

PPI MARKET INVESTIGATION

Experimental research results presented by Synovate

Synovate conducted two complementary studies on behalf of the Competition Commission (CC):

- a qualitative study, interviewing, in depth, 24 customers; this prepared the ground for;
- a quantitative experiment, interviewing over 300 customers in their homes and asking them to perform a computer-based choice experiment.

The results of both studies were presented to the CC on 11 September 2008.

The CC has accepted the qualitative study report, and drawn upon it as evidence in reaching a provisional decision on PPI remedies. A report of the qualitative study has been published on the CC website at www.competition-commission.org.uk/inquiries/ref2007/ppi/consumer_research.htm.

The six summary conclusions from the quantitative experimental research were:

- Standardizing the presentation of price information on PPI improves the ability of customers to compare different options.
- The cheapest PPI option is most easily identified—for both loans and mortgages—using one of the five alternative ways of presenting information in which the cost of PPI element is split out from the total cost of credit and PPI.
- For identifying the cheapest bundles of credit and PPI, those ways of presenting information which require no calculation or only a simple addition calculation perform most strongly.
- The strong performance of those combinations not requiring calculations is supported by the qualitative research which found that people want simplicity, with the number of calculations they need to do kept to a minimum.
- There are differences in the performance of combinations between loan and mortgage customers in both the PPI and bundle tasks.
- A customer's demographic profile impacts significantly less on the ability to identify the cheapest PPI or bundle option than the way in which price information is presented.

However, Synovate wrote to the CC withdrawing the results of the research following quality assurance of its experimental research fieldwork. Synovate's letter to the CC is appended below. The CC, therefore, has not drawn, and will not draw, upon the experimental results in making its provisional or final decision on remedies.

Steve Brown
29 October 2008

Synovate
Minerva House
5 Montague Close
London
SE1 9AY

Tel +44 20 3059 5000
Fax +44 20 3059 4998
www.synovate.com



Our ref: 08-1492

Steve Brown
Statistician
The Competition Commission
Victoria House
Southampton Row
London
WC1B 4AD

10 October 2008

Dear Steve

Re: Payment Protection Insurance Pricing Research

After careful consideration we have decided to withdraw the experimental research results presentation dated 6th October as evidence.

Synovate constantly ensures that quality processes satisfactorily meet our strict data collection standards. An investigation into the quality procedures is underway as part of our quality management process.

The high quality standards of any evidence that are required applied to evidence submitted to in a public inquiry confirm that research companies such as ours have a huge responsibility towards our clients and the public in terms of data collection. Although all six conclusions relating to the findings from the data tables and Decision Tree analysis from the evidence presented to the CC remain valid, we feel it best to withdraw the experimental research results at this stage.

We apologise for any inconvenience caused as a result of this decision. Do get in touch if you would like to discuss further.

Yours sincerely

Nigel Jackson
Sector Head for Public Sector, Charities and Transport