

# **Payment Protection Insurance Market Investigation Research Project**

## **Report**

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Prepared for:

THE COMPETITION COMMISSION

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## **Table of Contents**

<b>1</b>	<b>Introduction .....</b>	<b>1</b>
1.1	Survey aims – key areas to investigate .....	1
1.2	Definition of key terms used in this report .....	1
1.3	Survey method and sampling .....	2
1.4	Interview numbers and quotas .....	4
1.5	Limitations on survey interpretation .....	5
<b>2</b>	<b>Profile of the Sample - Key demographics .....</b>	<b>7</b>
<b>3</b>	<b>Background to Product Purchase.....</b>	<b>9</b>
3.1	Sales channels used to purchase PPI product.....	9
<b>4</b>	<b>Customers’ Knowledge and Awareness of their PPI product .....</b>	<b>15</b>
4.1	Awareness of payment details .....	15
4.2	Awareness of product exclusions.....	17
4.3	Consumer knowledge about the market for PPI .....	18
4.4	Situations against which customers were particularly concerned to protect their repayments.....	22
<b>5</b>	<b>Purchase decisions and Choice of PPI product .....</b>	<b>23</b>
5.1	Consideration and purchase .....	23
5.2	Where PPI could be obtained from.....	25
<b>6</b>	<b>Awareness and usage of other protection products.....</b>	<b>29</b>
6.1	MPPI – awareness and use of other insurance products .....	29
6.2	SMPPPI - awareness and use of other insurance products.....	30
6.3	PLPPI – awareness and use of other insurance products .....	31
6.4	CCPPI – awareness and use of other insurance products.....	32
	<b>Appendix A: Pre-notification Letter .....</b>	<b>34</b>

**Appendix B: The questionnaire .....37**

## **1 Introduction**

As part of its investigation into the Payment Protection Insurance (PPI) market, the Competition Commission (CC) engaged BMRB to carry out a research programme in three separate 'packages' on the behaviour and attitudes of different consumer groups within this market. These 'packages' comprised: desk research to investigate who purchases PPI; qualitative research to explore customers' perceptions of the market and their experience in becoming a customer; and quantitative research to understand customer motivations and behaviours on a measured and robust basis. This report presents the quantitative research findings.

### **1.1 Survey aims – key areas to investigate**

- How recent purchasers of PPI identified and compared (if at all) their loan and PPI product combinations with other insurance products
- The reasons that customers terminate their PPI cover prior to repayment of the associated loan, and what different insurance or other financial security measures (if any) they replace it with
- The extent and prevalence of some of the behaviours and perceptions identified through qualitative research relating to understanding of product features and customers' purchase decisions

### **1.2 Definition of key terms used in this report**

- MPPI – PPI to protect first charge mortgage repayments
- SMPPI – PPI to protect second charge mortgage or secured loan repayments
- PLPPI - PPI to protect personal /unsecured loan repayments
- CCPPI - PPI to protect credit card repayments
- 'Considerers' – those respondents who had considered taking out a PPI product before they approached the lender or intermediary.

### **1.3 Survey method and sampling**

BMRB conducted 2,283 telephone interviews with recent purchasers of PPI in all.

In preparation for the survey, the CC obtained customer lists from the following distributors:

- The twelve largest distributors of PPI in GB
- A selection of small distributors of PPI to cover first charge mortgages
- A selection of intermediaries dealing with PPI to cover first charge mortgages

All customers had purchased a PPI product in the previous 15 months. All sample lists were drawn from customers who had purchased PPI to cover four main financial product types: first charge mortgages, second charge mortgages or secured loans, unsecured loans, credit cards.

The sample lists provided BMRB with key information about customers, including their addresses, telephone numbers, the product type they had bought PPI to cover and the date and method of purchase.

This full sample passed to BMRB comprised 23,000 customers. After de-duplication and discarding those without complete telephone numbers, BMRB sent a pre-notification letter to 19,485 names on the sample list. The letter was sent under a CC letter head to explain the purpose of the research and it offered recipients a freephone number to call, should they wish to discuss any aspect of the survey. A copy of the letter sent is included at Appendix A. Any customer who called the freephone number to opt out of the survey was removed from the sample and not contacted.

For the twelve largest PPI distributors BMRB stratified the sample by product type and set quotas by brand within product type to reflect market share. 3,457 contacts within the sample were not contactable in that numbers were unobtainable when called or customers had opted out at the letter stage. The final usable (contactable) sample figure was 16,028.

Table 1.1 below shows the useable sample provided in parenthesis and the quotas set in normal text by product and distributor type.

**Table 1.1 Contactable sample provided compared with quota set**

<b>Product Type</b>	<b>Large Distributor</b>	<b>Small Distributor</b>	<b>Intermediaries</b>	<b>TOTAL</b>
MPPI	(1,357)	(1,667)	(590)	<b>(3,614)</b>
	200	200	200	<b>600</b>
SMPPI	(4,411)			<b>(4,411)</b>
	600			<b>600</b>
PLPPI	(5,054)			<b>(5,054)</b>
	600			<b>600</b>
CCPPI	(2,949)			<b>(2,949)</b>
	600			<b>600</b>
<b>TOTAL sample</b>	<b>(13,771)</b>	<b>(1,667)</b>	<b>(590)</b>	<b>(16,028)</b>
<b>Quota set</b>	<b>2,000</b>	<b>200</b>	<b>200</b>	<b>2,400</b>

BMRB interviewers were fully briefed on the background of the survey and the questionnaire prior to the commencement of fieldwork. Interviewers took great care to contact only the named respondent on the sample and we did not accept substitutes within the same household. At least ten calls were made to each contact before allowing interviewers to abandon a contact as unproductive. Such steps ensure that maximum response rates are achieved from the sample supplied.

The questionnaire for the survey was piloted prior to the main study to test for length and respondent understanding of the terms used. Some minor alterations to wording were made to the questionnaire after the piloting stage and the average final length of the interview was 15 minutes.

The questionnaire covered:

- Respondents' knowledge and understanding of their own PPI product and the market
- Awareness and usage of other insurance products
- Purchasing decisions

#### **1.4 Interview numbers and quotas**

Main stage survey fieldwork ran from 12<sup>th</sup> October to 14<sup>th</sup> November 2007.

Refusal rates on the sample were 26% overall; higher than average when compared to customer satisfaction surveys in the financial service sector but in line with what we would expect from a survey which asked respondents to provide detailed information related to personal finances (around 20% - 25%). Refusals varied by product type and by distributor type as shown in table 1.2 below. The table shows that we experienced the highest refusal rate among customers of intermediaries. This is something that BMRB has encountered before when working from customer lists supplied by intermediaries.

In spite of the fact that all names and contact details provided to BMRB were those of customers who had purchased a PPI product in the previous 15 months, 8% of those contacted claimed that they were not eligible for interview because they did not hold a PPI product. This may have been a form of refusal to take part in the research. It is usual on surveys of this type to get a proportion of people who claim that they are ineligible, but it is not possible to estimate how many are simply trying to avoid interview.

In all we achieved successful interviews with 30% of all those contacted. Based on our experience of similar surveys this is a good response rate and these research findings are representative and reliable. We had a shortfall among interviews with customers of intermediaries dealing with MPPI, due to lack of sample, but in all other areas we achieved robust sample sizes.

**Table 1.2 Response rate and sample outcomes**

<b>PRODUCT TYPE</b>	<b>Contactable sample</b>	<b>Unavailable during fieldwork or not needed for quota</b>	<b>Refused to complete on contact or during interview</b>	<b>Claimed not eligible as non PPI customer</b>	<b>TOTAL interviews achieved</b>
<b>MPPI TOTAL</b>	3,614	1,947 (54%)	913 (25%)	277 (8%)	<b>477 (13%)</b>
Large distributor	1,357	679 (50%)	387 (29%)	95 (7%)	<b>196 (14%)</b>
Small distributor	1,667	1,008 (60%)	346 (21%)	113 (7%)	<b>200 (12%)</b>
Intermediaries	590	260 (44%)	180 (31%)	69 (12%)	<b>81 (14%)</b>
<b>SMPPI - all large distributors</b>	4,411	2,264 (51%)	1,089 (25%)	441 (10%)	<b>617 (14%)</b>
<b>PLPPI - all large distributors</b>	5,054	2,691 (53%)	1,422 (28%)	353 (7%)	<b>588 (12%)</b>
<b>CCPPI- all large distributors</b>	2,949	1,518 (51%)	683 (23%)	147 (5%)	<b>601 (20%)</b>
<b>TOTAL</b>	<b>16,028</b>	<b>8,420</b>	<b>4,107</b>	<b>1,218</b>	<b>2,283</b>

**N.B. Percentages based on contactable sample**

### **1.5 Limitations on survey interpretation**

As with any survey, there are some notes of caution to discuss before presenting the results. These are based on previous experience of conducting surveys of this type and feedback from the interviewers and supervisory staff leading the fieldwork.

The key interpretation limitations to bear in mind are as follows:

- The sample for this survey was sourced from financial institutions and, with the exception of MPPI products, is based solely on customers of large distributors of PPI. Therefore the use of some channels to market, such as the internet and retailer outlets, may be under-represented in this research.
- Research provided by the Council for Mortgage Lenders <sup>1</sup> indicates that around 30% of MPPI products are sold via intermediaries. Within our MPPI sample 18% of respondents have purchased via intermediaries so this group may be under-represented in our research. Therefore when reporting upon the MPPI group we have drawn attention to the findings for each subgroup within the sample; customers of large MPPI distributors, customers of small MPPI distributors and customers of intermediaries where they differ from each other. In all other cases we have reported upon the PPI product group in total.
- Customers' knowledge and understanding of the PPI products they held was rather sketchy. Most customers had not looked at their policy documentation in the last month and at least four out of ten had not looked at it in the last six months. In spite of this fact the majority of MPPI, SMPPI and PLPPI customers answered the questions on the size of their loan, the loan period and the method they used to repay premiums. This is discussed in more detail in section 4.1

<sup>1</sup>. Council of Mortgage Lender research quoted in BMRB PPI Desk Research report of July 2007

## 2 Profile of the Sample - Key demographics

This section provides some background information on the profile of this customer sample and makes comparisons across product types.

Within the main sample there was a group of customers who stated that they had taken out a PPI product to protect a loan or credit card but they no longer held that product. They did go through and complete the survey, however, are included in the findings, and are referred to as PPI customers within the body of this report.

Reasons for no longer holding the PPI product do vary according to product type, with the most common reason among mortgage product holders being that the customer had decided to cancel the policy and have no insurance protection. Among those with secured and unsecured loans, the PPI product was more likely to have been cancelled because the loan with which it was associated has now been paid off.

**Table 2.1 – Respondents who no longer have PPI cover – reason why**

**Base: 2,283 all respondents**

	<b>MPPI</b>	<b>SMPPI</b>	<b>PLPPI</b>	<b>CCPPI#</b>
	<b>477 %</b>	<b>617 %</b>	<b>588 %</b>	<b>601 %</b>
No longer hold PPI	7	16	11	10
<b>Base: All who no longer hold PPI Reason:</b>	<b>35* %</b>	<b>100 %</b>	<b>66 %</b>	<b>n/a</b>
Repaid the loan and cancelled policy	11	80	61	n/a
PPI fixed period – now expired	14	3	6	n/a
Cancelled PPI – now have no insurance protection	54	11	18	n/a
Cancelled PPI – now have other insurance protection	14	2	6	n/a

**\*Low base size**

**#Note: CCPPI customers were not asked about their reasons for cancelling PPI**

Demographically, PPI customers in the sample do differ by product type in that PLPPI and CCPPI customers tend to be younger and less affluent than the MPPI and SMPPI customers. Table 2.2 shows that 71% of PLPPI and 71% of CCPPI customers are in the lowest income bracket.

There are no other discernible differences in gender, marital status or in presence of children in the household.

**Table 2.2 Demographic Profiles within product type**

**Base: 2,283 all respondents**

<b>Demographics</b>	<b>MPPI</b>	<b>SMPPI</b>	<b>PLPPI</b>	<b>CCPPI</b>
Base:	<b>477</b>	<b>617</b>	<b>588</b>	<b>601</b>
<b>Age</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
18-24	1	1	<b>9</b>	<b>13</b>
25-34	21	21	22	22
35-44	35	40	26	28
45-54	30	29	24	23
55+	12	9	19	13
<b>Income</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Up to £25,000	57	50	<b>71</b>	<b>71</b>
+£25,000-£50,000	34	43	23	24
+£50,000-£75,000	4	4	2	1
+£75,000	1	1	-	-
Refused	4	2	4	4

Further investigation of the MPPI group shows that those who purchased via intermediaries are, on average, slightly younger than those who purchased directly from a distributor; 74% of those purchasing from intermediaries are 25-44 years, compared to around half among those MPPI customers who purchased directly from a distributor. Nevertheless, we have observed that the age of the respondent has very little influence on their awareness and use of these products overall.

### **3 Background to Product Purchase**

#### **3.1 Sales channels used to purchase PPI product**

In order to gain some information on the customers' awareness and use of sales channels for the purchase of PPI we asked all respondents some general questions on how they took out their product.

When interpreting this section we must bear in mind the fact that, with the exception of the MPPI channel, all respondents in the sample were customers of the twelve largest PPI distributors and their available channels to market will reflect that.

All respondents were asked how they took out their PPI product and read a list of seven possible channels to market. In addition they could mention another source.

Figures 3.1 - 3.4 show the proportions of the PPI customers in our survey using different sales channels. Each of these is compared with two population estimates from the GfK NOP FRS survey: an estimate for all PPI customers, and an estimate for all credit customers.

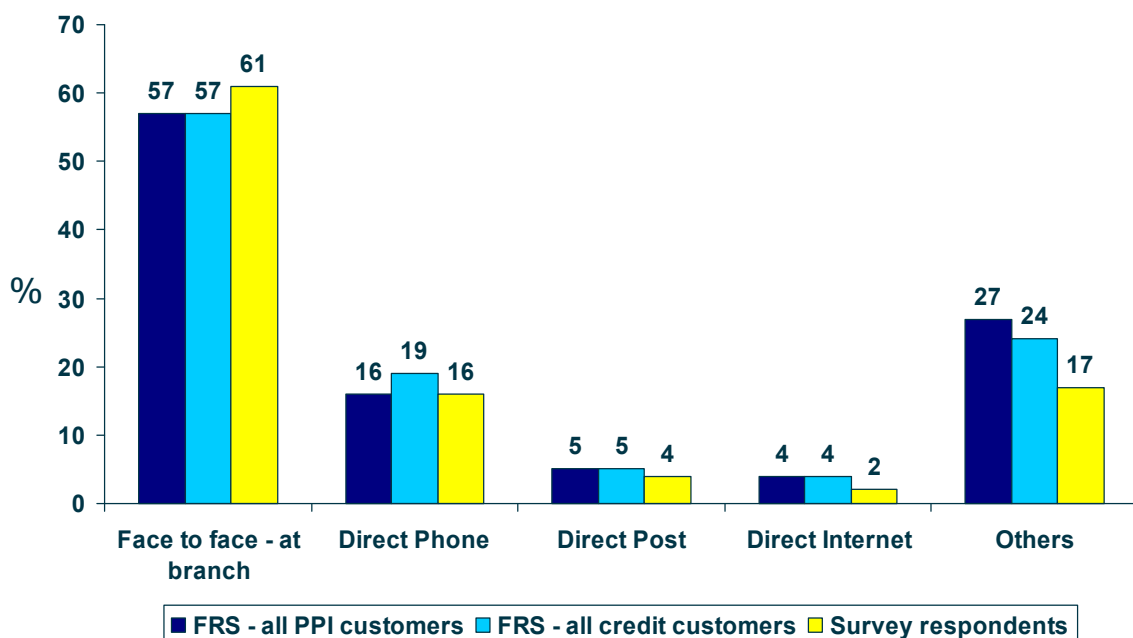
Among the MPPI customers in our sample the dominant PPI sales channel used is face to face at a branch. Six out of ten customers (61%) purchased MPPI this way, which is perhaps not surprising as this PPI is related to a mortgage, a major financial purchase. This finding is slightly higher than the proportion from the FRS survey.

Those customers who took out a PPI product over the telephone (16%) were asked if they initially identified that product over the internet and few- only 10% - did so. Use of the internet to source or purchase MPPI products was very limited even though 88% of this sample had access to it.

Other sales channels within the FRS survey include face to face at home/through a broker or IFA, which is under-represented in our sample as we have noted at section 1.4. In our sample only 17% stated they had purchased MPPI by any other means, and this was primarily among customers of intermediaries who stated that they purchased via a broker or IFA.

**Figure 3.1 – How MPPI customers had taken out their product**

**Base: 477- all MPPI customers**



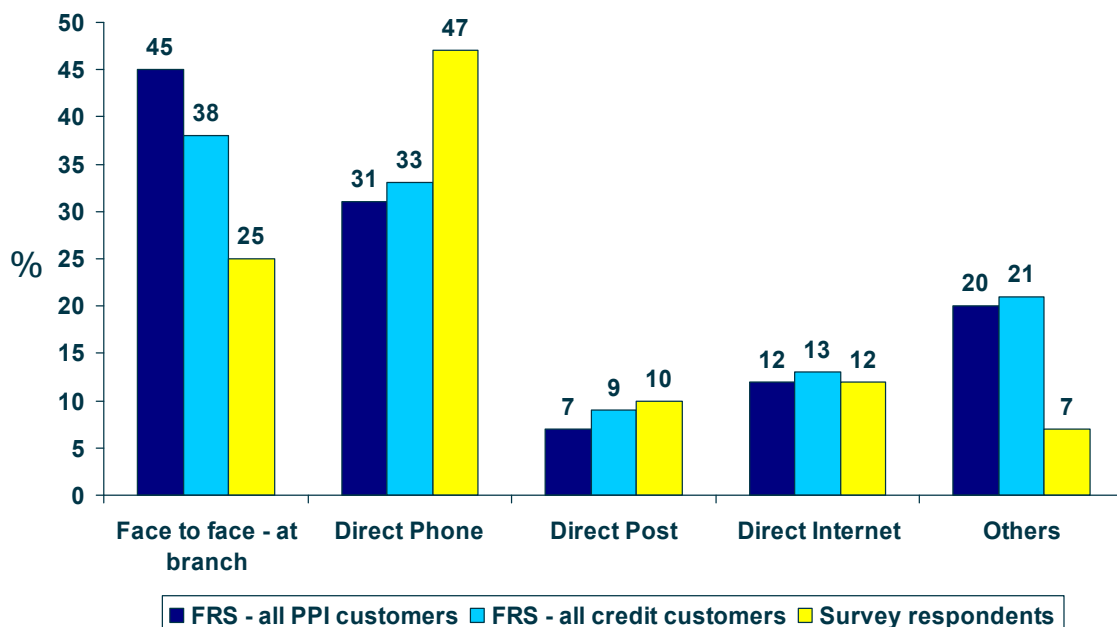
Although the major purchase route for second charge mortgages and secured loans among the population source (FRS) is face to face at a branch, among purchasers of SMPPI within our sample the main channel to market is telephone. In fact nearly half of all SMPPI respondents stated that they had bought SMPPI by this method. Only around one in five customers (21%) who purchased SMPPI by telephone identified the product over the internet prior to purchase, even though most had access to it.

More SMPPI customers purchase this product through the post or internet than do MPPI customers, but only 7% of SMPPI customers purchase it via any other means. When purchasing over the internet around half of the respondents to this survey (49%) had discussed it with someone at their distributor prior to purchase.

The proportions by sales channel for SMPPI customers differ significantly from the FRS figures and this is probably due to the fact that SMPPI customer sample was sourced from the twelve largest PPI distributors only.

**Figure 3.2 How SMPPI customers had taken out their product**

**Base: 617- all SMPPI customers**



More customers appear to take out PLPPI products face to face at a branch than by any other route. Just over half (56%) of all PLPPI respondents had taken out their product face to face at a branch. Among the population source with PPI this figure is lower (44%) but this is still the route to market with the highest mention.

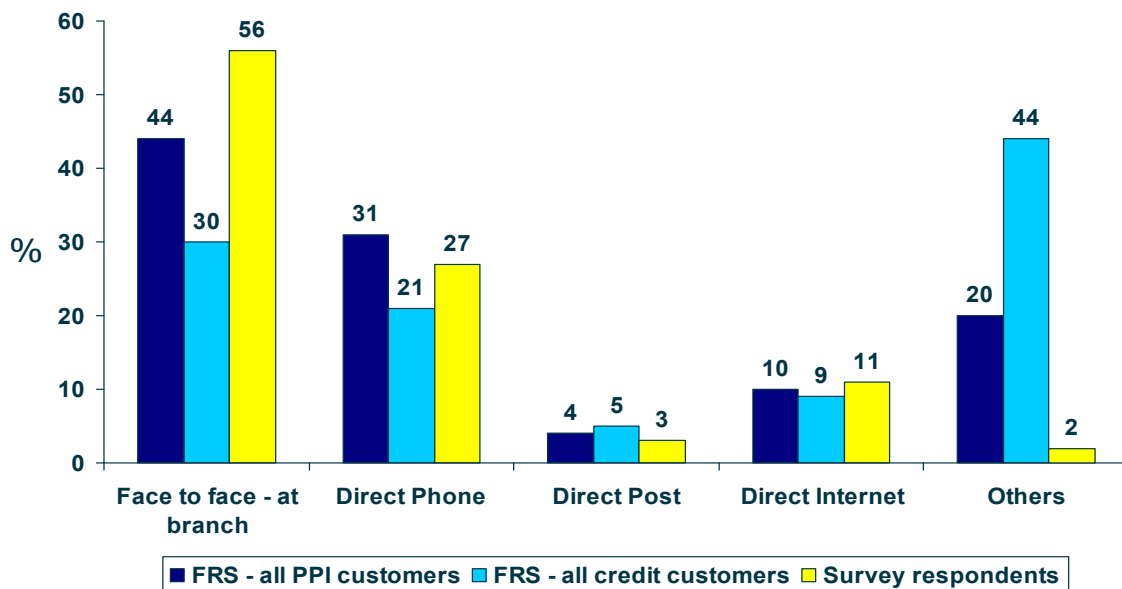
27% of our PLPPI sample purchased their product directly over the telephone, a proportion that is broadly similar to the population source. Few of the telephone purchasers in our sample (14%) first identified the product over the internet.

Around one in ten PLPPI customers purchased their product directly through the internet, both among our sample and among the population source. Only 27% of our sample discussed it with someone at the distributor prior to purchase, a lower proportion than we found among SMPPI respondents.

One in five of PLPPI purchasers in the population source purchased their product via some other route compared to only 2% in our sample. As we have noted, our PLPPI sample did not include customers of distributors such as retail outlets, garages and distributors selling at customers' homes.

**Figure 3.3 How PLPPI customers had taken out their product**

**Base: 588- all PLPPI customers**

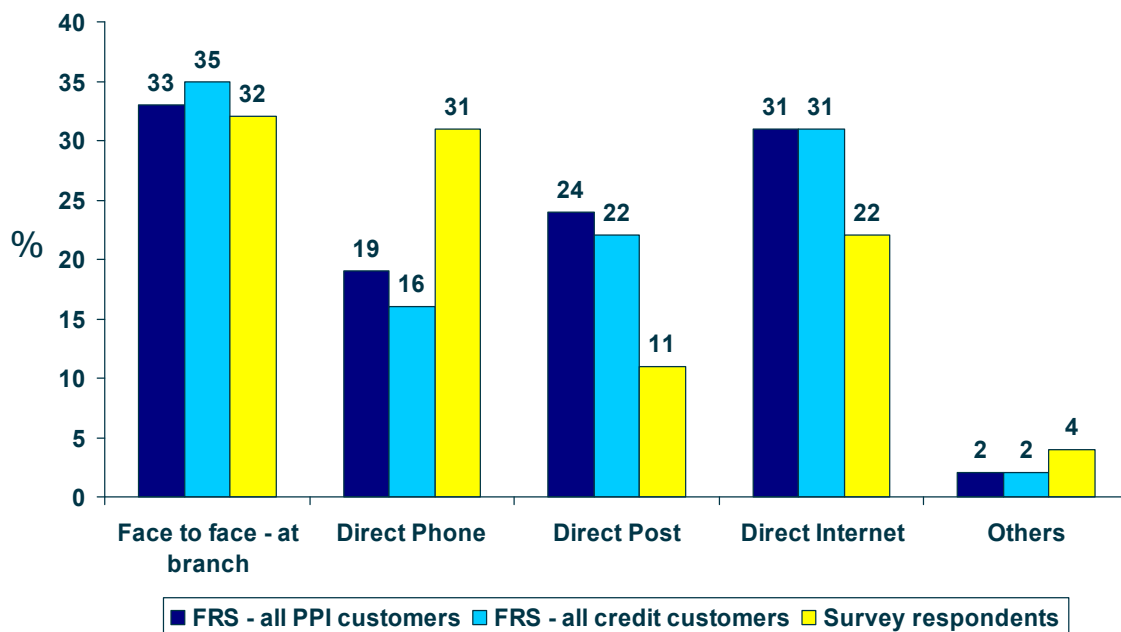


Among CCPPI purchasers overall there appears to be a wider use of all channels than for other PPI products and this is reflected in the findings of our survey and in the population source. The proportion of CCPPI buyers who purchased via the telephone is significantly higher among our sample than in the population source (and the proportion who purchased by post lower) but otherwise the usage pattern of channels to market is similar across the two samples.

Those respondents in our sample who purchased CCPPI over the telephone did not tend to identify the product via the internet prior to purchase. Only 10% did so. Those who purchased via the internet tended not to discuss it with their distributor brand prior to purchase – only 17% did so.

**Figure 3.4 How CCPPI customers had taken out their product**

**Base: 601- all CCPPI customers**



Overall, respondents in our sample and in the population source tend to mention either face to face at a branch or the telephone as their top two routes to market. CCPPI customers were the only group where there was substantial use of the internet for product purchase.

Among our overall sample, there was a limited use of other channels as we have noted, which may reflect a lack of customers of smaller distributors for SMPPI, PLPPI or CCPPI in the survey sample.

## **4 Customers' Knowledge and Awareness of their PPI product**

This section covers respondents' knowledge and awareness of their PPI product in some detail; product features and benefits and also the terms and conditions surrounding cover. Findings indicate that overall knowledge and awareness is very limited and there is a considerable amount of confusion on product features and benefits.

### **4.1 Awareness of payment details**

The questionnaire included a series of questions to test respondents' knowledge of the PPI product they had purchased. All MPPI, SMPPI and PLPPI customers were asked the amount they had borrowed from the credit provider, the total period of their credit and the amount they pay for PPI in total or via monthly premiums. Credit card customers were asked to estimate their monthly PPI premiums per £100 of the outstanding balance on their credit card.

Customers were not asked to check any documentation prior to or during the interview and estimates were encouraged if the respondent could not remember the exact amount.

Overall, customers had very little detailed knowledge of their PPI premiums – only a minority had checked their documentation in the previous month so when customers were giving an estimate it is possible that they were guessing even though around half of them claimed they 'thought it was correct'. Not surprisingly those who had checked their documentation more recently were more likely to give an answer than to say they did not know the size of their PPI premiums. Without checking individual respondents' answers against products held we have no way of knowing however if these answers were correct or not.

Among MPPI customers 79% had not viewed their documentation in the previous month and 45% had not seen it in the last six months. Although eight out of ten were able to estimate the amount borrowed and the loan period, only 56% could give an estimate of their PPI premiums. Ability to answer this question was not dependent on size of mortgage or personal income.

All MPPI customers were asked whether they paid for their PPI by single or regular premiums and answers to this question are shown in Table 4.1. Only around half stated that they paid via a separate regular PPI premium each month, the most likely method to be used. 36% claimed they paid this in a single premium added to the mortgage, which is unlikely to be the case for an MPPI product. This confusion does not differ very much in accordance with how long ago the product was purchased or the distributor type.

**Table 4.1 method used to pay premium**

**Base: 477 MPPI respondents**

	<b>All 477 %</b>	<b>Large distrib. 196 %</b>	<b>Small distrib. 200 %</b>	<b>Intermediary 81 %</b>	<b>No longer hold MPPI 35* %</b>
Single premium added to loan	36	35	38	32	29
Separate regular PPI premium each month	51	55	45	59	43
Special/free offer	1	-	2	-	9
Don't know	12	10	15	9	20

**\*Low base size**

77% of SMPPI customers had not seen their policy documentation in the last month and 46% had not viewed it in the last six months. Around eight out of ten estimated the size of their loan and their loan period and two thirds answered the question on their monthly PPI premium. Table 4.2 shows how they answered the question on the methods by which they paid their monthly premium. Around three quarters said it was a single premium added to their loan, which is the most likely method used for this type of product. This answer was similar among the sub group who no longer hold a PPI product.

**Table 4.2 method used to pay premium**

**Base: 617 SMPPI respondents**

	<b>All 617 %</b>	<b>No longer hold SMPPI 100 %</b>
Single premium added to loan	78	74
Separate regular PPI premium each month	13	18
Don't know	9	8

PLPPI customers were also unlikely to have reviewed their documentation. 65% had not seen it in the last month and 44% had not seen it in the last six months. Most (91%) were able to estimate the amount borrowed and the average loan period, and 72% (more than any other group) made an estimate of their monthly premiums. Table 4.3 below shows how respondents answered the question on the method used to pay their PLPPI premium. Three quarters stated that they paid via a single premium added to the loan.

**Table 4.3 method used to pay premium**

**Base: 588 PLPPI respondents**

	<b>All 588 %</b>	<b>No longer hold PLPPI 66 %</b>
Single premium added to loan	74	71
Separate regular PPI premium each month	14	21
Don't know	12	8

75% of CCPPI customers had not seen their policy documentation in the last month and 45% had not seen it in the last six months. When asked to estimate how much they paid monthly for PPI cover per £100 of the outstanding balance on the card only around one third were able to give any estimate of this amount.

## **4.2 Awareness of product exclusions**

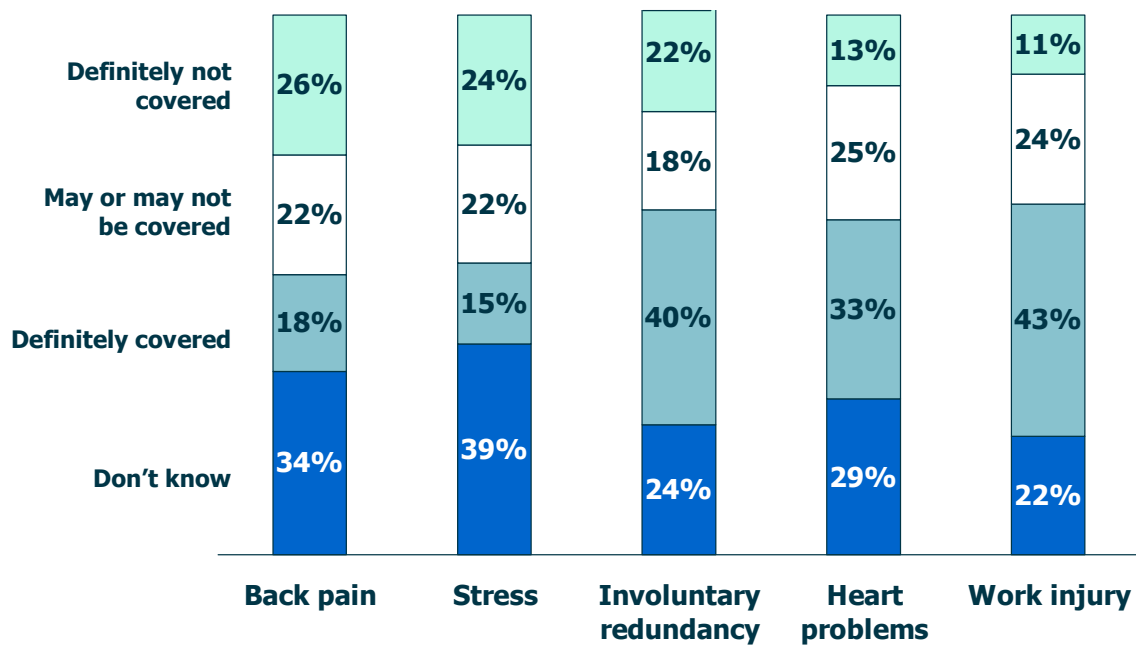
To further test customers' knowledge and understanding of their PPI product they were asked a question about product exclusions. All respondents were read out a few situations in which they would be unable to work and asked whether their PPI product would cover this. Figure 4.4 shows the findings for all PPI customers combined, as the answers do not differ between product types.

Overall, a sizeable proportion of respondents do not know which situations they are covered for. The two areas that customers are most likely to believe they are covered for are involuntary redundancy and work injury. Respondents think they are least likely to be covered for back pain or stress but these are also the areas of greatest uncertainty, in that they have the highest proportion of customers responding 'don't know'.

Around two fifths of respondents think that they may or may not be covered for back pain and a similar proportion think they may or may not be covered for stress.

**Figure 4.4 awareness of product exclusions – all products combined**

**Base: 2,283 all respondents**



### 4.3 Consumer knowledge about the market for PPI

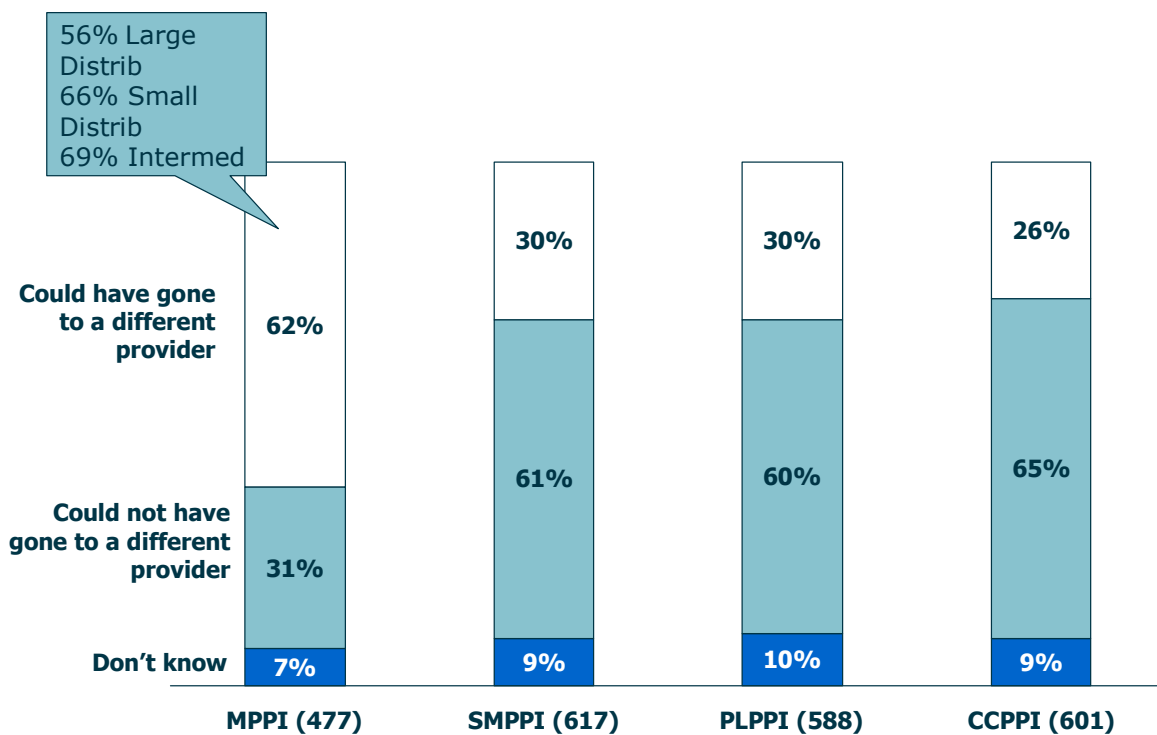
All customers were asked whether they believed that they could have gone to a different provider to buy PPI cover to protect their loan or credit card repayments in order to understand if respondents believed that they were tied to a single credit product distributor.

Figure 4.5 shows that, with the exception of MPPI purchasers, the majority did not believe that they could have gone to a different provider to buy PPI.

MPPI customers of large distributors were less likely to think they could have gone to a different provider than those of small distributors or intermediaries.

**Figure 4.5 Whether customer believed they could have gone to a different provider to buy PPI to cover distributors' repayments or not**

**Base: 2,283 all respondents**

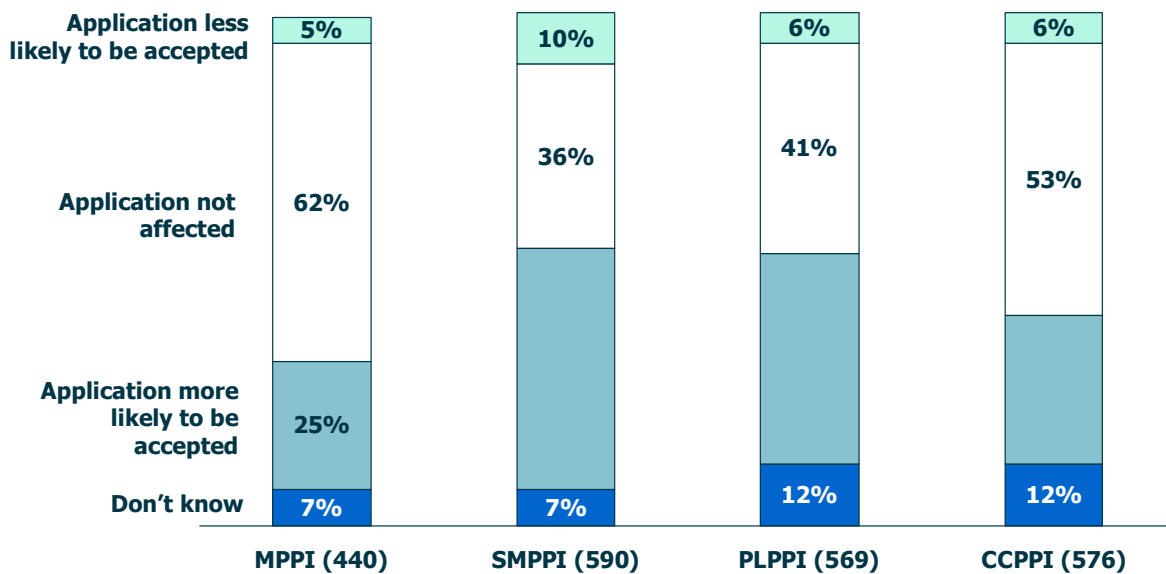


Everyone, except those who made their final decision to purchase PPI when they reviewed and signed the offer or sometime after that, was asked to state whether they believed that the success of their credit application was conditional upon the purchase of PPI.

As figure 4.6 shows, six out of ten MPPI purchasers did not think their credit application was affected by taking out PPI and only a quarter thought that their credit application was more likely to be accepted. CCPPI respondents were inclined to take a similar view; the majority (53%) believed that their credit application was not affected either way. Among SMPPI customers, however, the largest proportion believed their credit application for a loan was more likely to be accepted if they purchased PPI. PLPPI customers were as likely to think that their application for credit was not affected by purchasing PLPPI as they were to think that their application for credit was more likely to be accepted if they bought PLPPI.

**Figure 4.6 Belief that the offer of loan/credit was conditional upon taking out PPI**

**Base: \*All respondents except those who decided to take out their PPI when they reviewed and signed the offer or sometime after that**



\*All respondents, except those who had stated that they made their final decision to take out their PPI product when they reviewed and signed the product offer, or sometime after taking out the product offer at Q5.9

Only a small proportion of customers stated that they were actually told that their application for credit was dependent upon taking out PPI to cover repayment, for most it was the perception they had formed at the time.

**Table 4.7 Whether respondent was told that credit application was dependent upon taking out PPI or it was a perception**

**Base: All respondents who believed their credit application was more/less likely to be accepted if they took out PPI**

	<b>MPPI 133 %</b>	<b>SMPPi 336 %</b>	<b>PLPPI 271 %</b>	<b>CCPPI 202 %</b>
Told	16	13	20	9
Perception	80	82	75	90
Don't know	5	4	5	1

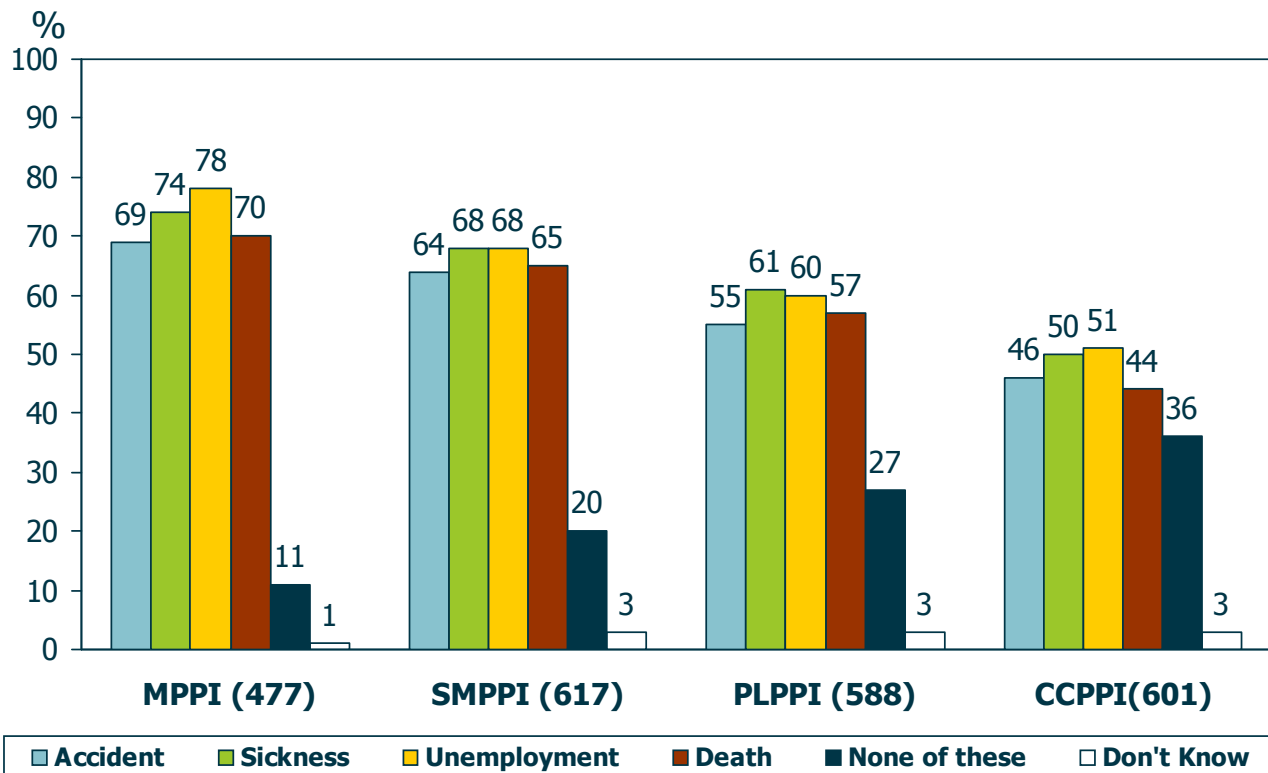
#### 4.4 Situations against which customers were particularly concerned to protect their repayments

In order to learn more about customers' motivations in taking out PPI we asked all respondents what they were particularly concerned to protect their loan repayments against. Respondents were read out a list of four situations: accident, sickness, unemployment and death. They could name as many or as few as they wished.

Figure 4.8 illustrates the findings for each of the four products. It shows that customers are concerned to protect against each of the listed eventualities about equally.

**Figure 4.8 When taking out PPI what respondent was particularly concerned to protect repayments against**

**Base: 2,283 all respondents**



## **5 Purchase decisions and Choice of PPI product**

In order to learn more about customers' consideration and purchase decisions regarding PPI, we asked a series of questions about their views prior to and at the time of purchasing their credit product and about the point at which they made a decision to buy PPI to protect it.

### **5.1 Consideration and purchase**

Before they approached the lender or intermediary for a credit product around half of all MPPI purchasers had not considered buying a PPI product to protect their mortgage. Among those who did consider it, the greatest proportion had decided to purchase it up front. Most of the remainder decided that they wanted to discuss PPI with their lender or intermediary. Only a very small proportion, 2% of all MPPI buyers, stated they had decided not to purchase it before approaching the lender.

'Considerers' within the MPPI sample were biased towards those who purchased via intermediaries and the larger the loan the more likely the customer was to consider PPI before approaching the lender.

Fewer SMPPI customers (34%) than MPPI customers had considered purchasing PPI before they approached the lender for a loan. Two thirds did not. The greatest proportion of considerers decided to purchase it up front, only 10% of all customers wanted to discuss PPI with their lender before making up their mind.

Only three out of ten PLPPI customers and around a quarter CCPPI customers considered purchasing PPI up front (30% and 24% respectively). Most of these 'considerers' had already decided to purchase it, few of them wished to discuss it with the lender.

For all product types those respondents who did consider purchasing PPI up front exhibited a greater tendency to be readers of financial publications and to have made a claim on a PPI product before. They were also more likely to have financially dependent children living at home.

Table 5.1 shows the decision process for customers of each of the product types.

**Table 5.1 The decision process in relation to PPI purchase - how the customer felt about PPI before approaching the lender**

**Base: 2,283 all respondents**

	<b>MPPI (477) %</b>	<b>SMPPI (617) %</b>	<b>PLPPI (588) %</b>	<b>CCPPI (601) %</b>
Had not considered PPI	49	66	70	76
Considered PPI & decided to purchase	31	21	18	15
Considered PPI & wanted to discuss with lender	19	10	8	6
Considered PPI & decided not to purchase	2	1	3	2
Don't know	-	2	1	1

All respondents who had considered purchasing PPI up front and rejected it or stated that they wanted to discuss it with their lender were asked at what point they made their final decision to purchase.

For all of these customer types the final decision was most likely to be made when they made the application for the credit. For MPPI, SMPPI and PLPPI customers the remainder were most likely to make the decision when reviewing and signing the documentation related to the loan. CCPPI customers were most likely to make the decision to purchase PPI when they made the credit application, but the remainder of them were just as likely to decide after taking out the credit product as when reviewing and signing it.

Table 5.2 shows the decision making process among this group of 'considerers'.

**Table 5.2 The decision process in relation to PPI purchase – point at which customer decided to take out PPI**

**Base:# All who had considered purchasing PPI up front and decided not to purchase it or wanted to discuss it with their lender**

	<b>MPPI (101) %</b>	<b>SMPPI (76) %</b>	<b>PLPPI (70) %</b>	<b>CCPPI (54) %</b>
When making application	61	58	71	48
When reviewed & signed	29	30	20	22
After taking out credit	8	7	7	24
Other	1	-	-	2
Don't know	1	5	1	4

#All respondents who stated at Q5.1 that they had considered purchasing PPI before approaching the lender but had decided that they would not purchase it, or wanted to discuss it with the lender at Q5.7

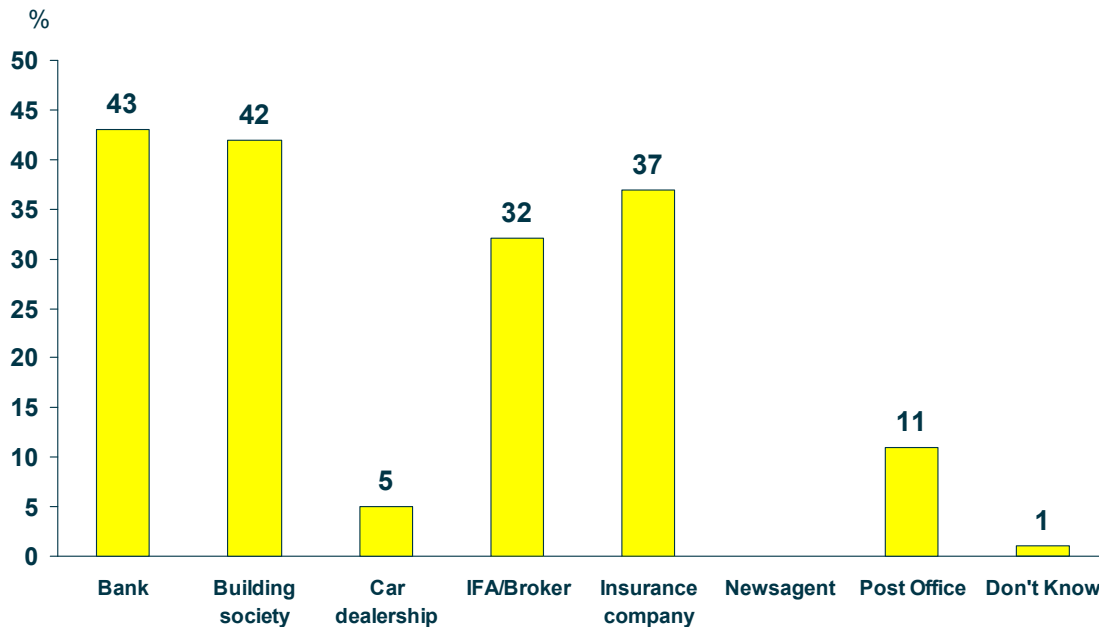
## 5.2 Where PPI could be obtained from

All respondents who had considered taking out PPI to cover their credit prior to approaching the lender were read a list of organisations and asked which organisations they believed they could obtain PPI from.

The findings in Figures 5.3-5.6 are shown below based on all PPI customers rather than just those considering PPI up front. Not surprisingly, financial institutions are seen as the main sources for PPI.

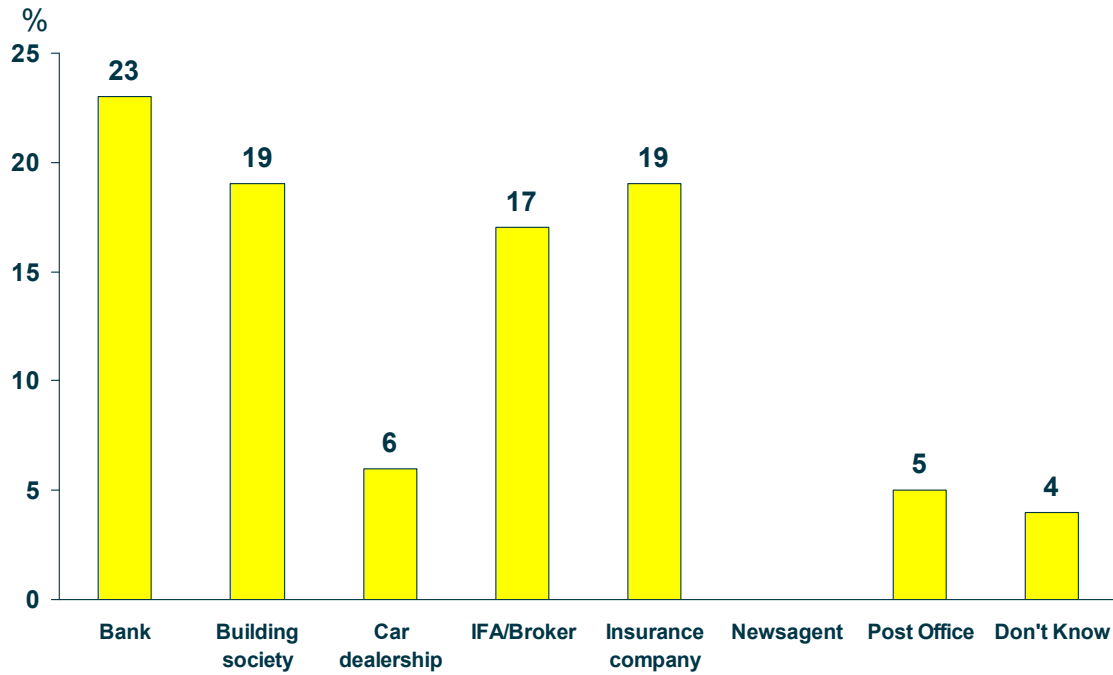
**Figure 5.3 where PPI could be obtained from –**

**Base 477 all MPPI customers**



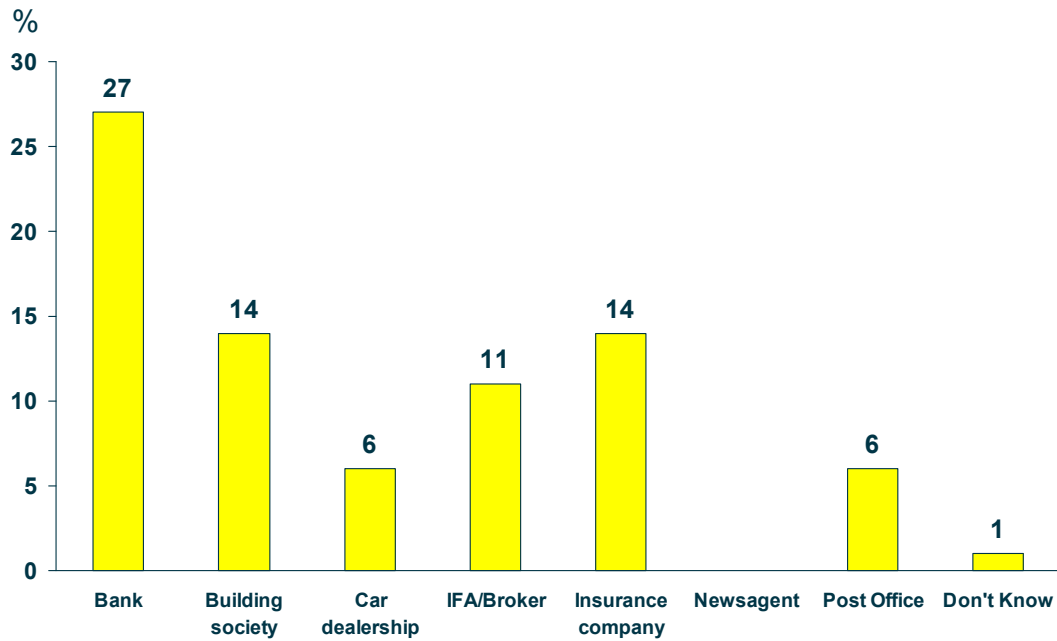
**Figure 5.4 where PPI could be obtained from –**

**Base 617 all SMPPI customers**

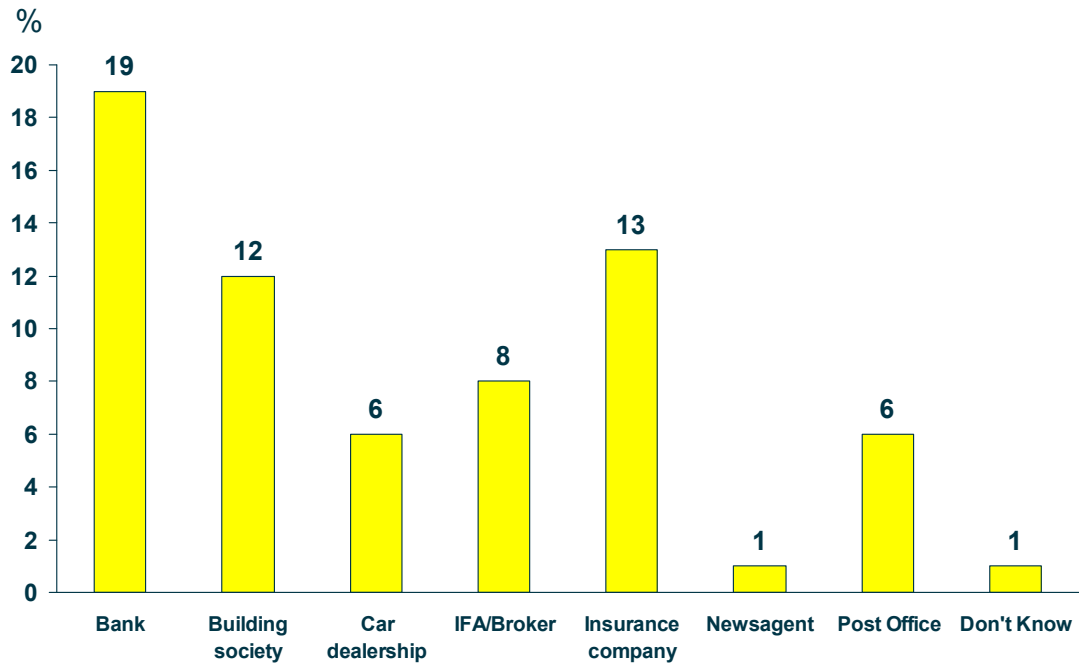


**Figure 5.5 where PPI could be obtained from –**

**Base 588 all PLPPI customers**



**Figure 5.6 where PPI could be obtained from –  
Base 601 all CCPPI customers**



Those who had considered PPI and had access to the internet were asked which websites they looked at for information about PPI in general or to check out available products. A large number of websites were mentioned although none had had any real prominence.

Table 5.7 shows the proportion of people who used the internet to research PPI based upon those who had considered it up front and had online access.

**Table 5.7 Whether respondents used the internet to research PPI**

**Base: 2,283 all respondents**

	<b>MPPI 477 %</b>	<b>SMPPPI 617 %</b>	<b>PLPPI 588 %</b>	<b>CCPPI 601 %</b>
Considered PPI up front	52	34	30	24
<b>Base considered PPI up front And had access to internet</b>	<b>221 %</b>	<b>189 %</b>	<b>144 %</b>	<b>118 %</b>
Used internet to research PPI	28	24	27	22

Overall this section shows that apart from MPPI customers, only a minority of PPI purchasers actually considered buying the product up front and consequently little research was done into it before they approached the lender. The decision to purchase SMPPPI, PLPPI and CCPPI is more likely to be made during the application for the credit product.

## 6 Awareness and usage of other protection products

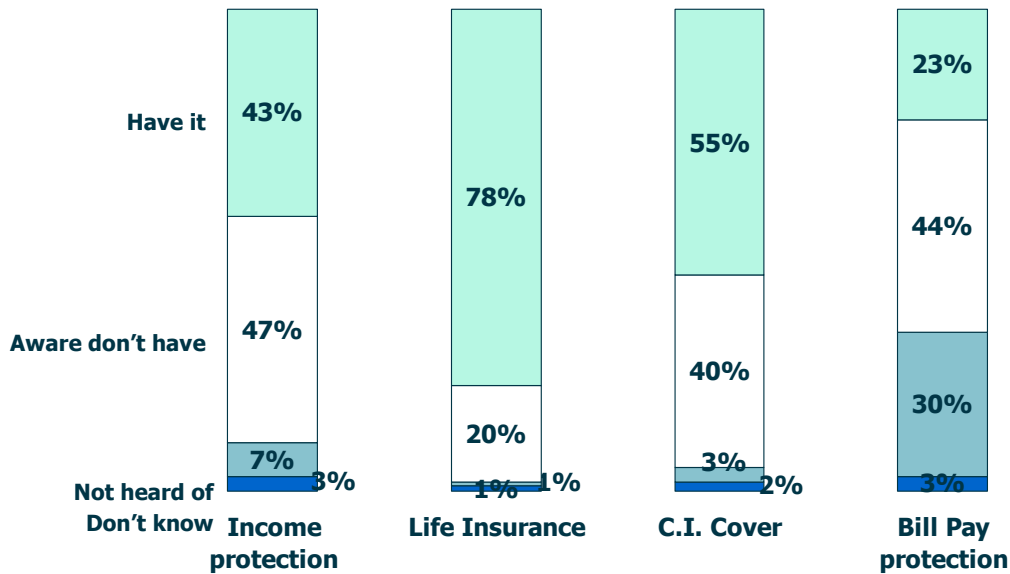
During the course of the interview customers were asked about their awareness and use of other types of insurance policy in order to test their general knowledge of insurance but also to try to understand how they consider PPI. Do respondents see other types of insurance as an alternative to PPI or not?

### 6.1 MPPI – awareness and use of other insurance products

When asked about their awareness and use of other products it appears that the majority of MPPI customers have life insurance, which is to be expected among those with a mortgage, and over half have critical illness (C.I) cover. The majority of MPPI customers have also bought or heard of income protection. Bill payment protection is the least known product and only 23% have bought it.

**Figure 6.1 Awareness and use of other products – MPPI**

**Base 477 all MPPI customers**



For each insurance product MPPI respondents currently held or were aware of, they were asked whether they had considered using that product as an alternative cover to protect their mortgage repayments instead of PPI. The answers are shown below:

Whether had considered as an alternative to MPPI to protect mortgage repayments:

Income protection	37%
Life Insurance	56%
CI Cover	59%
Bill payment protection	34%

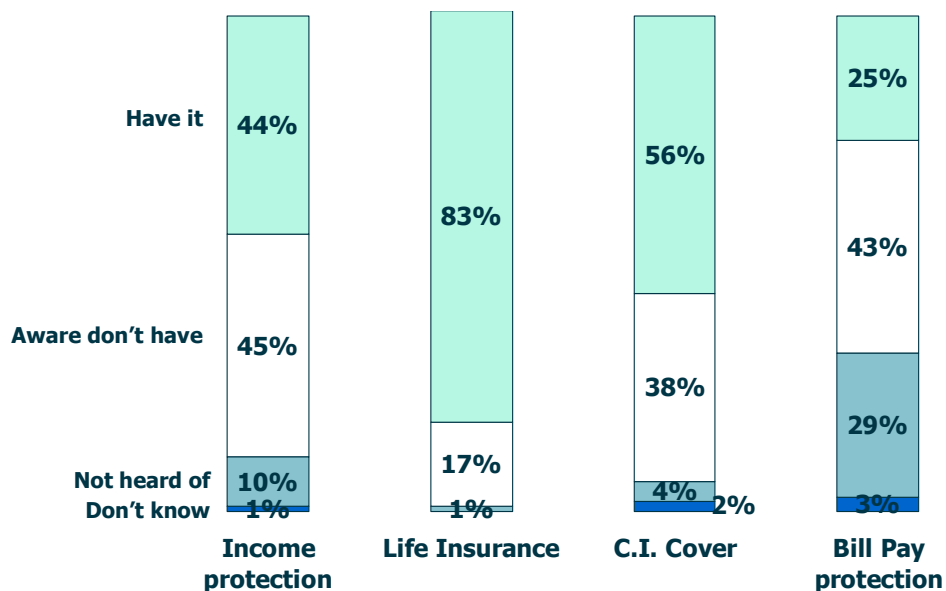
Answers vary by product but it is clear that both Life Insurance and Critical Illness cover had been considered by this group as possible alternatives to MPPI.

## 6.2 SMPPI - awareness and use of other insurance products

Among SMPPI customers, awareness and usage patterns are similar to MPPI in that most have Life Insurance and over half have Critical Illness cover. A smaller proportion has income protection but most have heard of it. Only a quarter have Bill Payment protection and around one in three have never heard of it.

**Table 6.2 Awareness and use of other products – SMPPI**

**Base 617 all SMPPI customers**



All of those customers who either have a particular product or were aware of it were also asked whether they had considered using that product as an alternative cover to protect their loan repayments instead of PPI and the answers are shown below:

Whether had considered as an alternative to SMPPI to protect loan repayments:

Income protection	26%
Life Insurance	30%
CI Cover	32%
Bill payment protection	21%

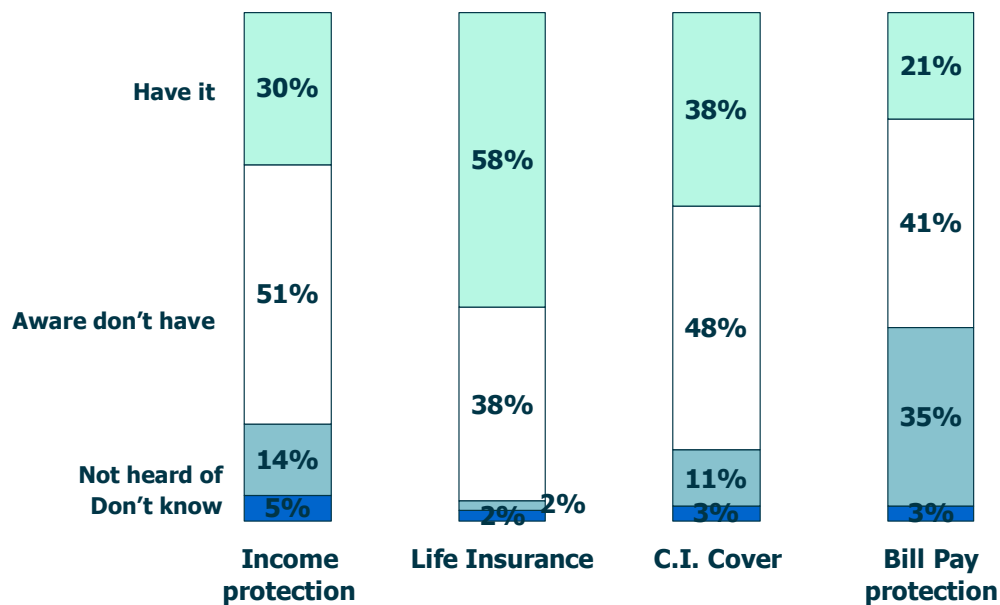
Fewer of the SMPPI customers had considered these other insurance products as alternatives to SMPPI than we have noted among the MPPI sample.

### 6.3 PLPPI – awareness and use of other insurance products

Awareness patterns among this group are similar to SMPPI but fewer PLPPI customers hold these insurance products. 35% have never heard of Bill Payment protection

**Table 6.3 Awareness and use of other products – PLPPI**

**Base 588 all PLPPI customers**



All of those customers who either have a particular product or were aware of it were also asked whether they had considered using that product as an alternative cover to protect their loan repayments instead of PPI and the answers are shown below:

Whether had considered as an alternative to PLPPI to protect loan repayments:

Income protection	22%
Life Insurance	22%
CI Cover	25%
Bill payment protection	23%

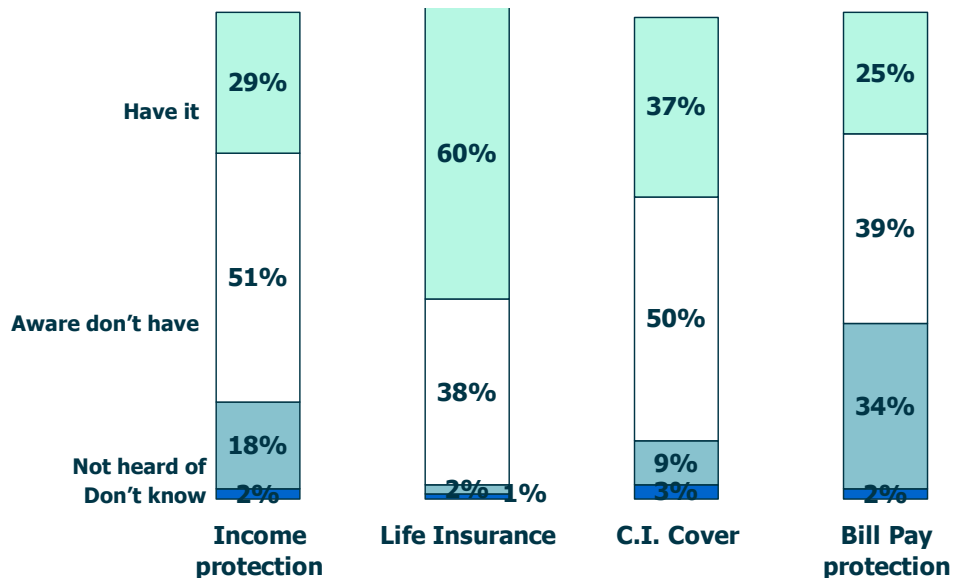
These findings are similar to SMPPI.

#### 6.4 CCPPI – awareness and use of other insurance products

The findings for CCPPI customers are similar to the findings for PLPPI customers.

**Table 6.4 Awareness and use of other products – CCPPI**

**Base 601 all CCPPI customers**



All of those customers who either have a particular product or were aware of it were also asked whether they had considered using that product as an alternative cover to protect their credit card repayments instead of PPI and the answers are shown below:

Whether had considered as an alternative to CCPPI to protect credit card repayments:

Income protection	16%
Life Insurance	19%
CI Cover	19%
Bill payment protection	20%

The findings show that only a minority of CCPPI customers had considered alternative forms of insurance to protect their ability to make repayments.

In summary, majorities of respondents had not considered other types of insurance products as alternatives to PPI, apart from MPPI customers who had considered Life Insurance or Critical Illness cover as possible alternatives to protect their mortgage repayments.

**Appendix A: Pre-notification Letter**

[Customer name]

From: Lanze Gardiner

[Address 1]

*Inquiry Secretary*

[Address 2]

[Address 3]

Reference number: [BMRB sample ID]

Dear Sir or Madam,

**Payment Protection Insurance - telephone survey**

The Competition Commission is conducting an inquiry<sup>1</sup> into the provision of Payment Protection Insurance (PPI) in the UK. PPI protects the ability of a borrower to maintain credit repayments when faced with a reduction or loss of income. Our role is to find out if competition is working properly in the market; we are not investigating any individual provider of PPI or the particular product that you have purchased.

We are currently gathering information from people like you who have taken out PPI policies since the beginning of July 2006, and we have commissioned an independent research agency called BMRB to conduct telephone interviews with a randomly selected sample of suitable customers. We required each of the twelve largest PPI distributors in the UK to provide lists of randomly selected customers to ensure that we get representative views from customers for different types of PPI. At our request, this included customers who had indicated that they did not wish to take part in marketing or research activities.

In order to gather your views, an interviewer from BMRB may telephone you at some time during the next four weeks (though not all recipients of this letter will be called). The interviewer will usually call between 5.30 pm and 9.00 pm and say they are calling on behalf of the Competition Commission. You will be invited to complete an interview, and this will take between ten and twenty minutes, depending upon your answers. If you wish, the interviewer will be able to make an appointment to call back later. The questions will focus on your choice and purchase of a PPI

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<sup>1</sup> Further information about this inquiry is available on our web-site at [www.competition-commission.org.uk/inquiries/ref2007/ppi/index.htm](http://www.competition-commission.org.uk/inquiries/ref2007/ppi/index.htm)

policy. **The interviewer *will not* ask you to reveal any details of your credit or financial arrangements (in particular security details) beyond the size and repayment period of the credit agreement and insurance.**

BMRB works under the Market Research Society code of conduct and will ensure that your answers are handled in confidence. It will not be possible for individuals to be identified from the published results of the survey and so it will not be possible for any credit provider, any insurer or the Competition Commission to know what you have said.

We must, of course, comply with the safeguards set out in the Data Protection Act 1998. The Competition Commission has legal powers to require your PPI distributor to provide us with a sample of customer addresses and telephone numbers for the purposes of this research. On receipt of this information we became a “data controller” and we selected BMRB to process the data on our behalf to carry out the research for us. We and BMRB must process the data “fairly and lawfully”, and ensure that we take appropriate technical and organizational measures against unauthorized or unlawful processing of it and against its accidental loss, destruction, or damage. If you have any queries regarding your personal data, please address these in writing to me at the address on this letter.

The outcome of our inquiry is likely to be very important for both current and future PPI customers and we would very much appreciate it if you would take part. Should, however, you wish not to be contacted by BMRB, please telephone the freephone number 0800 015 0634, leave your name and the reference number from the head of this letter, and indicate that you do not wish to participate.

Thank you in advance for your co-operation.

Yours sincerely

Lanze Gardiner

*Inquiry Secretary*

## **Appendix B: The questionnaire**

**Payment Protection Insurance Market Inquiry**

INTRODUCTION

Good morning / afternoon / evening. My name is..., calling on behalf of BMRB, an independent market research organization.

CONFIRM SPEAKING TO NAMED INDIVIDUAL ON SAMPLE. IF NOT, SEEK REFERRAL OR SUITABLE TIME TO CALL AGAIN. DO NOT DISCUSS THE PURPOSE OF THE CALL WITH ANY OTHER MEMBER OF THE HOUSEHOLD.

You may recall receiving a letter from the Competition Commission regarding a market review we are conducting into Payment Protection Insurance.

QSCR1 Do you remember receiving this letter?

- Yes.....1
- No .....2
- Refused.....3

ASK if QSCR1 is code 1 (yes)

QSCR2 And have you had chance to read the letter, or have you not read it?

- Read letter .....1
- Not read letter .....2
- Refused.....3

As part of the review described in the letter, we would like to ask you some questions about the [PPI product] you took out on [date] with [distributor brand]. We would very much appreciate your assistance and your individual answers will be treated in strict confidence. They will not be passed to [distributor brand] and it will not be possible to identify any individual or household in the results.

The interview will take about 20 minutes ...

IF INTERVIEW BEING RECORDED: ... and will be recorded for quality assurance purposes.

INTERVIEWER NOTE: CONFIRM RESPONDENT’S AGREEMENT TO RECORDING

If now is not convenient for you, we could arrange a time for me to call back that would be more convenient.

FLAG WHETHER INTERVIEW SECURED AT FIRST CONTACT WITH HOUSEHOLD OR NOT, FOR ANALYSIS.

IF NECESSARY: REFER RESPONDENT TO MRS CODE OF CONDUCT AND RELEVANT CONTACTS. ONCE PERMISSION TO PROCEED OBTAINED:

Throughout the interview, I am going to use "PPI" for payment protection insurance and "the loan" to refer to the amount you borrowed using the [distributor brand] [credit product].

SCREENING

Firstly I need to ask a couple of questions to check you are able to help with the review.

ASK ALL

QSCR3 Do you work ...

READ OUT 1 - 2

- As a journalist.....1
- In financial services .....2
- None of the above .....3
- Refused.....4

IF QSCR3 is not code 3 (none of the above), TERMINATE INTERVIEW

QSCR4 Could you please confirm for me whether or not you took out [PPI product] from [distributor brand] on or around [date]

INTERVIEWER NOTE: ALL RESPONDENTS SHOULD BE ELIGIBLE AS SAMPLE DETAILS CONTAIN DETAILS OF PRODUCT BOUGHT AND DATE.

IF DON'T KNOW, PROBE TO CODE

- Yes.....1
- No .....2
- Don't remember.....3
- Refused.....4

IF QSCR4 is not code 1 (yes), TERMINATE INTERVIEW

QSCR5 Do you still hold this PPI policy or not?

- Yes, I still hold the policy.....1
- No, I no longer hold the policy .....2
- Don't Know.....3
- Refused.....4

IF QSCR5 is code 3 (don't know) or code 4 (refused) TERMINATE INTERVIEW

ASK ALL except Credit Card PPI customers IF QSCR5 is code 2 (no longer hold policy)

QSCR6 Which, if any, of the following statements describes how the PPI policy cover ended? Please stop me when I read out a description that applies to you.

READ OUT 1 - 5

- I have repaid the loan and cancelled the PPI policy.....1
- The PPI policy was for a fixed period and this has now expired .....2
- I have cancelled the PPI policy and now have no insurance protecting the loan repayments .....3
- I have cancelled the PPI policy and taken out another insurance policy to protect the loan repayments .....4
- Other (please specify) .....5
- Don't Know.....6
- Refused.....7

ASK ALL

QSCR7 Do you have access to the internet, either at home or at work?

- Yes, have access .....1
- No, do not have access .....2
- Don't Know.....3
- Refused.....4

QSCR8 Could you please tell me how you took out your [PPI product]?

READ OUT 1 - 7

- In a bank branch.....1
- By telephone .....2
- On the internet .....3
- By post .....4
- Through a broker or Independent Financial Advisor (IFA) .....5
- Through a retailer.....6
- Through a car dealership.....7
- Other (specify) .....8
- Don't Know / Can't remember.....9
- Refused ..... 10

IF CHANNEL GIVEN BY RESPONDENT DOES NOT MATCH [Sales Channel], PROBE TO CONFIRM ANSWER. THEN CONTINUE.

ASK IF QSCR8 is code 2 (telephone) and QSCR7 is code 1 (have internet access)

QSCR9 And did you identify the [PPI product] you wanted on the internet before telephoning [distributor brand] to take it out, or not?

- Yes .....1
- No.....2
- Don't Know / Can't remember.....3
- Refused .....4

ASK IF QSCR8 is code 3 (internet)

QSCR10 And did you discuss the PPI policy with anyone at [distributor brand] before taking it out on the internet, or not?

- Yes .....1
- No .....2
- Don't Know / Can't remember.....3
- Refused .....4

ASK IF QSCR7 is code 4 (post)

QSCR11 And did you discuss the PPI policy with anyone at [distributor brand] before taking it out by post, or not?

- Yes .....1
- No .....2
- Don't Know / Can't remember.....3
- Refused .....4

SECTION 1 - SIZE OF LOAN AND PAYMENT FOR PPI

I am now going to ask you about your [credit product] with [distributor brand] of [date] and the amount it costs you to protect the repayments using PPI. I will NOT ask you to reveal any account numbers or other security details. It's fine for you to give estimated figures or to say if you don't know the answer to a question.

ASK ALL EXCEPT Credit Card PPI customers

Q1.1 Excluding any PPI premium, how much did you borrow from [distributor brand]?

IF NECESSARY: That is, how much money was advanced to you as a [credit product], excluding any PPI policy premium added to the loan up-front

IF NECESSARY: If you could give me an estimate even if it's not an exact number that would be helpful.

£ (enter number) .....	xxx
Don't Know .....	2
Refused .....	3

ASK IF Personal Loan customer

Q1.2 And could you tell me the total period of your [credit product] (from start to end) in months?

(enter number of months) .....	xxx
Don't Know .....	2
Refused .....	3

IF RESPONDENT GIVES ANSWER IN YEARS, MULTIPLY THIS BY 12 AND RECORD IN MONTHS

ASK IF First Charge Mortgage or Secured Loan customer

Q1.3 And could you tell me the total period of your [credit product] (from start to end) in years?

(enter number of years) .....	xxx
Don't Know .....	2
Refused .....	3

ROUND ANSWER TO NEAREST WHOLE YEAR

READ OUT THE NEXT EXPLANATION CAREFULLY AND CLEARLY - IT IS (UNAVOIDABLY) QUITE COMPLICATED AND LEADS TO AN IMPORTANT ROUTING QUESTION

Thank you. Turning now to the [PPI product].

There are two ways in which people generally pay for PPI: The first is a single PPI premium and the second is a separate, regular PPI premium.

In the first case, a single PPI premium is added to the loan at the time it is taken out, and the loan, PPI premium and interest are all re-paid together in combined monthly payments to the lender.

In the second case, a separate, regular PPI premium amount is paid each month, either to the lender or to another company.

ASK IF QSCR5 is code 1 (still hold policy)

Q1.4 By which of these two methods do you pay for your [PPI product]?

- Single PPI premium added to loan .....1
- Separate, regular PPI premium each month .....2
- Other (please specify) .....3
- Don't know .....4
- Refused.....5

IF DON'T KNOW, PROBE AND OFFER TO REPEAT EXPLANATION, BUT DO NOT ENCOURAGE RESPONDENT TO GUESS.

ASK IF QSCR5 is code 2 (no longer hold policy)

Q1.5 By which of these two methods did you pay for your [PPI product]?

- Single PPI premium added to loan .....1
- Separate, regular PPI premium each month .....2
- Other (please specify) .....3
- Don't know .....4
- Refused.....5

IF DON'T KNOW, PROBE AND OFFER TO REPEAT EXPLANATION, BUT DO NOT ENCOURAGE RESPONDENT TO GUESS.

ASK IF Q1.4 or Q1.5 is code 1 (single premium)

Q1.6 Do you remember how much you pay each month, for the loan, interest and PPI altogether?

IF NECESSARY: In pounds; if you could give me an estimate even if it's not an exact number that would be helpful.

- £ (enter number) ..... xxx
- Don't Know .....2
- Refused .....3

ASK IF NUMERIC VALUE GIVEN AT Q1.6

Q1.7 And how much of this [monthly repayment] is paying for the PPI?

IF NECESSARY: In pounds; if you could give me an estimate even if it's not an exact number that would be helpful.

£ (enter number) ..... xxx  
Don't Know .....2  
Refused .....3

IF number at Q1.7 is greater than number at Q1.6, PROBE AND CORRECT

ASK IF Q1.7 is code 2 (don't know)

Q1.8 Do you remember the TOTAL cost of the PPI that was added to your loan?

IF NECESSARY: Excluding interest; When you took it out; In pounds; if you could give me an estimate even if it's not an exact number that would be helpful.

£ (enter number) ..... xxx  
Don't Know .....2  
Refused .....3

ASK IF Q1.4 or Q1.5 is code 2 (regular premium)

Q1.9 Do you remember how much you pay each month, specifically for the PPI?

IF NECESSARY: In pounds; if you could give me an estimate even if it's not an exact number that would be helpful.

FOR MORTGAGE PPI, THE MONTHLY AMOUNT MAY VARY WITH CHANGING INTEREST RATES. IF RESPONDENT MENTIONS THIS, ASK FOR THE AMOUNT PAID LAST MONTH

£ (enter number) ..... xxx  
Don't Know .....2  
Refused .....3

ASK Credit Card PPI customers only:

Q1.10 Do you remember how much you pay each month for [PPI product] cover per £100 of the outstanding balance on your credit card?

If necessary: In pence; if you could give me an estimate even if it's not an exact number that would be helpful.

Pence (enter number) ..... xxx  
Don't Know .....2  
Refused .....3

ASK IF NUMERIC VALUE GIVEN AT ANY OF Q1.7, Q1.8, Q1.9 or Q1.10

Q1.11 How confident are you that this figure is correct? Would you say...?

READ OUT 1 - 3

- You know it's correct .....1
- You think it's correct.....2
- You just guessed.....3
- Don't Know .....4
- Refused .....5

SECTION 2 - OTHER TYPES OF INSURANCE

ASK ALL

Q2.1 Thank you. In this next part of the interview, I am going to read out the names of a few different types of insurance policy. For each one, please tell me whether you...

READ OUT 1 - 3

- Currently have it .....1
- Have heard of it, but do not currently have it.....2
- Have not heard of it.....3
- Don't know .....4
- Refused.....5

RANDOMIZE ORDER OF INSURANCE TYPES

- Q2.1a Income Protection insurance or Permanent Health Insurance
- Q2.1b Life Insurance
- Q2.1c Critical Illness cover
- Q2.1d A bill payment protection scheme or other lifestyle protection

ASK for each [insurance type] with code 1 (have) or code 2 (heard of) at Q2.1

Q2.2 When you took out your [distributor brand] [credit product], did you consider using [insurance type] to protect your ability to make repayments instead of PPI, or did you not consider using it?

- Q2.2a Income Protection insurance or Permanent Health Insurance
- Q2.2b Life Insurance
- Q2.2c Critical Illness cover
- Q2.2d A bill payment protection scheme or other lifestyle protection

- Yes, considered this type.....1
- No, did not consider this type .....2
- Don't Know.....3
- Refused.....4

SECTION 3 - PURPOSE OF PPI

ASK ALL

Q3.1 When you took out the [PPI product] from [distributor brand], were you particularly concerned to protect your loan repayments against the risk of accident, sickness, unemployment, death or a combination of these risks?

RECORD ALL MENTIONED, PROBE UNTIL RESPONDENT SAYS "NO MORE"

Q3.1a Accident

Q3.1b Sickness

Q3.1c Unemployment

Q3.1d Death

SECTION 4 - KNOWLEDGE OF PRODUCT EXCLUSIONS

ASK ALL

Q4.1 I would like you now to think specifically about your [PPI product] from [distributor brand]. I am going to read out a few situations in which you would be unable to work. For each, I would like you to tell me whether you believe that your [PPI product] covers your credit repayments, using the following scale:

READ OUT 1 - 3

No, definitely not covered.....	1
May be covered.....	2
Yes, definitely covered .....	3
Don't Know.....	4
Refused.....	5

RANDOMIZE ORDER IN WHICH SITUATIONS PRESENTED

- Q4.1a Unable to work due to back pain
- Q4.1b Unable to work due to stress-related mental illness
- Q4.1c Unable to work due to involuntary redundancy
- Q4.1d Unable to work due to treatment for a heart problem
- Q4.1e Unable to work due to treatment following an injury at work

SECTION 5 - CONSIDERATION AND PURCHASE OF PPI

ASK ALL

Thinking again specifically about when you took out your [PPI product] with your [distributor brand] [credit product]:

Q5.1 BEFORE you approached the lender or intermediary to apply for the [credit product], had you already considered taking out [PPI product], or not?

- Yes, had considered it.....1
- No, had not considered it .....2
- Don't Know / Cannot remember.....3
- Refused.....4

ASK if Q5.1 is code 1 (had considered it)

Q5.2 At the time you were considering taking out PPI, from which of the following types of organisation did you believe you could obtain it, either with the loan or on its own?

RANDOMISE ORDER; CODE ALL THAT APPLY

- Q5.2a A bank
- Q5.2b A building society
- Q5.2c A car dealership
- Q5.2d An Independent Financial Advisor (IFA) or broker
- Q5.2e An insurance company
- Q5.2f A newsagent
- Q5.2g A post office

ASK if Q5.1 is code 1 (had considered it) and QSCR7 is code 1 (has internet access)

Q5.4 At the time you were considering taking out PPI, did you use the internet either to look at information about PPI in general or to check out available products?

- Yes, used the internet.....1
- No, did not use the internet.....2
- Don't Know / Cannot remember.....3
- Refused.....4

ASK IF Q5.4 is code 1 (used the internet)

Q5.5 Can you tell me the names of any of the websites that you used?

DO NOT READ OUT. CODE ALL MENTIONED

- Q5.5a Uswitch (www.uswitch.com)
- Q5.5b Confused (www.confused.com)
- Q5.5c Money Supermarket (www.moneysupermarket.com)
- Q5.5d Money Facts (www.moneyfacts.co.uk)
- Q5.5e The Financial Services Authority (FSA) web-site ([www.fsa.gov.uk](http://www.fsa.gov.uk))
- Q5.5f The Which? web-site (www.which.co.uk)
- Q5.5g Other (please specify)

NOTE: WHICH? WAS PREVIOUSLY THE CONSUMERS' ASSOCIATION

Q5.6 I am going to mention a few financial web-site names to you. For each web-site, please tell me whether you have heard of it and whether you have ever visited it.

ASK for each [site] at Q5.5a to Q5.5f

- Visited the site .....1
- Heard of the site but not visited it .....2
- Not heard of the site.....3
- Refused.....4

ASK if Q5.1 is code 1 (had considered it)

Q5.7 Thank you. Now thinking back to when you took out your [PPI product] with your [distributor brand] [credit product]. Which of the following best describes how you felt about your [PPI product] BEFORE you approached the lender?

READ OUT 1, 2, 3 FOR HALF OF THE RESPONDENTS SELECTED AT RANDOM; 3, 2, 1 FOR THE REMAINDER. FLAG FOR ANALYSIS

- I had decided to purchase it .....1
- I wanted to discuss whether to purchase it with the lender or intermediary.....2
- I had decided not to purchase it.....3
- Don't Know / Cannot remember.....4
- Refused .....5

ASK if [distributor type] is "Intermediary".

Q5.8 Did your intermediary recommend just one option to cover your repayments or offer you a choice of more than one option?

- Just one option .....1
- More than one option.....2
- Don't Know / Cannot remember.....3
- Refused.....4

ASK ALL EXCEPT those answering code 1 (had decided to purchase) at Q5.7

Q5.9 So at what point did you make your final decision to take out the [PPI product]?

READ OUT 1 - 3

- At the same time I was making the [credit product] application .....1
- When I reviewed and signed the [credit product] offer.....2
- Some time after taking out the [credit product] .....3
- Other (please specify) .....4
- Don't Know / Cannot remember.....5
- Refused .....6

ASK ALL EXCEPT those answering code 3 (some time after) at Q5.9

Q5.10 Did you believe you could have gone back to [distributor brand] to buy PPI for your [credit product] at a later date, after you had taken out the loan, or not?

- Yes, could have gone back .....1
- No, could not have gone back .....2
- Don't Know.....3
- Refused.....4

ASK ALL

Q5.11 Did you believe you could have gone to a DIFFERENT PPI provider to buy PPI covering the [distributor brand] [credit product] repayments, or not?

- Yes, could have gone to different provider .....1
- No, could not have gone to different provider .....2
- Don't Know.....3
- Refused.....4

ASK ALL EXCEPT those answering code 2 (at time of signing offer) or code 3 (some time after taking out credit product) at Q5.9

Q5.12 When you were deciding whether to buy the PPI, which of the following did you believe? My [credit product] application:

READ OUT 1, 2, 3 FOR HALF OF THE RESPONDENTS SELECTED AT RANDOM; 3, 2, 1 FOR THE REMAINDER. FLAG FOR ANALYSIS

- Was MORE likely to be accepted if I took out PPI.....1
- Was NOT AFFECTED by whether I took out PPI .....2
- Was LESS likely to be accepted if I took out PPI .....3
- Don't Know .....4
- Refused .....5

ASK IF code 1 ([more]) or 3 ([less]) at Q5.12

Q5.13 Were you TOLD that your credit application was [more] / [less] likely to be accepted, or was this just your perception at the time?

- Told .....1
- Perception .....2
- Don't Know / Can't remember.....3
- Refused.....4

SECTION 6 - CLAIMS MADE

ASK ALL

Q6.1 Thank you. Have you ever made a claim under your current [PPI product] policy or any other PPI policy?

- Yes, made a claim .....1
- No, never made a claim .....2
- Don't Know.....3
- Refused.....4

ASK IF Q6.1 is code 1 (made a claim)

Q6.2 I would now like to ask you whether the claim or claims you have made have been successful or not. Which of the following statements best describes your experience?

READ OUT 1 - 4

- I have made one or more successful claims.....1
- I have made one or more unsuccessful claims .....2
- I have made both successful and unsuccessful claims .....3
- My claim is still being processed .....4
- Don't Know .....5
- Refused .....6

IF NECESSARY, A successful claim is one where you received payment under the policy.

IF ONE OF CODES 1, 2, or 3 AND CODE 4 APPLY, RECORD 1, 2, or 3 ONLY.

SECTION 7 - OTHER LOANS AND PPI POLICIES - MORTGAGES / SECURED LOANS

ASK ALL

Thank you. Now I'd like to ask you about any OTHER loans and PPI policies that you have taken out over the past three years, IN ADDITION TO your [Credit product] and [PPI product] from [distributor brand]

IF [Credit product] is a mortgage, SAY: Apart from your [Credit product] from [distributor brand]

Q7.1 During the last three years, have you taken out a new mortgage or re-mortgaged a property?

- Yes.....1
- No.....2
- Don't Know.....3
- Refused.....4

ASK IF Q7.1 is code 1 (yes)

IF [Credit product] is a mortgage, SAY: Excluding your [Credit product] from [distributor brand]

Q7.2 How many mortgages or re-mortgages?

IF NECESSARY SAY: Can you give me an estimate?

- Number of products..... xxx
- Don't Know.....2
- Refused.....3

ASK IF numeric answer at Q7.2 is one

Q7.3 And did you protect your mortgage repayments with a PPI policy?

- Yes, protected.....1
- No, did not protect.....2
- Don't Know.....3
- Refused.....4

ASK IF numeric answer at Q7.2 is greater than one

Q7.4 And for how many of these [number from Q7.2] mortgages did you protect your repayments with a PPI policy?

- Number of products..... xxx
- Don't Know.....2
- Refused.....3

IF number at Q7.4 is greater than number at Q7.2, PROBE AND CORRECT

SECTION 8 - OTHER LOANS AND PPI POLICIES - UNSECURED PERSONAL LOANS

ASK ALL

IF [Credit product] is a personal loan, SAY: Apart from your [Credit product] from [distributor brand]

Q8.1 During the last three years, have you taken out a new unsecured personal loan?

- Yes .....1
- No .....2
- Don't Know.....3
- Refused.....4

ASK IF Q8.1 is code 1 (yes)

IF [Credit product] is a personal loan, SAY: Excluding your [Credit product] from [distributor brand]

Q8.2 How many unsecured personal loans?

IF NECESSARY SAY: Can you give me an estimate?

- Number of products ..... xxx
- Don't Know.....2
- Refused.....3

ASK IF numeric answer at Q8.2 is one

Q8.3 And did you protect your personal loan repayments with a PPI policy?

- Yes, protected.....1
- No, did not protect .....2
- Don't Know.....3
- Refused.....4

ASK IF numeric answer at Q8.2 is greater than one

Q8.4 And for how many of these [number from Q8.2] personal loans did you protect your repayments with a PPI policy?

- Number of products ..... xxx
- Don't Know.....2
- Refused.....3

IF number at Q8.4 is greater than number at Q8.2, PROBE AND CORRECT

SECTION 9 - OTHER LOANS AND PPI POLICIES - CREDIT CARDS

ASK ALL

IF [Credit product] is a credit card, SAY: Apart from your [Credit product] from [distributor brand] and

Q9.1 Excluding store cards (that is, cards valid for use in only one store), during the last three years, have you taken out a new credit card?

- Yes.....1
- No.....2
- Don't Know.....3
- Refused.....4

ASK IF Q9.1 is code 1 (yes)

IF [Credit product] is a credit card, SAY: Excluding your [Credit product] from [distributor brand] and

Q9.2 Excluding any store cards, how many credit cards have you taken out?

IF NECESSARY SAY: Can you give me an estimate?

- Number of products..... xxx
- Don't Know.....2
- Refused.....3

ASK IF numeric answer at Q9.2 is one

Q9.3 And have you protected your credit card repayments with a PPI policy?

IF NECESSARY: at any time you held the card

- Yes, protected.....1
- No, did not protect.....2
- Don't Know.....3
- Refused.....4

ASK IF numeric answer at Q9.2 is greater than one

Q9.4 And for how many of these [number from Q9.2] credit cards did you protect your repayments with a PPI policy?

IF NECESSARY: at any time you held the card

- Number of products..... xxx
- Don't Know.....2
- Refused.....3

IF number at Q9.4 is greater than number at Q9.2, PROBE AND CORRECT

SECTION 10 - DEMOGRAPHICS

ASK ALL

Finally, a few questions about yourself and your financial situation, for classification purposes.

Q10.1a Please could you tell me your age?

xxx.....	1
Refused.....	2

IF RESPONDENT REFUSED TO REVEAL AGE

Q10.1b In that case, would you mind telling me into which of the following age bands you fall? Just stop me when I read out the band that applies to you.

READ OUT 1 - 6

18-24 .....	1
25-34 .....	2
35-44 .....	3
45-54 .....	4
55-64 .....	5
65+ .....	6
Refused.....	7

Q10.2 And could you tell me into which of the following bands your annual personal income (before tax, including all sources) falls? If you can stop me when I read out the band that applies to you that would be fine.

READ OUT 1 – 10. INTERVIEWER INSTRUCTION: IF RESPONDENT’S SALARY FALLS INTO TWO BANDS CODE THE HIGHER

Less than £7,500 .....	1
£7,500-£11,500 .....	2
£11,500-£15,500 .....	3
£15,500-£20,000 .....	4
£20,000-£25,000 .....	5
£25,000-£35,000 .....	6
£35,000-£50,000 .....	7
£50,000-£75,000 .....	8
£75,000-£100,000 .....	9
More than £100,000 .....	10
Don't Know.....	11
Refused.....	12

Q10.3 How many children who are still financially dependent on you do you have living in your household?

- None.....1
- 1 .....2
- 2 .....3
- 3 .....4
- 4 or more.....5
- Refused.....6

Q10.4 And what is your marital status?

- Single .....1
- Married .....2
- Living with partner .....3
- Separated .....4
- Divorced .....5
- Widowed .....6
- Other (please specify).....7
- Refused.....8

Q10.5 How often, if at all, do you read publications like personal finance supplements in newspapers, financial magazines and consumer magazines?

READ OUT

- Regularly .....1
- Occasionally .....2
- Never.....3
- Don't Know.....4
- Refused.....5

Q10.6 Who, if anyone, would you ask for advice on general financial matters? DO NOT PROMPT, PROBE FULLY, CODE ALL THAT APPLY

- Q10.6a Partner / Spouse
- Q10.6b Mother or father
- Q10.6c Other family member(s)
- Q10.6d Friend(s)
- Q10.6e Work Colleague(s)
- Q10.6f Independent Financial Advisor (IFA) or broker
- Q10.6g Bank manager
- Q10.6h Building society manager
- Q10.6i Accountant
- Q10.6j Solicitor
- Q10.6k Other (please specify)

October 2007

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Q10.7 To what extent, if any, do you feel you are willing to take risks with your money?  
Are you:

READ OUT 1 - 4

- Extremely willing .....1
- Fairly willing .....2
- Slightly willing.....3
- Not at all willing .....4
- Don't know .....5
- Refused.....6

Q10.9 I am going to read out a few situations in which you might choose to RISK LOSING SOME MONEY in order to have THE CHANCE OF MAKING SOME MONEY. For each opportunity, please tell me HOW RISKY you think that it is, if at all, using the following scale:

READ OUT 1 - 5

- Extremely risky .....1
- Fairly risky .....2
- Slightly risky .....3
- Not at all risky .....4
- Don't Know.....5
- Refused.....6

RANDOMIZE ORDER IN WHICH OPPORTUNITIES PRESENTED

REPEAT SCALE, INCLUDING DON'T KNOW OPTION, AS NECESSARY

- Q10.9a Investing a month's income in a new business
- Q10.9b Investing a month's income in shares in a publicly-quoted UK company
- Q10.9c Investing a month's income in Government National Savings bonds
- Q10.9d Betting a day's wages on a game of cards
- Q10.9e Betting a day's wages on the outcome of a football match
- Q10.9f Gambling with a week's wages at the horse races

Q10.10 And for each situation, please tell me HOW LIKELY you would be to TAKE THE OPPORTUNITY, if it were offered to you, using the following scale:

READ OUT 1 - 5

Extremely likely .....	1
Fairly likely .....	2
Slightly likely .....	3
Not at all likely .....	4
Don't Know .....	5
Refused.....	6

PRESENT OPPORTUNITIES IN SAME ORDER AS IN Q10.9

REPEAT SCALE, INCLUDING DON'T KNOW OPTION, AS NECESSARY

- Q10.10a Investing a month's income in a new business
- Q10.10b Investing a month's income in shares in a publicly-quoted UK company
- Q10.10c Investing a month's income in Government National Savings bonds
- Q10.10d Betting a day's wages on a game of cards
- Q10.10e Betting a day's wages on the outcome of a football match
- Q10.10f Gambling with a week's wages at the horse races

CLOSING SECTION

QDOC And finally, when did you last see the policy documentation for your [PPI product] from [distributor brand]?

- Today .....1
- Within the last week .....2
- Within the last month .....3
- 1-6 months ago .....4
- More than 6 months ago .....5
- Don't know .....6
- Refused.....7

PROBE TO CODE IF NECESSARY

ASK if Q4.2 is code 1 (considered PPI before approaching lender)

QRECa Thank you for your time and for participating in this interview. If we decide to carry out further research as part of this PPI market review, would you be willing for us to call you again to invite you to take part in this?

- Yes, permission given .....1
- No, permission withheld .....2

ASK if Q4.2 is not code 1 (did not consider PPI before approaching lender)

QRECb Thank you for your time and for participating in this interview. Occasionally, we need go back to people with further questions about the information they have provided. May we have permission to call you back for this purpose?

- Yes, permission given .....1
- No, permission withheld .....2

ASK IF INTERVIEW BEING RECORDED:

QCC And are you willing for a recording of this interview, without your personal details and for interviewing quality assurance purposes only, to be passed on to the Competition Commission?

- Yes, willing .....1
- No, not willing.....2

THANK AND CLOSE (STANDARD CLOSING SCRIPT).