

# Nationwide to pay up to £2m in refunds for PPI breaches

The Competition and Markets Authority (CMA) has issued Nationwide with [legal directions](#) after it both failed to send – and sent inaccurate – payment protection insurance (PPI) reminders. The directions require Nationwide to put in place procedures to ensure that similar problems do not happen again.

As well as these legally-binding directions, Nationwide has already repaid more than £100,000 to customers who did not receive reminders. The building society is also in the process of refunding thousands more customers who received inaccurate information, with total repayments of up to £2 million expected. It is the CMA's view that companies breaking the rules should refund their customers if they are left worse off as a result of their PPI provider's failure to provide important information.

The CMA has now issued directions to 5 of the largest providers of PPI in the UK. It most recently took [action against RBS](#), leading to customer refunds of £1.5 million. It follows an investigation into PPI by the Competition Commission in 2011, which resulted in a legally-binding Order requiring PPI providers to send customers annual reminders that clearly set out how much they have paid for their policy, the type of cover they have, and reminders of their right to cancel.

Nationwide breached the Order in two ways. First, by failing to provide reminders to customers over a six-year period, from 2012 to 2017, meaning those affected did not have all the relevant information to help them decide if they wanted to continue paying for PPI. It also meant that people could have been stopped from shopping around effectively or might not have known they were still paying for PPI.

Second, the building society sent out inaccurate reminders from 2012 to 2019. These reminders contained incorrect information about the yearly cost of insurance, meaning customers may have been misled into thinking their PPI was cheaper than it actually was. Again, this may have stopped people from shopping around effectively and could have encouraged customers to keep or renew their insurance with Nationwide.

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

Nationwide has broken the rules by not sending essential PPI reminders to their customers. 8 years on from our legally-binding Order, it is simply unacceptable that the CMA is having to remind Britain's biggest banks of their legal obligations.

Nationwide has failed its customers by denying them important information, and the directions we've issued today will lead to

affected customers receiving the refunds they deserve.

Such breaches are serious and, if we had the extra powers we've proposed to the government, could have resulted in fines.

The CMA cannot currently impose financial penalties for breaches of this kind, but it has called for the power to do so. Enhanced CMA powers would increase incentives for businesses to comply with market and merger remedies and allow it to rectify any breaches quickly. The Government is set to consult on this proposal.

#### Notes to editors

1. The CMA is the UK's primary competition and consumer authority. It is an independent non-ministerial government department with responsibility for carrying out investigations into mergers, markets and the regulated industries and enforcing competition and consumer law.
2. Nationwide is in breach of the Payment Protection Insurance Market Investigation Order 2011 (the PPI Order). One of the requirements of the Order is that all PPI customers would receive an annual reminder from their provider setting out information including how much they had paid into their policy and the underlying credit product.
3. Directions are a formal enforcement instrument, which can be used to ensure that an Enterprise Act 2002 remedy imposed by the CMA, in this case the PPI Order, is complied with fully.
4. The Directions require Nationwide to appoint an independent body to audit its PPI processes, the results of which will be fed back to the CMA.
5. In August 2019, the CMA issued Directions under the PPI Order to [RBS and Santander](#). In 2018, it issued similar Directions to [Barclays](#) and [Lloyds](#).
6. For CMA updates, follow us on [Twitter](#), [Facebook](#) and [LinkedIn](#).