

Terms of reference

The OFT, in exercise of its powers under sections 131 and 133 of the Enterprise Act 2002, hereby makes a reference to the Competition Commission for an investigation into the supply of all payment protection insurance services except store card payment protection insurance services ("the reference services") to non-business customers in the United Kingdom.

The OFT has reasonable grounds for suspecting that a feature or a combination of features of the market or markets in which the reference services are supplied prevents, restricts or distorts competition in connection with the supply of reference services in the United Kingdom.

For the purposes of this reference:–

"payment protection insurance services" means insurance services supplied for the purpose of protecting a borrower's ability to maintain credit repayments in the event that the borrower becomes unable to maintain the repayments due to accident and/or sickness and/or unemployment and, under some policies, death.

"store card payment protection insurance services" means payment protection insurance services supplied for the purpose of protecting a store card holder's ability to maintain repayments due under the store card agreement.

"store card" means a payment card issued with respect to the purchase of the goods, services or facilities of only one retailer or of retailers who are members of a single group of interconnected bodies corporate or who belong to a store card network or who trade under a common name and which has both associated retail benefits and permits the holder of the payment card under his contract with the issuer of the card to discharge less than the whole of any outstanding balance on his payment card account on or before the expiry of a specified period (subject to any contractual requirements with respect to minimum or fixed amounts of payment).

"payment card" means a card, the use of which enables the person to whom it is issued ("the holder") to discharge his obligation to a supplier in respect of payment for the acquisition of goods, services or facilities.

"issuer" means a person who contracts or proposes to contract with a consumer for the issue of a store card.

"credit" means any form of financial accommodation.

"non-business customers" means individuals purchasing payment protection insurance in their own right and not for the benefit of any business or company.

(signed) **JOHN FINGLETON**
Chief Executive
5 February 2007