ABI response to strategic review of CMA markets remedies

March 2026

The ABI | 30 Fenchurch Street, London EC3N 3BD
T +44 (0)207 600 3333 | abi.org.uk

Executive summary

We are pleased to see the CMA considering remedies that may no longer be appropriate as part of its drive to support economic growth. We welcome the direction of travel this consultation represents. This work echoes similar initiatives currently being undertaken by our sectoral regulators to simplify requirements on firms, as well as the government's wider drive to cut regulatory burden by 25%.

The overall UK regulatory environment for financial services places significant costs on firms and impacts the competitiveness of the UK as a place to do business. Resolving this while maintaining robust consumer protection will require ambitious and coordinated action across sectoral and cross-sectoral regulators.

The regulatory landscape for financial services has evolved significantly in recent years. In particular, the Consumer Duty has introduced a comprehensive outcomes-focussed framework which has raised the bar for consumer protection while also allowing prescriptive requirements to be stripped away.

In this context, we welcome the proposal to remove the protected no-claims discount (PNCD) aspects of the Private Motor Insurance Market Investigation Order 2015. The protections they were designed to introduce are now embedded more effectively in the Consumer Duty. We also believe that given significant changes to the PPI market, leaving only a small volume of legacy policies, the prescriptive requirements imposed by the PPI Market Investigation 2011are no longer required and their revocation would support clearer and more engaging communications with remaining policyholders.

Private Motor Insurance Market Investigation Order 2015 (except part 3)

The Order was introduced to ban 'price parity' agreements between price comparison websites (PCWs) and insurers (part 3) and to ensure better information for consumers on no-claims bonus protection.

We agree with the CMA's intervention to ban wide 'most favoured nation' clauses and do not see a need for these to be revisited.

While the no-claims bonus protection and information aspects of the remedy delivered several positive outcomes in the context of market rules at the time, it has become superfluous since the introduction of the FCA's Consumer Duty. We therefore agree with the CMA's proposal to remove the Order (excluding part 3).

Much has changed since the Order's introduction more than 10 years ago and we are confident that its removal poses no additional risks to consumers. Recent FCA regulation (including the Consumer Duty and Pricing Practices reform) have raised standards of transparency, fairness, and customer understanding over and above what the Order was intended to achieve. This has supported improvements in how firms assess, evidence, and monitor customer understanding. The DMCC Act also sets a strong cross-sectoral baseline for consumer protection, and we support the CMA's new price transparency guidance (CMA209).

The Consumer Duty

In light of the changes to financial regulation in recent years, it is our view that the Order now imposes a disproportionate level of prescription that does not align with the FCA's Consumer Duty. Removing this prescription on the basis that the Consumer Duty is sufficient and would lead to a more effective and proportionate approach.

The protections the Order was designed to introduce are now embedded more effectively in the Consumer Duty, implemented by the FCA in 2023-24. The Duty set a higher bar for FCA regulated firms through an outcomes-based framework that allow firms to deliver flexibly to achieve what matters: good consumer outcomes.

The Consumer Duty sets out expectations in relation to transparency, supporting consumer understanding, avoiding foreseeable harm and fair value. While the Duty focusses on outcomes, the FCA also supplements the rules with non-Handbook Guidance. In Finalised Guidance (FG) 22/5 Final non-Handbook Guidance for firms on the Consumer Duty, the FCA points to example of foreseeable harm, that firms must work to avoid, that are highly relevant to replicating the policy intent of the PMI Order regarding information asymmetries on NCB protection:

- "Consumers incurring overly high charges on a product because they do not understand the product charging structure or how it impacts on the value of the product".
- "Products and services performing poorly where they have not been appropriately tested in a range of market scenarios to understand how consumers would be affected."
- "Consumers being unable to cancel a product… because the firm's processes are unclear or difficult to navigate."
- "Consumers finding it too difficult to switch to a better product or different provider because the process is too onerous or unclear."
- "Products causing harm because inappropriate distribution strategy leads to products being distributed widely".

The Consumer Duty also requires firms to give customers clear, timely, and easily understandable information to support effective decision making. For example, it emphasises that firms must be proactive in supporting customer decision making and preventing foreseeable harm.

Communications must be tailored to the target market's needs, and continuous monitoring needs to be established to understand whether customers genuinely understand the product they are buying. This means that firms are still required to ensure customer understanding in order to remain compliant with the Duty, but with the flexibility to satisfy these requirements without the prescriptive approach imposed by the Order.

In our view, this is an example of where outcomes-based regulation is more effective without an overlay of prescriptive rules. In cases like this, prescription can result in unnecessary duplications or avoidable frictions (and associated cost) when, without this overlay, a firm-led approach would result in the same or better outcome for consumers.

Market evolution

The market has also evolved in recent years and significant improvements to transparency make the Order less relevant to the present day. PCWs have grown in size, scale, and capability, and insurers have continued to deliver greater transparency throughout customer journey, further supporting informed choice. Customers can now easily compare core premiums and add-on features, including in relation to PNCD products, with far greater ease and accuracy.

Additionally, firms now employ more sophisticated pricing models and product structures, and customer needs and behaviours have changed, meaning that some of the Order's requirements no longer provide a level of meaningful or relevant information that meets customer needs. For example, the trend towards personalised pricing means that the averaged NCD tables mandated by the Order now offer little real value and may even obscure customer understanding. Some firms have reported low engagement and a and even counter-productive impact. Despite this, the requirements continue to impose effort and costs on firms to produce and execute, as well as in order to ensure ongoing compliance with the Order.

Other challenges

Our members have raised several other more detailed challenges associated with the Order to be aware of:

- The 1 February fixed deadline can reduce the time available to populate the mandated tables, depending on how the dates fall each year, causing operational challenges. Some firms indicated they do not receive the relevant pricing information until mid-January.
- Both insurance intermediaries and insurers are required to submit annual compliance statements, resulting in duplicated effort across industry (for example Annex 1 tables).
- The annual compliance statement (and ongoing compliance efforts) come at significant cost and effort to firms when, as discussed, the requirements (excluding Part 3) are superfluous to the higher, principles-based standards of the Duty.

Payment Protection Insurance (PPI) Market Investigation Order 2011

The PPI Market Investigation Order was introduced to resolve competition issues identified in the market leading to poor customer outcomes. Since the Order came into force (resulting from the initial OFT market study opened in 2006) there have been significant changes to the market, rendering its provisions no longer relevant or useful.

The majority of providers have now exited the market, with only a small volume of legacy PPI policies now in existence. This means that one of its core purposes, to facilitate shopping around and switching, is no longer relevant.

The Order is also highly prescriptive meaning that the layout, format, and content of the Annual Reviews sent to legacy policy holders cannot be altered. We believe that revoking the prescriptive requirements imposed by the Order would help firms adapt the way they present information to make it clearer and more engaging for customers.

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.

Find out more at **abi.org.uk**