

Marjorie Davies  
Inquiry Manager – PPI Remittal  
Competition Commission  
Victoria House  
Southampton Row  
London  
WC1B 4AD

7 June 2010

Dear Marjorie

Thank you for opportunity to respond to the PPI Remittal – Provisional Decision Report – published on Friday 14 May 2010. As we have previously stated Capital One Bank (Europe) plc is supportive of the Competition Commission’s (the “Commission”) intent to ensure the PPI market functions in a way which enables consumers to reap the benefit of effective competition.

However, in addition to the previous comments which we have provided throughout the Commission’s investigation we would like to lay out the following thoughts and responses to the Provisional Decision Report.

- COBEP supported the Commission’s intention to conduct consumer research to develop an understanding of the value consumers place on the convenience of buying PPI at the same time as credit. However, and as raised as a concern in our letter of 19<sup>th</sup> February 2010, the Accent research commissioned by the Commission as part of the Remittal focused on MPPI and PLPPI. In reading through the Provisional Decision some of the data from MPPI has been applied to CCPPI, despite the clear differences between these PPI products, and customers’ attitudes towards them. We would have liked to have seen a bespoke CCPPI survey, to ensure that the behaviours of CCPPI customers had effectively been assessed, and in so doing to ensure that the remedies for CCPPI are proportionate.
- COBEP understands the Commission has taken the decision not to apply the POSP to Retail PPI, and is continuing to consider different remedies for this market. COBEP does not operate in this market, but there are clearly some analogies between the CCPPI market and Retail PPI, in terms of revolving balances on a monthly basis. [X] COBEP believes this [X] makes customer behaviour more akin to Retail PPI than MPPI, and therefore we believe that the suitability of the POSP for CCPPI should be reconsidered.
- COBEP continues to believe that the seven day point-of-sale prohibition (“POSP”) will have the effect of reducing PPI take up due to a lack of search behaviour. COBEP would encourage the Commission to re-examine the data provided in

Section 1, Point 3, parts a–c of our response to the Provisional Decision on Remedies, submitted on 4<sup>th</sup> December 2008, which shows the impact on downstream sales rate when point-of-sale is removed from the customer journey. Also in Appendix 1 of our data request response, submitted on 29<sup>th</sup> January 2010, we refer to the potential impact the POSP will have on COBEP's business. COBEP remains concerned that the time at which the customer makes the decision to take out credit is the optimum time to consider whether they need any protection, and therefore the POSP may have the undesired impact of leaving customers without cover.

- [X].

I hope that you find this helpful in your investigation and if you have any further questions please feel free to contact me regarding anything discussed in this letter.

Yours sincerely

Michael Woodburn  
**Vice President**  
**Capital One Bank (Europe) plc**