CMA Markets Strategic Review Consultation Response from Domestic & General

Domestic & General ("**D&G**") welcomes the opportunity to respond to the CMA's Strategic Review of Markets Remedies.

D&G is an international insurance and service contract provider, and the UK's leading specialist in appliance breakdown protection. As an entity authorised by the PRA and regulated by the FCA and PRA, we have a strong interest in regulatory frameworks governing extended warranties, add-on insurance, consumer protection, and market transparency.

We support the CMA's objective of assessing the ongoing relevance and effectiveness of legacy remedies, particularly where market conditions, consumer behaviour and the regulatory landscape have evolved significantly since those remedies were introduced.

Our response focuses specifically on the following remedies listed in Annex A:

1. **Supply of Extended Warranties on Domestic Electrical Goods Order 2005; and**
2. **Argos Limited and DSG Retail Limited Undertakings 2012.**

1. <u>Supply of Extended Warranties on Domestic Electrical Goods Order 2005</u>

The Order imposes a range of prescriptive obligations on providers of extended warranties, including requirements relating to cancellation and termination rights, advertising and publication of prices and durations, provision of consumer information and written quotations.

Our Position

We agree with the CMA's preliminary view that there is a "*realistic prospect of clear and straightforward changes of circumstances"* affecting the continued appropriateness of this remedy. The Order from 2005 predates widespread online comparison, FCA Consumer Duty requirements, and significant shifts in consumer behaviour. The CMA explicitly notes that age, market developments, regulatory landscape changes, and shifts in the behaviour or structure of bound businesses are key factors to consider.

We therefore support review on the following grounds:

(i) **The FCA regulatory framework now provides stronger consumer protection than existed in 2005**

Requirements such as ICOBS, the Consumer Duty and the mandatory use of Insurance Product Information Documents (IPIDs) ensure that consumers receive clear, standardised, and comparable information about insurance products. The FCA's Consumer Duty establishes outcome--based consumer protection obligations far exceeding the original prescriptive requirements of the Order, resulting in regulatory duplication.

(ii) **Online retailing and digital comparison tools have transformed market transparency**

Consumers now have access to multiple channels and platforms for warranty pricing and product information that did not exist when the Order was first introduced.

(iii) **Prescriptive obligations may restrict innovation**

Prescriptive requirements existing under the Order may limit flexibility and restrict innovation in modern distribution models.

Recommendation

We therefore consider that there is a strong case for the CMA to **amend or withdraw** the Order, on the basis that:

- FCA regulation means insurers are already subject to robust, outcomes-focussed consumer protection standards;
- the FCA framework, through rules such as ICOBS and the Consumer Duty, provides broad, principle--based and outcome--focused protections that ensure consumer understanding, fair value, and appropriate product design, reducing the need for overlapping prescriptive requirements;
- consumer comprehension and cancellation rights remain protected under general consumer and financial services regulation; and
- even where the Consumer Duty does not apply, customer literature and product information aligns with the same principles of clarity, transparency, and good consumer outcomes, ensuring a consistent standard across all products.

2. Argos Limited and DSG Retail Limited Undertakings 2012

The Undertakings require the establishment and maintenance of a dedicated extended warranties price comparison website, the provision and promotion of information, and the conduct of bi--annual mystery shopping exercises.

Our Position

We agree that the circumstances underpinning these Undertakings have materially changed due to:

i. **Market evolution**: Centralised comparison websites are now widely available for insurance and extended warranties.
ii. **Retail consolidation**: Comet no longer operates in this market, altering the original structural rationale.
iii. **Regulatory shifts**: The FCA regulates price comparison sites, marketing practices, and product governance.
iv. **Consumer behaviour**: Today's consumers rely on general comparison tools rather than specialist sites mandated by retailer-specific undertakings.

These developments align with the CMA's statement that changes in market conditions, regulatory landscape, and the status of bound businesses are valid grounds for review.

Against this backdrop, we consider the Undertakings to no longer be proportionate or necessary for the following reasons:

- the obligation to maintain a standalone price comparison website provides limited value in today's marketplace;
- mandated mystery shopping obligations impose cost without clear consumer benefit;
- existing regulatory expectations (FCA Product Governance, Consumer Duty) ensure appropriate levels of transparency and fair value;

- it is common practice for companies to operate their own QA and mystery shopping programmes with proportionate controls that provide robust assurance without the need for prescriptive requirements; and
- as QA processes and oversight technologies improve, mystery shopping (for example) may not prove the most effective method to assure customer outcomes. Removing this level of prescription supports innovative solutions for customer assurance.

Recommendation

We therefore recommend **full revocation** of these Undertakings where retailers are offering FCA--regulated insurance products, given that the existing FCA framework (including Product Governance and the Consumer Duty) already provides strong, outcomes--focused oversight and consumer protection. However, we recognise that where extended warranty products fall *outside* FCA regulation, there may be a case for retaining proportionate remedies to ensure baseline transparency and consumer protection. In these cases, any retained remedies should be targeted, limited in scope, and aligned with modern regulatory standards to avoid unnecessary duplication or burden.

Should the CMA identify residual consumer protection concerns, these are more appropriately addressed through FCA supervision of price comparison tools and industry--wide standards, rather than obligations imposed only on certain retailers.

Broader Implications for Insurance Providers

As an insurer underwriting extended warranty products, we highlight:

- **Regulatory overlap**: Dual regulation through CMA remedies and FCA rules can create operational complexity without enhancing consumer outcomes.
- **Oversight proportionality:** Oversight requirements should reflect the characteristics and risks of each distribution channel, ensuring "*same risk, same regulatory outcome*." Current CMA remedies impose additional obligations on dual--regulated retailers due to overlapping FCA and CMA requirements, while online--only providers are not subject to these legacy remedies. This creates inconsistencies in oversight and regulatory burden that are not aligned with the risks presented by each channel.
- **Consumer clarity**: Outcome based regulation (e.g., Consumer Duty) aligns more closely with modern consumer decision making than prescriptive remedy-based approaches.

D&G supports the CMA's intention to modernise legacy remedies and reduce unnecessary regulatory burden while maintaining strong consumer protection.
We would welcome continued engagement with the CMA and are happy to provide additional information or discuss this response further.