

Company synopses

Abbey National plc

1. Abbey National plc (Abbey) is a UK bank owned by Banco Santander SA, a Spanish bank. In the UK it is a large provider of mortgages, with around a 9.3 per cent share of stock, and of savings and deposits, with a market share of 5.9 per cent.¹ There were 705 Abbey branches as at 31 December 2007.²
2. Abbey distributes both MPPI (branded Paymentcare) and PLPPI through its branch and telephone network and, in the case of MPPI also through intermediaries, namely mortgage brokers and IFAs. In 2007 Abbey introduced the sale of CCPPI for distribution through its telephone network.
3. All the PPI policies distributed by Abbey are underwritten by Norwich Union.
4. Abbey's total retail lending stood at £116.6 billion at 31 December 2007 (2006: £107.9 billion), of which £110.5 billion (2006: £101.7 billion) was residential mortgages, and £2.7 billion (2006: £3.53 billion) was unsecured personal loans.³

Alliance & Leicester plc

5. Alliance & Leicester plc was acquired by Banco Santander SA, a Spanish bank, in October 2008 and is a financial services group with retail and commercial banking interests. In the UK in 2007 Alliance & Leicester had 3.6 per cent share of stock of residential mortgages, a 5.2 per cent share of balances on personal unsecured loans and a 2.2 per cent share of household savings.⁴
6. Alliance & Leicester distributes MPPI and PLPPI through its branch network and telephone channels and distributed PLPPI through its online brand 'MoneyBack Bank' until November 2008. Alliance & Leicester had an outsourcing agreement with Cattles plc whereby Cattles plc sold secured credit products and associated PPI on Alliance & Leicester's behalf. This agreement was brought to a close at the end of 2007.
7. Genworth Financial⁵ underwrites the general insurance risks and AXA Sun Life plc the life insurance risks of Alliance & Leicester's PLPPI policies. Cardiff Pinnacle underwrites Alliance & Leicester's MPPI policies.
8. Alliance & Leicester's total retail lending stood at £46.7 billion at 31 December 2007 (2006: £41.7 billion), of which £42.8 billion (2006: £38.0 billion) was secured residential mortgages. Unsecured personal loan balances stood at £3.7 billion at 31 December 2007 (2006: £3.6 billion).⁶

¹As calculated by Abbey: '2007 Full Year Results—Investor Presentation', 7 February 2008, slide 9.

²As calculated by Abbey: '2007 Full Year Results—Investor Presentation', 7 February 2008, slide 9.

³As calculated by Abbey: '2007 Full Year Results—Investor Presentation', 7 February 2008, slide 14.

⁴As calculated by Alliance & Leicester using CACI data, Bank of England Data, Major British Banking Group personal loans data, as per the Annual Report & Accounts 2007 'Retail Banking Financial Highlights,' p7.

⁵Trading name for Financial Insurance Company Limited and Financial Assurance Company Limited.

⁶Alliance & Leicester Annual Report and Accounts 2007, Note 2 and Note 18. Retail Banking Overview (pp7&8).

Barclays Bank PLC

9. Barclays Bank PLC (Barclays) is a FTSE 100 company. It is a wholly-owned subsidiary of Barclays PLC, a group which is also listed on the New York and Tokyo stock exchanges. Barclays PLC is a global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services.
10. Barclays' PPI business sits within the 'Global Retail and Commercial Banking' (GRCB) division. PPI is distributed through business units of GRCB as follows:
 - (a) 'UK Retail Banking', under the brand 'Barclays' for PLPPI and overdraft PPI, and the brand 'Woolwich' for MPPI; and
 - (b) 'Barclaycard' under the brand Barclaycard for CCPPI⁷ and PLPPI. During the course of the inquiry, Barclaycard also distributed SMPPI under the FIRSTPLUS and Fair and Square brands. However, Barclays ceased to sell SMPPI in August 2008. Barclaycard also has joint venture agreements under which the joint venture company distributes credit products and PPI.⁸
11. The majority of Barclays' PPI business is underwritten in-house by Barclays Insurance Dublin (BID), through two wholly-owned Barclays PLC subsidiaries.⁹ BID only underwrites Barclays' or Barclays' joint venture PPI products.
12. Within UK Retail banking, total 'Loans and Advances to customers' stood at £82.0 billion (2006: £74.7 billion) at 31 December 2007. The 'UK mortgage balance' at 31 December 2007 was £69.8 billion (2006: £61.7 billion) and the 'consumer lending' balance stood at £7.9 billion (2006: £8.2 billion).¹⁰ Within Barclaycard,¹¹ total 'Loans and Advances to customers' stood at £20.1 billion at 31 December 2007 (2006: £18.2 billion);¹² however, this balance does not solely relate to UK operations. For UK credit cards, the average outstanding balance at 31 December 2007 was £8.4 billion (2006: £9.4 billion) and the average UK secured lending outstanding balance stood at £4.3 billion (2006: £3.4 billion).¹³

Capital One Bank Europe (plc)

13. Capital One Bank Europe plc (Capital One) is the UK subsidiary of Capital One Financial Corporation, a global financial services company based in the USA and listed on the New York Stock Exchange. The group's principal activities are the provision of credit cards, loans and savings products. The group operates in the USA, Canada and the UK and has a portfolio of \$148 billion in managed loans.
14. Capital One distributes CCPPI under the Capital One brand. Capital One stopped selling new personal loans in December 2006 and thus ceased distributing PLPPI.

⁷Barclaycard also manages a back book of PPI customers from the purchase of Discover's UK credit card business (Goldfish).

⁸50/50 joint ventures with Littlewoods, Argos and Thomas Cook.

⁹Barclays Insurance (Dublin) Limited, a general insurance company, and Barclays Assurance (Dublin) Limited, a life assurance company.

¹⁰Barclays PLC Annual Report 2007, Analysis of Results by Business, pp26&27.

¹¹Activities within Barclaycard in the UK include all Barclays branded credit cards, the FIRSTPLUS secured lending business, retail finance business Barclays Partner Finance, plus partnership cards including Skycard and the Thomas Cook credit card.

¹²Barclays PLC Annual Report 2007, Analysis of Results by Business, p31.

¹³Barclays PLC Annual Report 2007, Analysis of Results by Business, p30.

15. Capital One exited its home loans business in 2007, which was involved in the distribution of MPPI through two companies: Capital One Home Loans¹⁴ and Capital One Mortgages.¹⁵ These companies acted as brokers to arrange finance (secured and unsecured personal loans and mortgages) for customers through a selection of third-party lenders.
16. AXA underwrites the CCPPI (and the PLPPI); Legal & General underwrote the MPPI. The underwriting of PPI where Capital One acted as the broker for secured and unsecured personal loans was organized by the lender.
17. Capital One's total retail lending stood at £4.0 billion (before provisions) at 31 December 2007 (2006: £4.6 billion), of which £3.8 billion (2006: £4.2 billion) was credit cards and £0.2 billion (2006: £0.3 billion) was personal loans.

Cattles plc

18. Cattles plc (Cattles) is a listed financial services group which provides consumer credit to non-standard customers in the UK. The group also provides working capital finance for small- and medium-sized businesses and debt recovery services to external clients.
19. Welcome Financial Services Limited (Welcome) is the main trading entity within the group. Welcome includes the brands Welcome Finance (unsecured and secured personal loans), Shopachek (home credit) and Welcome Car Finance (direct distribution arm for used car sales linked to car finance sales) and, until the end of 2007, Welcome Mortgages (secured credit brokerage).
20. Welcome distributes PLPPI, secured loan PPI and motor finance PPI, all of which are underwritten by Norwich Union. Claims are handled by a third party, Direct Group, which is contracted by Norwich Union to provide the service.
21. Total consumer credit income was £772 million in the year ended 31 December 2007, (2006: £581.3 million), out of a total income of £822.2 million (2006: £619.6 million).¹⁶

HBOS plc

22. Lloyds Banking Group plc (Lloyds) completed the acquisition of HBOS plc (HBOS) on 19 January 2009. Prior to that date, HBOS was a FTSE 100 company providing retail, business and corporate banking, and insurance and investment services in the UK and internationally. HBOS is a large provider of mortgages in the UK, with an approximate 20 per cent share of mortgage balances, and of savings, with a 22 per cent share of new current accounts.¹⁷ We present HBOS and Lloyds TSB separately as they were separate companies for almost all of the duration of our investigation.
23. On 13 October 2008 the UK Government announced a number of financial support measures for the UK banking sector, including, upon successful merger, a capital investment to HBOS and Lloyds totalling £17 billion, following the government

¹⁴It provided secured/unsecured personal loans upon which it offers a 'bundled' PPI product, ie one that has been selected by the lender and not by Capital One itself. Capital One 'introduced' the customer to a lender and did not involve itself in the subsequent sale of credit or PPI.

¹⁵It distributed an unbundled PPI product via a non-advised sales process, which was supplied to Capital One Mortgages directly by Legal & General, which underwrote the policies.

¹⁶Annual Report and Financial Statements 2007, pp83&84.

¹⁷HBOS plc Annual Report and Accounts 2007, p22&23.

subscription of £5.5 billion in Lloyds TSB (£4.5 billion in ordinary shares and £1.0 billion in preference shares) and £11.5 billion in HBOS (£8.5 billion in ordinary shares and £3 billion in preference shares).

24. Several different entities in the HBOS group of companies underwrite and distribute PPI. Halifax Insurance Ireland Limited underwrites policies which are distributed under the Halifax and Bank of Scotland brands. MPPI, PLPPI and CCPPI policies are distributed through branches, customer contact centres, Internet sites and intermediaries.
25. St Andrew's Insurance plc (STAI) underwrites PPI which is distributed by the HBOS company Bank of Scotland plc (under trading brand Bank of Scotland Dealer Finance (BoSDF) and other related brands), joint ventures¹⁸ and third parties.¹⁹ BoSDF distributes PPI directly, plus offers a range of PPI products to its motor dealer relationships for sale in conjunction with BoSDF finance. Typically, PPI is sold at the same time as the credit product of the joint venture or third party and is not HBOS branded.
26. At 31 December 2007, total retail loans and advances to customers stood at £253.4 billion (2006: £237.7 billion). Stock of mortgage assets was £235 billion (2006: £220 billion). Unsecured personal loan balances stood at £6.6 billion at 31 December 2007 (2006: £6.6 billion). The total cardholder balance outstanding was £6.8 billion (2006: £7.0 billion).²⁰

HSBC Bank plc

27. HSBC Holdings plc is a global banking and financial services organization with listings in London (FTSE 100 Company), Hong Kong, New York, Paris and the Bermuda stock exchanges. The group divides its activities into two customer groups, Personal Financial Services and Commercial Banking, and two global businesses, Global Banking and Markets and Private Banking. There are 1,475 retail branches in the UK.²¹
28. In June 2007 HSBC Bank plc (HSBC) withdrew its MPPI product and offered LifeChoices, a short-term IP product, to its mortgage customers, subject to suitability. On 4 December 2007 HSBC withdrew advised sales of its PLPPI and CCPPI products. From that date customers who would previously have been offered PLPPI and CCPPI were offered the opportunity to discuss their protection needs (not just those relating to the credit product acquired) with a Financial Planning Manager. LifeChoices became one of the possible products offered by the Financial Planning Manager to those customers. HSBC stopped selling PLPPI and CCPPI over the Internet on 13 March 2008. Other HSBC brands (First Direct and M&S Money) have also withdrawn PPI products from sale.
29. HFC Bank Ltd (HFC) distributed SMPPI, PLPPI and retail credit PPI through the brand 'Beneficial Finance' via branches, and through arrangements with retail partners.²² On 14 July 2008 it withdrew its single-premium PPI products from sale, and on 6 October 2008 introduced a regular-premium product for customers taking out unsecured loans.

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²⁰HBOS plc Annual Report and Accounts 2007, pp16–23.

²¹HSBC Bank plc, Annual Report and Accounts 2007, p4.

²²It also used to distribute SMPPI, PLPPI and retail credit PPI through the brands 'Sterling Credit' and 'Endeavour Personal Finance' by telephone, Internet and brokers.

30. HSBC, M&S Money and First Direct branded PPI was largely underwritten by third parties but a limited portion was underwritten in-house.²³ The majority of HFC's PPI business was underwritten in-house until the sale of Hamilton Insurance Company and Hamilton Life Assurance Company to Aviva.²⁴ LifeChoices is underwritten in-house.
31. For HSBC Holdings plc, at the year ended 31 December 2007, total loans and advances to customers (net) in the UK in the two customer groups and two business lines was £165.2 billion (2006: £154.6 billion). UK profit before tax within personal financial services was £0.6 billion out of a total UK profit of £2.9 billion (2006: £0.8 billion, £2.4 billion). In 2007, the average UK credit card balances was £6.9 billion (2006: £6.6 billion) and the average UK mortgage balance outstanding was £34.8 billion (2006: £31.3 billion).²⁵

JD Williams

32. JD Williams & Company Limited and its associated companies (JD Williams) is the principal subsidiary of N Brown Group plc. JD Williams publishes home shopping (mail order) catalogues which offer a wide range of ladies' and gentlemen's clothing together with certain household textiles and electrical items. Predominately it is, however, a fashion retailer operating over 20 brands.
33. JD Williams only offers one retail PPI policy, branded Peace of Mind Plan (POMP) which includes merchandise cover and is underwritten by Allianz Insurance plc and The Prudential Life Assurance Company Limited.
34. JD Williams generated turnover of £547 million in 2007.

Lloyds Banking Group plc

35. Lloyds, formerly Lloyds TSB Group plc (Lloyds TSB), is a FTSE 100 financial services company. Lloyds comprises HBOS, which Lloyds TSB acquired on 19 January 2009, and Lloyds TSB. Lloyds TSB and HBOS are presented separately in this appendix.
36. On 13 October 2008, the UK Government announced a number of financial support measures for the UK banking sector, including, conditional upon completion of the acquisition of HBOS by Lloyds TSB, a capital investment in both HBOS and Lloyds TSB. This investment comprised a subscription by the Government of approximately £5.5 billion in Lloyds TSB (approximately £4.5 billion in ordinary shares and £1.0 billion in preference shares) and approximately £11.5 billion in HBOS (approximately £8.5 billion in ordinary shares and £3 billion in preference shares) representing a total capital injection in the enlarged group by the UK Government of approximately £17 billion. As a result, the UK Government became the owner of approximately 43.4 per cent of the issued ordinary share capital of the enlarged group.
37. Lloyds TSB provides a range of banking and financial services including retail, commercial and corporate banking, general insurance, and life, pensions and

²³By HSBC Life (UK) Ltd.

²⁴On 30 October 2007.

²⁵HSBC Holdings plc, Annual Accounts 2007, Report of the Directors: Business Review, Europe, p42, approximate figures using an exchange rate of USD/GBP0.5054.

investment provision, mainly in the UK. There are approximately 2,000 retail branches across the UK.²⁶

38. Lloyds TSB distributes PPI through the divisions 'UK Retail Banking'²⁷ (UKRB) and the business unit 'Asset Finance'²⁸ (AF) (within the 'Wholesale and International Banking' division). PPI distributed within UKRB includes PLPPI, MPPI and CCPPI. PPI is distributed within AF principally under the 'Black Horse' brand and includes PLPPI, SMPPI, retail finance PPI and motor finance PPI.
39. PPI is sold via several distribution channels: the Group's branch networks, by telephone sales, the Internet and direct mail (CCPPI). The AF division also distributes PPI through IFAs and brokers (eg motor dealers and retailers).
40. The general insurance risk of PPI is largely underwritten in house by Lloyds TSB General Insurance (LTSBGI) (within the division 'Insurance and Investments'). LTSBGI underwrites a portion of PPI for UKRB unsecured loans and mortgages, and for AF secured and unsecured personal loans.
41. Life risks were historically underwritten by third parties, eg Prudential and Norwich Union; however, Scottish Widows plc (SW), a Lloyds TSB Group Company, now provides long-term insurance cover for PPI life risks.²⁹ SW underwrites PPI for UKRB and AF unsecured and secured loans. Some of the policies distributed by Lloyds TSB are underwritten entirely by third parties.
42. As at 31 December 2007, mortgage balances outstanding within UKRB stood at £102.7 billion (2006: £95.6 billion), credit card balances stood at £6.6 billion and personal loan balances stood at £11.2 billion.³⁰ Gross new mortgage lending within UKRB in 2007 totalled £29.4 billion (2006: £27.6 billion).
43. Loan balances outstanding at 31 December 2007 under the 'Black Horse' brand within Asset Finance stood at £8.9 billion. Profit before tax excluding profit on sale of business within 'Wholesale and International Banking' at 31 December 2007 was £1.4 billion (2006: £1.6 billion) of which Asset Finance contributed £60 million (2006: £113 million).

MBNA Europe Bank Limited

44. MBNA Europe Bank Limited (MBNA) was acquired by the Bank of America in January 2006. The principal activity of MBNA is the provision of consumer and business credit cards in the UK, Republic of Ireland and Spain.
45. MBNA is a large credit card provider in the UK,³¹ focusing on affinity cards, with over 800 partners in the UK (for example, National Trust, Virgin, Sony, Alliance & Leicester). MBNA does not have a high street presence.
46. MBNA distributes CCPPI. MBNA stopped selling new personal loans in 2007 and thus ceased distributing PLPPI.

²⁶Lloyds TSB Group information, www.investorrelations.lloydstsb.com.

²⁷Through the entities Lloyds TSB Bank plc, Lloyds TSB Scotland plc and Cheltenham and Gloucester plc.

²⁸Through Lloyds TSB Asset Finance Division Limited and its subsidiaries.

²⁹Since December 2006/January 2007.

³⁰Financial information as per 'Lloyds TSB Group plc 2007 Results', News Release, pp16&103.

³¹'About Us', www.mbna.co.uk/about/index.html.

47. STAI and St Andrews Life Assurance plc (STLAI) are the underwriters of MBNA's CCPPI policies. MBNA has significant input into product design and pricing and holds all information about individual customers, releasing this to STAI and STLAI when a claim is made under a PPI policy (MBNA in effect 'owns' the customer relationship).
48. As at December 2007, MBNA's UK credit card balances stood at £11.3 billion and MBNA's UK personal loan balances stood at £1 billion.³²

Nationwide Building Society

49. Nationwide Building Society (Nationwide) is a mutual building society with retail and commercial banking, insurance and life assurance interests. There are approximately 1,000 retail outlets in the UK.³³
50. Nationwide currently distributes MPPI & PLPPI. Nationwide temporarily suspended sales of CCPPI & PLPPI on 16 August 2007 and subsequently recommenced PLPPI sales on 24 September 2008; however, it has no plans to resume CCPPI sales in the immediate future. MPPI & PLPPI is sold in branches, via inbound call centres and on the Internet under the Nationwide brand.
51. Norwich Union underwrites MPPI and PLPPI. Cardif Pinnacle underwrites CCPPI. Nationwide fulfils the claims handling function for MPPI and the underwriters perform this function for PLPPI and CCPPI.
52. As at 4 April 2008, the balance of 'loans and advances to customers' stood at £142.8 billion (2007: £115.9 billion), £122.5 billion (2007: £98.1 billion) of which was attributable to retail lending.³⁴
53. As at 4 April 2008, 93 per cent of retail lending was attributable to residential mortgages, 5 per cent buy-to-let mortgages, 1 per cent unsecured personal loans and 1 per cent overdrafts and credit cards.³⁵
54. Net lending on residential mortgages in 2008 was £4.9 billion (2007: £11.2 billion) whilst gross unsecured lending during the year was at £0.5 billion (2007: £0.9 billion).³⁶

Northern Rock plc

55. Historically, Northern Rock plc (Northern Rock) was a specialized lending and savings bank with core business interests of UK secured residential lending, secured commercial lending and unsecured personal loans. The network consisted of over 70 branches in the UK.³⁷
56. Northern Rock was taken into temporary public ownership in February 2008 and its shares suspended from the London Stock Exchange. On 17 March 2008, the Government notified a Provisional Restructuring Plan ('the Plan') for Northern Rock to the European Commission for approval under the EU state aid scheme.³⁸ Under

³²Figures exclude Business Card portfolio.

³³Nationwide Half Yearly Financial Report for the Period ended 30 September 2008, p4.

³⁴Nationwide Annual Report and Accounts 4 April 2008, p13.

³⁵Nationwide Annual Report and Accounts 4 April 2008, p13.

³⁶Nationwide Annual Report and Accounts 4 April 2008, p21.

³⁷As per <http://companyinfo.northernrock.co.uk/investorrelations/corporateprofile/corebusiness.asp>.

³⁸The Plan set out the basis for the removal of financial support provided by HM Treasury and the Bank of England to Northern Rock through the creation of a smaller, more focused and financially viable mortgage and savings bank that will be returned to the private sector in due course.

the plan, Northern Rock's branch network will be maintained at its present size throughout the Plan period.

57. On 31 March 2008, Northern Rock announced that it would be discontinuing its unsecured lending business and would allow these loan books to run down over the period of the Plan. As a result, Northern Rock no longer offers PLPPI. Northern Rock also announced that it would be significantly reducing its presence on the new mortgage market.³⁹
58. Northern Rock distributed PLPPI and SMPPI, and still distributes MPPI. The PLPPI product was called 'Loanprotect' and was sold under the brands 'Northern Rock' and 'Eskimo Loans.' The MPPI product is called 'Paysafe'.
59. PLPPI and SMPPI were sold through the Internet, in branch and by telephone. MPPI is sold by telephone.
60. Cardiff Pinnacle is the sole underwriter of all Northern Rock PPI products.
61. As at 31 December 2007, the closing balances for residential secured mortgages, commercial secured loans and unsecured personal loans stood at £90.8 billion (2006: £77.4 billion), £316 million (2006: £1.6 billion) and £7.3 billion (2006: £7.3 billion) respectively.⁴⁰

The Royal Bank of Scotland Group

62. The Royal Bank of Scotland Group (RBSG) is a FTSE 100 financial services group and provider of personal, business and institutional banking and insurance services. RBSG is headquartered in Edinburgh and based in the UK but with significant operations in the USA, Europe and Asia. There are over 2,270 retail branches in the UK.⁴¹
63. On 13 October 2008 HM Treasury announced a number of financial support measures for the UK banking sector, in order, among other aims, to support stability in the financial system. This resulted in a £20 billion capital investment by the Government in RBSG, following the Government underwriting £15 billion of ordinary share capital and subscribing to £5 billion of preference shares. As a result of the subscriptions, at the end of November 2008 Government ownership in RBSG was 58 per cent. On 19 January 2009 HM Treasury announced a restructuring of its investment in RBSG, which will involve a conversion of its preference share investment to ordinary shares,⁴² and which could result in Government ownership in RBSG increasing up to 70 per cent.
64. RBSG distributes MPPI, PLPPI, CCPPI and overdraft PPI under various different brand names as follows: RBS, NatWest, Direct Line Financial Services, MINT, Lombard Direct and Ulster Bank Group, the brand being Ulster Bank. With effect from close of business on Friday 12 December 2008 RBSG ceased to offer single-premium PLPPI for loans under £25,000 under all UK-based brands (RBS, NW, Direct Line, Mint, Lombard Direct, Ulster Bank North) for all sales channels. MPPI is distributed under the brands RBS, NatWest, Direct Line Financial Services. CCPPI is distributed under the brands RBS, NatWest, Direct Line Financial Services and

³⁹Averaging £5 billion a year of gross new lending from 2008 to 2011, compared with a total of £30 billion in 2007.

⁴⁰Averaging £5 billion a year of gross new lending from 2008 to 2011, compared with a total of £30 billion in 2007.

⁴¹For RBS and NatWest, as per RBS Group, Annual Report and Accounts 2007, p15.

⁴²The Government made clear it was not injecting new money into RBSG.

MINT. Overdraft PPI is distributed under the brands RBS and NatWest. Ulster Bank distributes MPPI and CCPPI.⁴³

65. Distribution is via a branch network (for RBS, NatWest and Ulster Bank only), through telephony and/or the Internet (for Direct Line Financial Services, MINT, Lombard Direct and TPF).
66. PPI products are all underwritten in-house by UK Insurance Limited, Direct Line Insurance,⁴⁴ Direct Line Life and Royal Scottish Assurance (a joint venture between RBS and Norwich Union).⁴⁵
67. Total gross loans and advance to customers within Retail Markets stood at £111.6 billion at 31 December 2007 (2006: £107.8 billion), of which £67.3 billion (2006: £65.6 billion) was mortgages and £17.3 billion (2006: £17.2 billion) was gross personal loans. The gross card balance was £8.3 billion (2006: £8.1 billion).⁴⁶
68. Total gross loans and advance to customers within Ulster Bank stood at £47.1 billion at 31 December 2007 (2006: £38.2 billion), of which £18.3 billion (2006: £15.0 billion) was attributable to mortgages.⁴⁷

SDGFS

69. Shop Direct Group Financial Services (SDGFS), formerly Everyday Financial Solutions, is part of the Shop Direct Group (SDG) of companies. SDG is the largest home shopping company within the UK and provides a wide range of goods and services to its customers through both catalogues⁴⁸ and e-commerce. SDGFS is the parent company of the two financial services companies within the Group, providing a range of retail credit, general insurance and warranty products to these home shopping customers.
70. SDGFS distributes one type of retail PPI, branded Shopping Insurance, to its home shopping customers, through its catalogues, by telephone and on the Internet. The Shopping Insurance includes merchandise cover.
71. Aviva underwrites the retail PPI distributed by SDGFS.
72. SDG turnover in the year to 30 April 2008 was £1.78 billion.

Aviva plc

73. Aviva plc (Aviva) is a FTSE 100 company formed from the merger of Norwich Union (NU) and CGU in 2000. It is the holding company of the Aviva group of companies, an international savings, investment and insurance group. In the UK, the main activities are long-term savings, fund management and general insurance. Aviva operates in 27 countries, with the UK contributing 42 per cent to total group sales.⁴⁹

⁴³RBSG sold its share in the joint venture with Tesco, Tesco Personal Finance, to Tesco plc, in December 2008.

⁴⁴UK Insurance Limited and Direct Line Insurance for Accident, sickness and unemployment insurance for various products.

⁴⁵Direct Line Life and Royal Scottish Assurance for life insurance for various products.

⁴⁶RBS Group Annual Report and Accounts 2007, p54.

⁴⁷RBS Group Annual Report and Accounts 2007, p57.

⁴⁸Catalogue titles include Littlewoods, Great Universal, Choice, Kays, Abound, Additions and Marshall Ward.

⁴⁹www.aviva.com, About Us, What we Do, Group at a Glance.

74. The UK insurance business of Aviva is conducted under the NU brand.⁵⁰ Underwriting of PPI is carried out through six general insurance companies and two life companies.⁵¹
75. NU underwrites PPI for credit cards, mortgages, motor finance, overdraft, personal loans, retail credit and second-charge mortgages.
76. NU is not involved in PPI distribution but did offer MPPI on a stand-alone basis between 2002 and 2004. Among others, NU underwrites for distributors such as HSBC, Cattles, Abbey and Nationwide.
77. NU underwrote around £870 million GWP for PPI in 2007 (2006: over £1 billion of GWP). Total UK sales for NU in 2007 were £20.3 billion (2006: £19.6 billion), of which the present value of new business premiums was £11.7 billion and net written premiums £5.9 billion.⁵²

AXA

78. The AXA Group is a global provider of financial protection and wealth management services, working in approximately 50 countries.⁵³ Financial protection is the provision of products and services in respect of insurance, protection, saving, retirement and financial planning needs. AXA UK operates in the UK and the Republic of Ireland within the markets of life insurance, health insurance and general insurance. UK and Republic of Ireland operations contributed 11 per cent to the global insurance revenues in 2007.⁵⁴
79. The companies in the AXA Group involved in the underwriting of PPI in the UK are AXA Insurance UK plc (AXAI) and AXA Sun Life plc (AXAL), (together 'AXA') (both subsidiaries of AXA UK).⁵⁵ AXAI underwrites the general insurance risks⁵⁶ and AXAL the life risks of PPI.⁵⁷
80. AXAI and AXAL underwrite PPI for unsecured personal loans, credit cards and second-charge mortgages.⁵⁸ AXAI also underwrites PPI on first-charge mortgages. AXAL underwrites the life element for secured and unsecured loan products sold via Genworth.
81. AXA is not involved in the distribution of PPI.⁵⁹ It did sell a very limited number of stand-alone PPI policies between 2002 and 2004. Among others, AXA underwrites PPI for distributors such as Capital One, Britannia Building Society and Countrywide plc.

⁵⁰On 29 April 2008 Aviva announced its intention to move the Norwich Union brand to the worldwide brand Aviva over the next two years.

⁵¹Norwich Union Insurance Limited, Aviva International Insurance Limited, Aviva Insurance Limited, London and Edinburgh Insurance Company Limited, CGU underwriting limited, and Gresham Insurance Company Limited. Norwich Union Life & Pensions Limited and CGNU Life Assurance Limited.

⁵²Aviva PLC, Annual Review 2007, p2, and Annual Report and Accounts, p6.

⁵³www.axa.co.uk/aboutus.

⁵⁴www.axa.com/en/group/profile/figures.

⁵⁵AXA UK also owns Thinc Group, which distributes PPI policies in connection with first-charge mortgages primarily underwritten by Paymentsshield. AXA has stated that there is no relationship between the PPI underwritten by the rest of the AXA UK companies and that distributed by the Thinc Group and the size of Thinc's PPI distribution activities are immaterial in the context of the AXA PPI operation.

⁵⁶Primarily accident and sickness cover on policies with a duration of less than 60 months and unemployment cover (regardless of policy duration).

⁵⁷Accident and sickness cover on policies with a duration of 60 months or more and life cover (regardless of policy duration).

⁵⁸Sold through its relationship with Genworth.

⁵⁹Apart from the case of one current product (Post Office Financial Services) where AXA undertakes the sale of policies on behalf of a corporate partner.

82. AXA underwrote £[REDACTED] million of GWP for PPI in the UK in 2007. AXA's total GWP for life and general insurance in 2007 was £8.8 billion.

Cardif Pinnacle

83. Pinnacle Insurance plc, trading as Cardif Pinnacle, is a subsidiary of BNP Paribas Assurance (incorporated in France), a global provider of insurance and savings products. Cardif Pinnacle is a provider of financial services and investment products, including creditor and warranty insurance. Cardif Pinnacle employs approximately 600 staff in the UK.
84. Cardif Pinnacle underwrites PPI in the UK for personal loans, first-charge mortgages, credit cards, second-charge mortgages, motor loans, retail credit and overdrafts.
85. Cardif Pinnacle distributes a small amount of MPPI and SMPPI through the Internet and telephone under the brand 'Helpucover'.
86. Among others, Cardif Pinnacle underwrites PPI for Northern Rock, Alliance and Leicester, Nationwide and Volkswagen.
87. Cardif Pinnacle underwrote £133 million of GWP for PPI in the UK in 2007 (2006: over £220 million of GWP). In addition to this, it underwrote over £1.12 billion of life and warranty business (2006: over £610 million of life and warranty business).

Genworth Financial Inc

88. Genworth Financial, Inc (Genworth) is a financial services company listed on the New York Stock Exchange. Genworth operates in more than 25 countries and its products cover lifestyle protection, retirement income, investment, and mortgage insurance.
89. In the UK, Genworth underwrites PPI products (including MPPI, PLPPI and CCPPI) which are distributed primarily through financial institutions, including major banks, motor finance houses, insurance companies and intermediaries. Genworth does not distribute PPI but provides administration and customer support services for PPI distributors.
90. Genworth operates in the UK through three FSA authorized companies: Financial Assurance Company Limited,⁶⁰ Financial Insurance Company Limited⁶¹ and Financial Insurance Group Services Limited.⁶²
91. Current and recent distributors of Genworth PPI products include Lloyds TSB, Alliance & Leicester, Black Horse, Volkswagen, Bradford & Bingley and Birmingham Midshires.
92. Genworth underwrote over £164 million of GWP for PPI in 2007 (2006: over £143 million of GWP). In 2007, Genworth's total new business insurance premium in the UK was approximately £235 million (2007: approximately £227 million).

⁶⁰Underwrites the life insurance, and if exceeding five years, the accident and sickness and permanent disability components of PPI.

⁶¹Underwrites the unemployment, and if under five years, the accident and sickness and permanent total disability elements of PPI.

⁶²A company authorized to carry out certain insurance mediation activities, which also provides various services to Financial Assurance Company Limited and Financial Insurance Company Limited.

London General Insurance Company Limited

93. London General Insurance Company Limited (London General Insurance) is part of the US company The Warranty Group, whose main business is the sale of extended warranties, and operates in 33 countries. The Warranty Group's interests in the UK comprise creditor insurance including PPI, motor warranties, utilities and appliance and technology warranties.
94. London General Insurance underwrites PPI in the UK for credit cards, mortgages, motor finance, overdraft, personal loans, retail credit and second-charge mortgages (via two statutory entities).⁶³ PPI is part of London General Insurance's creditor division which also includes non-PPI products such as motor and commercial insurance. PPI contributes approximately 85 per cent of the creditor division's GWP.
95. London General Insurance is not involved in PPI distribution, although London General Insurance underwrites for various large distribution networks across the industry.
96. London General Insurance underwrote over £78 million of GWP for PPI in 2006.

Prudential plc

97. Prudential plc (Prudential) is an international retail financial services group listed on the London (FTSE 100 company) and New York Stock Exchanges, with a product range including insurance, pensions, retail investments, institutional fund management and property investments.
98. In the UK, Prudential only underwrites the long-term insurance element of PPI. The long-term elements include life cover, long-term critical illness and disability. Prudential underwrites some or all of these elements for PLPPI, CCPPI, SMPPI, retail PPI, motor PPI and overdraft PPI.
99. In 2006, the PPI products Prudential underwrote were all sold through distributors, including Lloyds TSB, Alliance & Leicester and Allianz plc. Administration was outsourced to third parties.
100. Prudential is not currently involved in PPI distribution.⁶⁴
101. Prudential underwrote £23 million of GWP for PPI in the UK in 2007 (2006: £690 million). New business insurance premiums earned worldwide within the group in 2007 totalled £16 billion (2006: £15 billion), £6.9 billion of which was attributable to UK operations (2006: 7.2 billion).⁶⁵

⁶³London General Insurance Company Limited (the general insurer) and London General Life Company Limited (the life insurer).

⁶⁴Prudential did distribute PPI through its banking division Egg from 1998 to the completion of the sale of Egg to Citigroup in May 2007.

⁶⁵Group Financial Statements 31 December 2007, Note B4 'New Business'.