Extended Warranties on Domestic Electrical Goods

Consultation on modified Undertakings in Lieu of a Market Investigation Reference

May 2012
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1 EXECUTIVE SUMMARY

1.1 The OFT’s market study of extended warranties (EWs) on domestic electrical goods (DEGs) (the market study) was published on 7 February 2012. It found that there have been some market improvements in recent years. However, significant concerns remain that the EW market does not work as effectively as it could, resulting in consumers getting a poorer deal than they would get in a more competitive market. Based on these findings the OFT concluded that the statutory test (statutory reference test) for making a market investigation reference (MIR) was met and it could exercise its discretion as to whether to make an MIR to the Competition Commission (CC).

1.2 The OFT discussed its emerging thinking from the market study with the major UK providers of EWs. Following those discussions, Dixons, Comet and Argos (the Undertaking parties) offered undertakings in lieu of an MIR (UIL) which they considered would be sufficient to address the OFT’s competition concerns. After careful consideration, and further development of these proposed UIL, the OFT decided that it was minded to accept the UIL. As a result, the OFT provisionally decided not to exercise its discretion to make an MIR. These decisions were subject to the consideration of responses to a consultation with interested parties.

1.3 The consultation met with a positive response from parties overall. Most respondents considered that the proposed UIL will improve competition for EWs. Moreover, no respondents challenged the OFT’s analysis of the competition concerns in the market, or otherwise suggested that the statutory reference test was not met, and none specifically opposed the proposed decision not to make an MIR.

1.4 Following careful consideration of the consultation responses and further engagement with the Undertaking parties, the OFT is consulting on

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1 The market study report can be found at: www.of.t.gov.uk/shared_oft/markets-work/OFT1403.pdf
2 Section 131 of the Enterprise Act 2002.
some, limited, proposed modifications to the UIL which it believes will further improve their effectiveness whilst at the same time being a proportionate response to the competition concerns it has identified. These modifications are intended to:

- Facilitate the EW Comparison website to be used by consumers at point of sale (POS): when designing the format of the EW Comparison website, the Undertaking parties will be required to make reasonable endeavours to enable it to be read on smartphones or other internet-enabled mobile devices.

- Ensure that all relevant EWs can be displayed on the EW Comparison website to make sure that consumers are aware of all of the options regarding the different types of EWs that are available, including, for example, those EWs providing cover for multiple appliances.

- Further improve access to the EW Comparison website for providers other than the Undertaking parties to increase the choices available to consumers consulting the EW Comparison website.

1.5 The OFT has provisionally decided to accept the UIL, as modified, and not make an MIR but it invites comments from interested parties before it makes a final decision on these matters.

1.6 The remainder of this report summarises the findings of the market study before considering the responses to the consultation and the proposed modifications to the UIL. The modified version of the proposed UIL is included in the Annexes.
2 BACKGROUND

2.1 The market study, published on 7 February 2012, found that despite some positive improvements in the market for EWs, there remain some significant concerns that the EW market is not working as effectively as it could, ultimately resulting in consumers getting a poorer deal than they would get in a more competitive market. In particular:

- POS providers still dominate the EW market with around two-thirds of EW sales.

- Effective shopping around is relatively low – only a quarter of consumers shop around for an EW.

- Information asymmetries exist - consumers generally have insufficient information to make an informed decision about the value for money of different EWs.

- Prices for Pay As You Go (PAYG) EWs, where consumers pay for the EW on a monthly basis, are relatively high when compared to the prices of comparable fixed term EWs.

2.2 The OFT provisionally decided that the statutory reference test was met as the OFT has reasonable grounds for suspecting that several features of the market prevent, restrict or distort competition in the supply of EWs. When the OFT considers that the statutory reference test is met, the OFT has a discretion to decide whether to make an MIR to the CC for a detailed investigation.

2.3 In exercising its discretion over whether to make an MIR, the OFT can consider whether there are appropriate UIL that could be used to address the competition concerns identified. During the market study, the Undertaking parties, whilst disagreeing with the OFT’s analysis, offered UIL which they considered would be sufficient to address the OFT’s competition concerns. The UIL were then developed in discussion with the OFT and included the following requirements on the Undertaking parties:
To maintain and publicise an EW Comparison website, to enable consumers more easily to compare the EWs offered by different providers and to make shopping around easier.

To provide more accessible information via in-store leaflets and on their websites, including information about the availability of alternative providers.

To conduct regular independent mystery shopping exercises to help ensure shoppers get accurate information from sales staff and report back to the OFT on the results.

To provide clear information (both on the EW Comparison website and in-store) about the annual equivalent prices of PAYG EWs to help shoppers understand the longer term costs of these products (where such PAYG EWs are sold).

2.4 The OFT decided that it was minded to accept the UIL as it considered that they achieved as comprehensive a solution as is reasonable and practicable to the adverse effects on competition concerned and any detrimental effects on customers so far as resulting from the adverse effect on competition.\(^3\) The OFT therefore provisionally decided not to exercise its discretion to make an MIR, subject to considering the responses to a consultation with interested parties.

\(^3\) Section 154(3) of the Enterprise Act 2002.
3 CONSULTATION RESPONSES

3.1 Consistent with section 155 of the Enterprise Act 2002 (EA02) and its practice on proposed decisions not to make an MIR, the OFT consulted with consumers and interested parties on the proposed UIL to inform its decision on whether to accept them and not to make an MIR to the CC.

3.2 Specifically, the OFT sought views on:

- Whether the UIL, as a package, are sufficient to change consumer behaviour, particularly to facilitate increased shopping around.

- Whether the UIL will enable non-POS providers to compete more effectively with those retailers with a POS advantage. In this regard, the OFT said it would be particularly grateful for comments from non-POS providers as to whether they would wish to join the EW Comparison website and whether they consider that appropriate mechanisms are in place to ensure that the EW Comparison website provides a neutral means to facilitate competition between EW providers.

- Whether the governance arrangements (for example, the Steering Group) are appropriate.

- Any appropriate modifications to the UIL.

3.3 There was a high level of engagement with the consultation and the OFT received several responses from a range of interested parties including EW providers (both POS and non-POS), trade and consumer associations and individual consumers. Most consultation responses which provided a specific view on this issue considered that the proposed UIL would improve competition for EWs. Furthermore, no respondent specifically opposed the proposed decision not to make an MIR or challenged the OFT’s assessment of the competition issues in the EW market.

4 Available at www.ofg.gov.uk/shared_ofg/business_leaflets/enterprise_act/of1308.pdf
3.4 Consultees identified some areas where they considered that improvements could be made to increase the effectiveness of the proposed UIL. The proposals to improve the UIL tended to focus on the design of the EW Comparison website, and can be grouped into the following general categories:

- Raising awareness of and usage of the EW Comparison website.
- Ensuring that all relevant EWs can be suitably compared on the EW Comparison website.
- Ensuring ready and fair access to the EW Comparison website for providers other than the Undertaking parties.

3.5 Some other parties suggested more significant changes to the UIL which they considered would help ensure their effectiveness, including:

- A requirement on the Undertaking parties to make available EWs from other providers at POS.
- The inclusion of consumer feedback ratings on the EW Comparison website.
- The regulation of sales commissions provided to sales staff at retailers to incentivise the sale of EWs.

3.6 The next chapter sets out the OFT’s proposed modifications following careful consideration of views expressed during the consultation.
4 OFT RESPONSE TO THE CONSULTATION

4.1 The OFT reviewed the consultation responses bearing in mind the intentions of the UIL that were set out in the market study, namely that the UIL, as a package, are intended to enhance the ease and effectiveness of shopping around by consumers, thereby leading to increased shopping around and increased incentives for EW providers to compete more effectively.

4.2 As a result of the consultation, the OFT has identified some limited modifications which it considers would further improve the effectiveness of the proposed UIL in addressing the OFT’s competition concerns, whilst still being a proportionate response to those concerns. Following discussions between the OFT and the Undertaking parties, the Undertaking parties have agreed to make the following modifications to the previous version of the UIL on which the OFT consulted:

- Multiple-appliance EWs will be displayed on the EW Comparison website so that consumers are aware of these options when considering their EW purchase.

- The availability of EW products whose price is combined with the price of the DEG will be explained to consumers using the EW Comparison website, alongside the search results, so that consumers are aware of these options when considering their EW purchase.

- The website manager will use all reasonable endeavours when designing the format of the EW Comparison website to enable it to be read on smartphones or other internet-enabled mobile devices.\(^5\)

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\(^5\) Chapters 4 and 5 of this document constitute the notice required under sections 155(4) and 155(5) of EA02.

\(^6\) The OFT considers that this is particularly important in light of the significant growth in the usage of smart phones and similar mobile devices in recent years. OFCOM consumer research found that 46 per cent of all mobile users in the UK use a smartphone, with ownership of
• The OFT will be a full member of the Steering Group, which is responsible for ensuring that the objectives in the UIL regarding the EW Comparison website are achieved. This will help to provide reassurance that the EW Comparison website will be run in a fair and reasonable manner and that no party is unreasonably disadvantaged.

4.3 The full set of modifications which the OFT considers should be made to improve the effectiveness of the UIL, and the reasons for such modifications, are summarised in table 4.1 below.7

Table 4.1: Summary of the proposed modifications to the previous version of the UIL on which the OFT consulted8

<table>
<thead>
<tr>
<th>Proposed UIL</th>
<th>Modification of UIL</th>
<th>Reason for modification</th>
</tr>
</thead>
<tbody>
<tr>
<td>The EW Comparison website</td>
<td>Clarify that multiple-appliance EWs will be listed on the EW Comparison website.</td>
<td>To ensure consumers can choose from EWs with different features to select the EW product which best suits their needs. To enable those non-POS providers which supply multiple-appliance EWs to participate in the EW Comparison website.</td>
</tr>
</tbody>
</table>


7 The proposed modifications are highlighted in Annexe A, which shows the proposed modifications in track changes.

8 There are three additional, minor, changes not included in the table. In clause 2.6 there is a change to reflect the Government’s proposed reforms to the regulation of financial services (as contained in the Financial Services Bill, currently before Parliament) and in clauses 2.2 and 2.7 there are incidental corrections made.
<table>
<thead>
<tr>
<th>Clause 2.3</th>
<th>The Retailers will instruct the Website Manager to use all reasonable endeavours when designing the format of the EW Comparison website to enable it to be read via smartphones or other internet-enabled mobile devices.</th>
<th>To provide consumers with the option to access the EW Comparison website on an internet enabled mobile device to undertake in-store comparisons at POS.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clause 2.3</td>
<td>The EW Comparison website will include a statement explaining the availability of EWs where the price of the EW is combined with the price of the DEG.</td>
<td>To ensure consumers are aware of the full range of EWs available to them, so that they are able to choose the EW product which best suits their needs.</td>
</tr>
<tr>
<td>Clause 2.5 (iii) (b)</td>
<td>Website participants will provide a hyperlink to the EW Comparison website from their own website within one month of joining and agree to update their in-store EW leaflets with the ‘required’ information within 4 months (exceptions can apply at the discretion of the Steering Group).</td>
<td>Clarifying the obligations of Website participants, and giving Website participants a reasonable transitional period to comply with the UIL obligations and some flexibility with respect to placement of the hyperlink so as not to discourage participation in the EW Comparison website on the grounds that doing so would raise practical difficulties for potential participants.</td>
</tr>
<tr>
<td>Clause 2.6 (ii)</td>
<td>The minimum standards for EW providers joining the EW Comparison website (as specified by the OFT after consultation with the Steering Group) will be published by the OFT to make it easier to alter criteria as required in response to any issues which arise in the light of experience of the operation of the EW Comparison website, particularly if the minimum</td>
<td></td>
</tr>
</tbody>
</table>
| **The Website manager**  
Clause 3.1, 3.4 and 3.5 | The OFT to be a member of the Steering Group.  
‘Steering Group’ substituted for ‘OFT’ where relevant (for example, information to be provided to Steering Group rather than only to the OFT). | To provide reassurance that the EW Comparison website will be run in a fair and reasonable manner.  
Incidental changes to reflect the OFT’s role as a member of, rather than an observer at, the Steering Group. |
| **Publicity for the EW Comparison website**  
Clause 4.1(iii) | ‘Schedule 2’ changed to ‘Schedule 1’. | Previous Schedule 1 removed as details of minimum standards for joining the EW Comparison website are to be a separate OFT published document (see 2.6 (iii)). |
| **Clause 4.2** | Specifying the timing by which the Undertaking parties should update their in-store information with the details of the EW Comparison website’s hyperlink. | To ensure that the in-store information displays the required information to consumers as soon as reasonably practicable, whilst still allowing for a reasonable transitional period. |
| **Additional Information**  
Clause 6.2 (i) | In relation to the requirement for retailers to display a Key Points Box on their websites on the launch of the EW Comparison website - the | To ensure some reasonable flexibility in the event that it is not practicable, for example, for technical reasons, for a particular retailer to update its |
<table>
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<tr>
<th>Clause 6.2 (ii)</th>
<th>Specifying the timing by which the Undertaking parties should update their in-store information with the details of the Key Points Box.</th>
<th>To ensure that the leaflets display the required information to consumers as soon as reasonably practicable, whilst still allowing for a reasonable transitional period.</th>
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<tr>
<td><strong>Provision of value for money information to the OFT</strong> Clause 7</td>
<td>Addition of certain types of data which the Undertaking parties will be required to provide to the OFT on request. Clarify that provision of value for money information may need to be procured from third parties and arrangements for the provision of the information.</td>
<td>To ensure that the OFT has sufficient information to assess the effectiveness of the UIL and for reasons of practicality given that certain of the required data may be held by third parties. Consultation with Undertaking parties included to minimise the burdens of information provision.</td>
</tr>
<tr>
<td><strong>Clarifying OFT use of information</strong> Clause 7</td>
<td>Specifying that data is being supplied to assist the OFT in assessing the effectiveness of the UIL.</td>
<td>Provide clarity regarding the use of the data provided by the Undertaking parties to the OFT.</td>
</tr>
<tr>
<td>** Definitions and Interpretation** Clause 12.1</td>
<td>Revised DEG and EW definitions.</td>
<td>To be consistent with the Supply of Extended Warranties on Domestic Electrical Goods Order 2005 (EW Order).</td>
</tr>
<tr>
<td><strong>Schedule 1</strong></td>
<td>To specifically refer to the</td>
<td>To increase awareness of the</td>
</tr>
</tbody>
</table>
range of means by which the EW Comparison website can be accessed, including smartphones and internet enabled mobile devices.

range of means by which the EW Comparison website can be accessed, particularly to facilitate consumers’ awareness of the ability to use the EW Comparison website on an internet enabled mobile device to facilitate in-store comparisons.

OFT view on consultation responses or suggested modifications which it does not propose to include in the modified UIL

4.4 The OFT has very carefully considered several further suggested modifications to the UIL, some of which are referred to in Chapter 3.°

4.5 Whilst the OFT can see some merit in certain of these suggested modifications, such as the inclusion of customer reviews of EWs, it considers that these would either:

- not be a proportionate response to the competition concerns identified, or
- would not be necessary in light of existing provisions in the UIL.

4.6 The OFT’s detailed views on these suggested modifications is included at Annexe B.

° The OFT notes that not all of these were framed specifically as modification requests in the consultation responses. Instead, they were sometimes framed as areas where clarification would be helpful or as questions to the OFT.
5 CONCLUSION AND NEXT STEPS

5.1 The OFT has carefully considered the likely effectiveness of the UIL, taking into account the proposed modifications. The OFT provisionally considers that the modified UIL, as a package, will further enhance the ease and effectiveness with which consumers can access information on EWs, thereby leading to more shopping around. Such behavioural change by consumers should enhance the incentives for EW providers to compete more effectively by enhancing their EW offer and improving their value for money.

5.2 In conclusion, although it provisionally considers that the statutory reference test is met, the OFT is minded to exercise its discretion not to refer the market to the CC. This is because the OFT is minded to accept the proposed UIL as modified, which it considers will achieve as comprehensive a solution as is reasonable and practicable to the adverse effect on competition concerned and any detrimental effects on customers so far as resulting from the adverse effect on competition. The OFT considers that once the modifications are made, the UIL will more effectively address the OFT’s concerns about how the market for EWs operates. The OFT has therefore provisionally decided not to make an MIR to the CC and to accept the modified UIL.

Consultation on the modified UIL

5.3 Before taking a final decision, the OFT is now consulting interested parties on the following closely interlinked decisions:

- its provisional decision not to make an MIR
- its provisional decision to accept the modified UIL.

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10 See Annexe C for a version of the proposed UIL as modified.
5.4 Such a consultation is consistent with sections 155(4) and (5) of the EA02, which require only a short consultation on proposed modifications to UIL, and the OFT's practice on proposed decisions not to make MIRs.

5.5 Any representations on the OFT's proposed decisions not to make an MIR and to accept the modified UIL should be provided to the OFT by **8:00pm on Thursday 31 May**. Please respond in writing to the following address or by email to degs@oft.gsi.gov.uk.

The Extended Warranties Team  
Goods and Consumer Group  
Office of Fair Trading  
Fleetbank House  
2-6 Salisbury Square  
London, EC4Y 8JX

**Next steps**

5.6 Once the consultation has concluded the OFT will consider the representations it receives (and which are not withdrawn), with a view to taking a final decision on the modified UIL and its proposed decision not to make an MIR during the early summer of this year. However, in the event that further modifications are considered necessary to the UIL following that consultation, the OFT is required to undertake a further short consultation on any such modifications before taking a final decision on the UIL.

5.7 If the OFT accepts the proposed UIL, as modified, it will engage in appropriate steps to publicise the UIL, particularly through working with interested parties, such as consumer organisations, to help consumers become aware of the key aspects of the UIL. It will then monitor parties' compliance with the UIL. Moreover, subject to an assessment against its Prioritisation Principles, it will undertake an evaluation of the effectiveness of the UIL in improving outcomes for consumers at an appropriate point after their acceptance by the OFT.
5.8 The UIL will remain in place until, consistent with section 154(6) of EA02, they are varied or superseded by other UIL or released by the OFT. The OFT will, as soon as reasonably practicable, consider any representations received by it in relation to varying or releasing the UIL. Potential grounds for variation, supersession or release by the OFT could be market developments\(^\text{11}\) which may mean that the UIL, or any part of them, are no longer appropriate or that the UIL do not effectively address the adverse effects identified by the OFT during the market study.

\(^{11}\) For example, in the event that developments in website design and technology make the commitments with respect to the publicity for the Website impractical or ineffective for a Retailer to deliver.
ANNEXE A: PROPOSED UIL, AS MODIFIED, WITH MODIFICATIONS HIGHLIGHTED

See associated document
### ANNEXE B: SUGGESTED MODIFICATIONS OR CLARIFICATIONS WHICH THE OFT DOES NOT CONSIDER SHOULD BE MADE TO THE UIL

<table>
<thead>
<tr>
<th>Issue</th>
<th>Detail</th>
<th>OFT view</th>
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<tr>
<td>Appeals process for removal of EW provider from the EW Comparison website</td>
<td>- The appeals process for the removal of an EW provider from the EW Comparison website should not be too costly for a small EW provider and the arbitrator for the appeals process should be independent.</td>
<td>The OFT fully acknowledges the importance of ensuring that the appeals process is operated in a fair, independent and inexpensive manner. The OFT considers that the existing provisions in the UIL are sufficient to ensure that this will be the case. For example, the arbitrator must be a member of the Chartered Institute of Arbitrators, who follows the rules of the Chartered Institute of Arbitrators, and be approved by the OFT (Clause 12.1 of the UIL). Moreover, the OFT does not anticipate the arbitration process will lead to significant costs being incurred.</td>
</tr>
</tbody>
</table>
| Accuracy of Website information and search results                  | - The EW Comparison website should ensure that EW product and price information accurately reflects the current information held on the EW provider’s website.  
- Ensure that the EW Comparison website is designed and built in such a way to ensure consistency of search results.  
- Consumers should be able to                                                                                                                                                                                                                                                                                                                                  | The OFT fully acknowledges the critical importance of ensuring the accuracy and consistency of the information on the EW Comparison website. However, it considers that the existing provisions in the UIL are sufficient to ensure that will be the case, particularly the OFT’s ability to approve the initial format of the EW Comparison website. The requirement to ensure consumers can compare                                                                 |
<table>
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<tr>
<th>Insured and non-insured EWs</th>
<th>Design</th>
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<tbody>
<tr>
<td>• The EW Comparison website to provide clarity on whether an EW is an insured or a non-insured product, which is particularly relevant should the EW provider go out of business.</td>
<td>• The EW Comparison website should be designed to ensure that EW providers cannot tailor their products to be presented more favourably on the EW Comparison website, influencing consumers to purchase an EW product which they might not need or want.</td>
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</table>

The OFT considers that as the EW Comparison website’s minimum standards will take account of the financial stability of the provider, this reduces some of the risk of consumers being disadvantaged through an EW supplier exiting the market. (Clause 2.5 of the UIL). Moreover, the Key Points Box will inform consumers of the nature of the financial protection provided to a consumer who purchases an EW offered by the

The OFT fully acknowledges the importance of ensuring the neutrality of the information on the EW Comparison website. However, it considers that the existing provisions in the UIL are sufficient to ensure that this is the case, particularly the requirement for information to be displayed in a neutral way. The OFT’s role as a member of the Steering Group, rather than an observer, should provide reassurance that the EW Comparison website will be designed and operated in a fair manner (Clause 2.2 of the UIL).
| Joining fees | The EW Comparison website joining fees should be set at such a level that all eligible EW providers are able to participate. | The OFT fully acknowledges the importance of ensuring that the EW Comparison website joining fees do not constitute a barrier to EW providers participating in the EW Comparison website. It considers that the existing provisions of the UIL, which require that the fees reflect the incremental costs of an EW provider becoming a website participant, provide sufficient protection in this area (Clause 12.1 of the UIL). |
| Monitoring | Monitoring the effectiveness of the UIL:  
- Assessment of effectiveness of UILs should be focused on benefits for consumers in terms of informed decisions, choice and value for money.  
- Concerns that levels of shopping around, premium prices and claims ratios may not be suitable for assessing success of the UIL as they may not reflect the actual situation.  
- Trade bodies, for example, should be involved in any future review of the UIL. | The OFT acknowledges the importance of evaluating the UIL. The OFT considers that an impact evaluation of the UIL drawing upon available quantitative and qualitative evidence, to take place subject to the application of its Prioritisation Principles, will provide information on the effectiveness of the UIL. Such evaluations would normally include engagement with the relevant parties. (Clause 7 of the UIL). |
<p>| Publicity | All EW marketing material should have a visible hyperlink to the EW Comparison website. | The OFT considers it would be disproportionate to require this. The existing provisions of the UIL require details of the hyperlink to be included in a range of different documents (on parties’ websites and in-store leaflets for example) and for the EW Comparison website to have an appropriate marketing fund. (Clause 4.3 of the UIL). However, the OFT would welcome voluntary action by parties to further increase awareness of the EW Comparison website. |
| Standardised terms and conditions | EW products which appear on the EW Comparison website should all contain a set of compatible or standard terms and conditions. OFT to identify ‘core’ features which should be present in terms and conditions of all EW providers on the EW Comparison website. | The OFT considers that this would be disproportionate and unduly restrictive of consumer choice by limiting consumers’ ability to choose from a wide range of different EW offers. |
| Reviews of EW | The EW Comparison website to allow EW holders to post reviews of the quality of service received from an EW provider and these to be aggregated into a ‘star’ rating format. | The OFT recognises the merits of this idea, in principle, but does not consider that it should be required. It considers that this would raise a potential danger of consumers being misled (for example, existing ratings websites include very few EW ratings; the very small sample size, if replicated on the EW |</p>
<table>
<thead>
<tr>
<th>Transactional capabilities</th>
<th>Consumers should be able to use the EW Comparison website to purchase EWs.</th>
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<tbody>
<tr>
<td></td>
<td>The OFT considers it is important that the EW Comparison website is a neutral, information based website, rather than one operating as a commercial site. This is to help ensure that the information is seen as trustworthy and fully credible. Transactional capabilities could also create practical difficulties with respect to website design.</td>
</tr>
</tbody>
</table>
| Retailers to offer EW providers direct access to their stores. | • Provision for the major retailers to provide in-store quotes from a number of EW providers.  
• Ability for consumers to transact with chosen EW provider in-store. |
|                           | The OFT considers that it would be disproportionate to require such a significant intervention, in the light of its overall conclusion that the existing UIL, through impacting on consumer behaviour, will be effective. Moreover, the OFT notes that such a remedy would necessarily require detailed regulation of the |

12 For example, the OFT notes that one major customer rating site, as of 11 May 2012, included only 35 ratings on the Dixons EW since November 2008 ([www.dooyoo.co.uk/insurance/curry-s-whatever-happens-insurance/reviews](http://www.dooyoo.co.uk/insurance/curry-s-whatever-happens-insurance/reviews)). This represents an infinitesimal proportion of the EWs sold by Dixons over this period.
<table>
<thead>
<tr>
<th>Retailers to offer other in-store computer terminals to access the EW Comparison website</th>
<th>• Computer terminal to be available in-store where consumers could access the EW Comparison website.</th>
<th>The OFT considers that the proposed modifications with respect to the Website manager using reasonable endeavours to enable the EW Comparison website to be read on a mobile device should facilitate in-store comparisons given the wide (and increasing) ownership of such devices. The OFT considers that a requirement for a dedicated computer terminal would be disproportionate to the likely benefit to consumers.</th>
</tr>
</thead>
</table>
| EW sales commission | • OFT has not addressed incentives offered by some retailers for sale of EWs, which potentially result in consumer detriment.  
• Call for OFT to investigate and review this issue. | The OFT considers that this would be disproportionate in the light of the evidence obtained by the OFT during the market study, which indicates that the major retailers have taken action with a view to eliminating or otherwise substantially reducing direct sales commissions to staff for the sale of EWs.¹³ |
| Provision of EW information | • Retailer must provide the consumer with a leaflet which includes details of the EW Comparison website and key | The OFT considers that such a solution would be disproportionate. The OFT fully acknowledges the importance of |

¹³ Market study, paragraph 4.18.
points box before engaging in the sale of an EW.

| Ensuring that the leaflet is prominently displayed so that it is more likely to come to customers’ attention. The OFT notes that the in-store leaflet, required to be provided pursuant to the EW Order is required to be ‘prominently displayed in a manner that ensures, so far as is reasonably possible, that they are likely to come to the attention of consumers, and that such leaflets are freely available to consumers’. The OFT considers that the mystery shopping exercise will help to ensure the prominence of the leaflets by the Undertaking parties, by creating stronger incentives for ensuring that the leaflet is prominently displayed, thereby making it more likely that customers will pick up such a leaflet. (Clause 3(i)(b) of the UIL) |
ANNEXE C: PROPOSED UIL AS MODIFIED

See associated document