

2015

Your Scheme Reference Number:
Membership Number:

IMPORTANT: YOU MAY BE ENTITLED TO COMPENSATION FOR YOUR CARD SECURITY PRODUCT.

Dear

- You bought a card security product through Affinion International Limited (AI), or through your bank or card issuer. You may be entitled to compensation.
- We will write to you again by mid-May 2015 to explain what you have to do to be considered for compensation.
- This letter does not relate to payment protection insurance (PPI) or to the Card Protection Plan (CPP) Scheme of Arrangement, which you may have heard or read about.
- You do not need to do anything now. This letter is just for information.

AI has been in discussions with its Regulator, the Financial Conduct Authority (FCA), about one feature of your card security product. We are writing to you as there may have been issues with the way your card security product was sold to you and you may be entitled to compensation.

Card Security Products

We believe that you bought a card security product from AI, or through a bank or card issuer. These products had several product names, including:

- Card Protection
- Sentinel
- Sentinel Gold
- Sentinel Protection
- Sentinel Excel
- Safe and Secure Plus

The average annual cost of this card security product since 2005 is approximately £25.

The typical features of a card security product include:

- being able to cancel all your lost or stolen debit or credit cards and request replacements in one phone call to our contact centres which are open 24 hours a day, 7 days a week;
- insurance cover to replace a lost or stolen handbag, purse, wallet or briefcase;
- emergency cash advance service when cards are lost or stolen;
- insurance cover to replace personal cash lost or stolen at the same time as a card is lost or stolen;
- insurance cover for the telephone and communication costs of dealing with the loss of your card and personal possessions including identity documents e.g. passports;
- insurance cover for replacement of lost or stolen car or home keys and replacement of locks for your home; and
- insurance cover for fraudulent use of lost or stolen cards (now removed from all products).

Selling issues

There may have been issues with the way in which the last feature set out above, being insurance cover for fraudulent use of lost or stolen cards, was sold to you before it was removed. These include statements made to customers to the effect that:

- the product covered you for up to £100,000 (figure varied over time) worth of unauthorised transactions that occurred after you informed AI that a card was lost or stolen.

You probably did not need this cover, as your bank or card issuer is typically responsible for any transactions after you report your card as being lost or stolen.

- the product covered you for up to £5,000 (figure varied over time) worth of unauthorised transactions that occurred before you informed AI that a card was lost or stolen.

You are, however, only liable for unauthorised transactions in limited circumstances, as your bank or card issuer will usually cover you for anything over the first £50 of those transactions.

AI has been in voluntary discussions with the FCA about this feature. This feature was removed from your product between October 2012 and August 2013, generally, as the product came up for renewal. The result of AI's discussions with the FCA is that you may be entitled to compensation if you purchased the product on the basis of information about this historical feature.

You may also have other concerns with the way your card security product was sold to you.

Following the discussions with the FCA, AI has voluntarily decided to put in place a compensation scheme through a 'scheme of arrangement' for reviewing whether customers are entitled to compensation. You do not have to respond or contact us now to claim compensation. We have not yet assessed the way your product was sold to you or whether you are entitled to compensation.

What we will do next

We will write to you with more information about the proposed scheme by mid-May 2015. This will include an invitation to vote on whether you are in favour of the proposed scheme.

Find out more about the proposed scheme in Appendix A. The proposed scheme will include a process for paying compensation, where it is due, as quickly as possible. See the process it will follow in Appendix B.