage engagement between the CMA and FCA to support this.

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About us

The ABI is the definitive voice of the UK's world-leading insurance and long-term savings industry, which is the largest sector in Europe and the third largest in the world.

We represent more than 300 firms within our membership including most household names and specialist providers, providing peace of mind to customers across the UK.

Our sector is productive, inclusive and essential to the UK economy and together, we are driving change to protect and build a thriving society.

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ABI response

Question 1: Do you have any comments on the structure or clarity of the Draft Guidance?

1. The guidance is broadly clear and well structured, however we believe there is gap for certain risk-based products where pricing is determined through an application process and by factors outside of consumers' direct control.
2. There would be value in the CMA clarifying the treatment of risk-based pricing in its guidance. In an already complex regulatory system for financial services, clarity is vitally important for firms and consumers, and a key enabler for growth.
3. We also think that, where relevant, the CMA should explicitly recognise consistency between DMCC price transparency provisions and existing regulatory requirements set by the FCA. The FCA expects firms to communicate and engage with customers so that they can make effective, timely and properly informed decisions about financial products and services and can take responsibility for their actions and decisions. If financial firms are fulfilling their obligations under the Consumer Duty and other FCA requirements, they should be acting in accordance with DMCC price transparency provisions. We would encourage further engagement with industry stakeholders within financial services and the FCA ahead of publishing the final guidance.
4. Background information on insurance pricing and existing financial regulation is included below.

Background – insurance pricing

5. Many insurance products involve 'risk-based' pricing, where the price of a particular policy is determined by the level of risk that a claim event will occur. This is a core principle of insurance. To take two common examples, (1) individuals presenting lower mortality risk should pay lower life insurance premiums, and (2) drivers at lower risk of a traffic accident or theft should pay less for motor insurance.
6. Level of risk and the associated cost of covering that risk (pricing) is determined through an application or underwriting process, usually involving a series of carefully designed questions and sometimes other measures like medical screening, as well as data provided by third parties. This is true of different kinds of insurance -and various channels through which insurance is sold – whether the policy is purchased directly, for example through an insurer's website, or indirectly through an adviser/ broker or price comparison website. The level of detail required for an insurer to price a policy can vary based on the type of product, the amount of cover, and any initial indicators of a consumer's risk. If a consumer appears to present greater risk, sometimes a more thorough assessment is required for the insurer to decide whether to offer cover and at what price.

Background – existing FCA requirements

7. The Consumer Duty is a new regulatory framework which came into force on 31 July 2023. Introduced by the FCA, it is designed to ensure that financial firms deliver good outcomes for retail customers

and sets higher standards for consumer protection. The Duty represents a shift towards outcomes-focused regulation.

8. The Consumer Duty is built around three key elements:
 - a. Consumer principle – firms must act to deliver good outcomes for retail customers
 - b. Cross cutting rules – firms must:
 - i. Act in good faith towards retail customers
 - ii. Avoid causing foreseeable harm
 - iii. Enable and support customers to pursue their financial objectives.
 - c. Four outcomes – defining the areas where the FCA expects firms to focus:
 - i. Products and services: must be fit for purpose and meet consumer needs.
 - ii. Price and value: products must offer fair value
 - iii. Consumer understanding: communications must be clear and support informed decision-making
 - iv. Consumer support: firms must provide helpful and accessible support throughout the customer journey.
9. Perhaps of most relevance to CMA209con is the consumer understanding outcome. This outcome retains existing obligations (under [Principle 7](#)) for firms to communicate in a way which is clear, fair and not misleading. Building on Principle 7, the Duty requires that firms' communications can be understood, they meet customers information needs, and they equip customers to make informed decisions.
10. The FCA is clear ([EG22/5](#)) that it expects firms to provide customers with the right information at the right time to equip them to make an 'effective decision', i.e., one that maximises the likelihood of the customer achieving a good outcome.
11. While the Consumer Duty strengthens FCA requirements, relevant obligations that pre-date the Duty still apply to finance firms. For example, the rules set out in [ICOBS 6.1](#) are relevant to CMA209 and insurance products.

Regulatory consistency

12. From our analysis, we believe that DMCC Act price transparency provisions are consistent with existing FCA requirements. Whilst we recognise that the legislation sits apart from sectoral regulation, and can be seen as effectively setting minimal requirements across sectors, it is important that consistency is recognised where it exists, in order to give assurance to businesses and ensure that new requirements are not misunderstood or inadvertently 'gold plated' by firms concerned about compliance. The government's [new approach to regulators and regulation](#) calls out consistency as a key area of importance facilitating growth.

***"The Challenge [...]* Businesses suffer from a lack of certainty and predictability from regulators and regulation. Stability and predictability were once recognised as cornerstones of our approach on regulation in the UK. Yet regulators' objectives, duties and powers have increased substantially over time.**

They now have different legal forms, duties, powers, appeal routes, and accountability mechanisms, resulting in inconsistency across the regulatory system. These have proved difficult to simplify and align, given the legislative frameworks for regulators have been developed independently without consideration of the wider regulatory picture. As a result, there is increasing uncertainty as to regulators' roles and remits."

13. We therefore urge the CMA to be explicit where, in effect, DMCC provisions do not impose new obligations beyond what sectors should already be doing. We would particularly welcome this in relation to FCA regulations to reassure the finance sector that the provisions should not be introducing further complexity into the system.

Question 2: Do you have any comments about what an invitation to purchase is (Chapter 2)?

14. The guidance is broadly clear about what an invitation to purchase is. It must contain certain material information, including on price or how it will be calculated. An invitation to purchase can exist before a consumer makes an in-principle decision to purchase a product and it does not need to include an actual opportunity for the customer to purchase the product.
15. It will be important to see further clarity around how an invitation to purchase can be presented for products that employ risk-based pricing, such as insurance, at stages in the sales journey where total price is not calculatable by the firm or consumer, i.e. before the consumer has answered a series of questions to determine risk or gone through a more extensive underwriting process.
16. At the first step of a typical insurance sales journey, a customer will be presented with an indicative or 'from' price. This is true for different kinds of insurance products and through various sales channels. For example, a customer looking for an insurance policy directly on a company's website or through an independent financial adviser (IFA) portal or price comparison website (PCW). Often at this stage, neither the customer nor the firm can know what the actual total price of the policy will be. The customer will then be invited to go through the application stage to get an individualised quote for their policy (see paragraph 6).
17. Risk based pricing for insurance can be complicated. For life insurance products, normally the level of 'sum assured' – the amount a beneficiary would be paid upon a claim – a customer can obtain when purchasing a policy will be determined by key factors relevant to mortality such as age and 'smoker status', as well as more detailed assessments, i.e. medical condition and history.
18. Due to its complexity, we would not expect a need for this information to be included in short copy promotions at the earliest possible stage of a sales journey. It is our view that in short copy promotions for insurance products, before the application stage, it is appropriate for an invitation to purchase to present a realistic indicative or 'from' price, and for a customer to 'click through' (or equivalent) to learn more about the product and see more detailed pricing criteria, as well as obtain a quote.

Question 3: Do you have any comments about what needs to be included in an invitation to purchase (Chapter 3)? Is the guidance on when the presentation of prices might be misleading clear? Are there topics covered in this section that would benefit from further guidance?

19. Linking to comments above, we are concerned that chapter 3 leaves open questions about how pricing should be displayed for many insurance products in circumstances where information cannot be provided to enable a customer to calculate the total price of a product.
20. Chapter 3 states that if the price (or part of it) cannot be reasonably calculated in advance, the invitation to purchase must include information that enables the consumer to calculate the non-calculable (parts of the) price, and this must be set out with equal prominence as the part of the price that can be calculated. However, as outlined above, often at the very start of the sales journey when purchasing insurance product, it may not be possible to give the total price in advance of that application, nor to display information that enables the customer to calculate the price.
21. It is therefore unclear from the guidance what information a firm is expected to provide in these circumstances. We recognise that this gap is somewhat addressed through application of the concept of ‘realistic, meaningful and attainable’, but it is difficult to gauge from the guidance how to apply this in practice. This is discussed in more detail under question 4.
22. It is worth noting that how individual insurers price risk is not uniform across firms as it depends on their underwriting approach and risk appetite. This information is highly commercially sensitive, and underwriting models can also be highly complex, involving a large number of data points. As a result, providing information for customers to effectively underwrite themselves based on an insurer’s pricing approach is not a viable option.

Question 4: Do you have any comments about the core principles for what the ‘total price’ must include and what businesses need to do if it is not reasonably possible to calculate it (Chapter 4)? Are there topics covered in this section that would benefit from further guidance?

23. Broadly, our views on chapter 4 and the total price core principles are covered in our responses to questions 2 and 3.
24. In addition, Chapter 4 applies the concept of ‘realistic, meaningful and attainable’ to circumstances where the total price cannot reasonably be calculated (under paragraph 4.15). Among other options (less applicable to the kind of risk-based pricing discussed here), the guidance states the trader may choose to present an indicative or ‘from’ price, provided the price is ‘realistic, meaningful, and attainable’. Given the subjectivity of this concept, we remain unclear about what this it means in practice. This particular route through the options in paragraph 4.15 is also not captured in the illustrative chart on page 12, and we think it should be.
25. The crux of our concern is that in some cases the quote a customer receives after the application process could exceed the initial indicative or ‘from’ price due to indicators of high risk that surface through underwriting. This is not something a firm could account for in an invitation to purchase. To take life insurance as an example, medical information may not be available at the point the customer is seeking a quote, and an insurer might need to request a medical report to clarify particularly

complex medical histories – if this illuminates high mortality risk, the end price might be substantially higher than the ‘from’ price if the customer would like a higher sum assured.

26. We believe that this should not, in effect, pose a problem if the following conditions are met:

- a. A total price that is reasonably close to the indicative or ‘from’ price is attainable for a majority of customers
- b. There are no additional mandatory fees (i.e. admin fees) that are not being including in the price at this stage of the sales journey.

27. However, this route is not sufficiently detailed or clear in the guidance which leaves open questions for the sectors we represent, and so we ask the CMA to provide further clarity.

Question 5: Do you have any comments about the guidance on specific types of charges and pricing (Chapter 5)? In particular:

a. Is the guidance on how businesses should present ‘per-transaction charges’ such as administration or booking fees in early-stage advertising and on traders’ websites respectively clear? Is it clear when delivery fees will be mandatory? Are there additional means of providing this information to consumers that businesses may be able to use to comply with the UCP provisions, particularly in the context of how the prices are presented on a trader’s website/app, that the CMA should consider providing guidance on?

b. Is the guidance on how businesses should present ‘delivery fees’ in early-stage advertising and on traders’ websites/apps respectively clear? Is it clear when delivery fees will be mandatory? As above, are there other ways of providing this information to consumers that the CMA should consider providing guidance on?

c. Is the guidance on how businesses should present ‘local charges and taxes’ in early-stage advertising and on traders’ websites/apps respectively clear? This guidance reflects the guidance that the CMA has previously provided in relation to car rental and online hotel booking, is it helpful for businesses to have this consolidated in the Draft Guidance?

d. Is the guidance on how businesses should present ‘monthly pricing’ clear?

e. Are there other types of charges or pricing that the CMA should consider providing specific guidance on?

28. We would welcome more explicit clarification in the guidance about whether and how certain component parts of cost count as mandatory fees in less clear cases such as the addition of cost due to disclosed risk.

Question 6: Do you have any comments on the illustrative examples provided in the Draft Guidance? Are there any areas where you think additional examples could usefully be reflected in the Draft Guidance?

29. We would welcome examples that illustrate good/poor practice in relation to the presentation of an indicative or 'from' price where, due to the nature of the product, the total price cannot be calculated by the provider or the customer at the start of a sales journey – it would be helpful for this example to show how the concept 'realistic, meaningful, and attainable' could apply in practice.

Question 7: Do you have any other comments on topics not covered by the specific questions above?

30. No comments.

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