

CMA locks in a total of £975,000 for Lloyds' PPI customers

All PPI (Payment Protection Insurance) providers are subject to the Competition and Markets Authority's (CMA) PPI Order, which requires them to send customers annual reminders that set out clearly the cost of their policy, the type of cover they have and reminds them of their right to cancel.

The latest refunds, amounting to £17,000, come after Lloyds Banking Group (Lloyds) self-reported 3 breaches of the Order to the CMA. These affected 8,800 people who were sent incorrect information in annual reminders to mortgage PPI customers. For 2 breaches, the monthly amount policyholders can claim on their insurance was displayed in the incorrect section. In the third breach, this figure in the annual reminders was incorrect.

This is not the first time Lloyds has failed to comply with the Order. In 2018, the CMA took formal enforcement action against Lloyds by issuing Directions. Since these Directions were issued, [Lloyds has informed the CMA](#) that it broke the Order 18 times over an 8-year period. Lloyds has now refunded £957,000 for these breaches.

As part of those Directions, the CMA also ordered Lloyds to notify it quickly of any similar breaches in the future. This previous CMA action led to Lloyds self-reporting the new breaches on this occasion and taking steps to fix them.

The CMA has now [written publicly to Lloyds](#) to ensure that the bank will contact all customers with an open policy, who were affected by the most recent breach, and offer refunds to those eligible.

The CMA will monitor Lloyds' commitment to issue refunds and will consider formal enforcement action should Lloyds fail to take the appropriate action agreed with the CMA.

These breaches have also been logged on the CMA's register of breaches, which records all breaches of market and merger remedies and is updated quarterly.

Adam Land, Senior Director of Remedies, Business and Financial Analysis at the CMA, said:

It's a real concern that PPI providers are still breaking the rules by sending inaccurate PPI reminders despite a clear, well-established Order from the CMA. These failures can mean people end up paying for insurance they no longer need.

We welcome the fact that Lloyds' has refunded – or committed to

refund – customers £975,000 and we will monitor the bank closely to make sure those affected by the latest breaches receive the refunds to which they are entitled. It's important that all PPI providers take notice – we will continue to act if providers carry on breaking the rules.

While the CMA can order companies to refund customers, it cannot currently impose financial penalties on businesses for breaches of this kind but has called for the power to do so.

Imposing fines would allow the CMA to take quicker action against companies that break the law. It would also allow it to increase the deterrent effect of its enforcement and make sure businesses take the obligations which the CMA imposes on them seriously for the benefit of UK consumers.

Notes to Editors:

1. We issued Directions to LBG in 2018 – Payment Protection Insurance Order: Directions to Lloyds Banking Group – GOV.UK (www.gov.uk)
2. The CMA does not currently have the power to impose financial penalties for breaches of this kind. The CMA has called for such powers in order to increase incentives for businesses to comply with market and merger remedies. The Government is set to consult on whether the CMA will be given such powers.
3. The total £975,000 refund comprises approximately £957,000 for the value of premiums refunded for 18 breaches, since 2018, and an estimated £17,000 for the 3 newly reported breaches. The value estimated for the latest three breaches is based on customer response rates from Lloyds Banking Group's previous remediation activity.
4. For media enquiries, contact the CMA press office on 020 3738 6460 or press@cma.gov.uk.
5. The CMA's PPI Order resulted from an investigation into PPI by the Competition Commission, concluding in 2011. More information on the Order can be found on the [PPI Market Investigation Order 2011](#) web page.