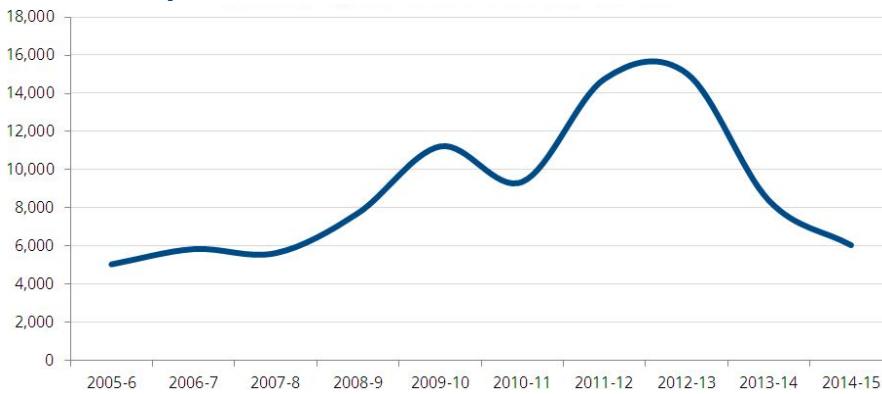




A decade of PPI complaints

Ten years ago Citizens Advice made a super complaint about the mis-selling of Payment Protection Insurance. A decade on we take a look at the scale of compensation awarded to consumers, the price banks have paid and the rise of PPI claims management companies.

PPI issues presented to Citizens Advice



Ten years of PPI complaints

Following our super complaint in 2005 a growing number of consumers realised they may have been mis-sold PPI, with banks paying compensation from 2011.

Our PPI issue caseload peaked in 2012 at over 15,000 cases. While numbers have fallen since then our network still helped with almost 5,500 problems in the last twelve months.

“The PPI scandal reached pandemic proportions. It is a real lesson for banks and the wider industry that they cannot get away with mistreating their customers. After dragging its feet when we first raised concern about PPI the industry is paying the price for not taking action sooner.

“While regulation and banks’ approach to customer service has improved in recent years the seismic failings around PPI should serve as a constant reminder that firms cannot get away with ripping off customers.”

Gillian Guy

Chief Executive of Citizens Advice



90,000

In the last 10 years we have helped people with over 90,000 PPI issues.



£20 billion

Since 2011 the banking industry has paid out over £20 billion compensation to people for misselling PPI.



0.8%

In 2012 the OBR's stated that its economic growth forecast of 0.8% over 2 years would be mainly due to the impact of PPI fee repayments.



35%

Over the past ten years the proportion of PPI cases about complaints and redress has risen to over a third of all issues.

Mis-selling and mis-handling

Apart from mis-selling PPI the Financial Conduct Authority has also fined banks for mis-handling people's PPI complaints.



Citizens Advice and PPI

- 1995:** Citizens Advice publishes *Security at risk* highlighting our evidence about problems with PPI including mis-selling and poor standards of service.
- 2003:** Research with our debt clients show less than a quarter of those with PPI could make a claim, and many claims were rejected by insurers.
- 2005:** As the number of people coming to us after being mis-sold PPI grows we submit a super complaint to the Office of Fair Trading. In response the OFT announced a PPI market study.
- 2006:** OFT market study finds that there is a lack of competition in the PPI market and refers the matter to the Competition Commission to investigate.
- 2006:** First fines for PPI mis-selling imposed on providers.
- 2007:** We give evidence to the Competition Commission's inquiry into PPI.
- 2008:** The Financial Services Authority's new rules on selling PPI come into force and the Competition Commission publish their report on PPI, agreeing that there was a problem to answer.
- 2009:** The Competition Commission bans selling PPI at the point of sale when people take out credit.
- 2010:** The British Banking Association takes the FSA to judicial review on PPI policy.
- 2011:** The High Court dismisses the BBA's application for judicial review. The banks agree not to appeal and the first compensation payments are paid.
- 2012:** The OBR's Economic and Fiscal Outlook report states that its economic growth forecast of 0.8% over 2 years would be mainly due to the impact of PPI fee repayments.
- 2012-13:** The number of PPI issues we help people with peaks at over 15,000 in twelve months.

Claims management companies

Despite it being free to claim compensation for PPI mis-selling claims management companies flourished, offering people help to claim in return for up to 30% of their compensation. Our research shows that over the years claims management companies have pocketed up to £5 billion of consumers' compensation for mis-sold PPI.

39%

Of people who used a claims firm were not aware they could make a claim without a claims management company.

47%

Said if they had known about free materials to help them make a claim they would have decided not to use a claims management company.

"It wasn't until the PPI company called out of the blue that I even realised I had PPI. When the claims management firm offered the chance to get compensation for being mis-sold PPI, it seemed like a good idea. I told them I had a existing debts with the bank but they said it would be fine.

"I got £2,000 in compensation. When the money went into my account I was surprised that it was immediately used by the bank to cover my debts. The claims management company started chasing me for payment for making the claim - they told me the PPI I was owed would cover their costs and I could keep the rest."

Claire

Citizens Advice client