

# PPI: Latest Update from the Competition Commission

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■ Ian Norman, 9 August 2010

### ■ **The Competition appears to have done a U-Turn on the retail sale of Payment Protection Insurance (PPI)**

In May 2010 the Competition Commission ('the Commission') moved to ban the sale of PPI alongside credit.

Following further work in this contentious area, the Commission reconsidered its ban and has now published a consultation on a package of measures for remedies in respect of retail PPI.

The proposed package of measures includes the following:

- An obligation to offer PPI cover separately from merchandise cover ("unbundling" retail PPI from merchandise cover) offered;
- An obligation to provide information on the cost of PPI and key messages in promotional material;
- An obligation to provide information to the Consumer Financial Education Body (CFEB) for publication and on claims ratios to any third party on request;

- A recommendation that the CFEB uses information received under the above obligation in order to compile price comparisons;
- An obligation to provide a personal PPI quote to customers before the end of the cooling-off period;
- An obligation to provide to customers who have spent more than £50 on retail PPI premiums in the last 12 months and annual review statement of costs, including a reminder of the customer's right to cancel;
- An obligation to remind all customers of their cancellation rights and of the key messages on an annual basis; and
- A prohibition on the sale of single-premium retail PPI policies and on charges which have a similar economic effect.

The Commission has requested responses to the consultation by 3<sup>rd</sup> September 2010 and aims to provide its determinations in respect of all PPI products during September 2010.

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For a full copy of the consultation document, click here: <http://bit.ly/9BMh5X>

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