

To the CEOs still selling and underwriting single premium payment protection insurance with unsecured personal loans.

23 February 2009

Dear CEO

Sale of single premium payment protection insurance (PPI) with unsecured personal loans

We are writing to Chief Executives of firms selling single premium PPI with unsecured personal loans. We will publish a copy of this letter on our website on Tuesday 24 February.

As you will be aware, in our two recent statements of [30 September 2008](#) and [20 January 2009](#), we said firms may wish to consider whether they should stop selling single premium PPI with unsecured loans, given our continuing concerns over poor sales practices. We also welcomed the decision by Alliance & Leicester, Barclays, The Co-operative Bank, Lloyds Banking Group (including Lloyds TSB, Halifax and Bank of Scotland) and RBS/Natwest, along with other market players, to switch from single to regular premium PPI policies.

You will no doubt have also noted the contents of the Competition Commission's final report on its PPI market inquiry, published on 29 January 2009. The report includes a remedy that prohibits the sale of single premium PPI policies after 1 October 2010.

We recognise the severity of the current economic climate and the financial problems many consumers are facing. Moreover, we believe that PPI can play an important and legitimate role to cover repayments on specific credit agreement for consumers facing job loss, or other issues at this difficult time. However, our focus remains on how this product has been, and continues to be, sold and whether consumers have been treated fairly during the sales process.

We therefore request that if your firm has not already done so, it stops selling single premium PPI with unsecured personal loans as soon as possible and in any event by 29 May 2009. In view of our ongoing concerns across the single premium market over the standard of sales, we believe this request is justified to bring an orderly withdrawal of single premium PPI from the market.

Please feel free to discuss the content of the letter with your usual contact at the FSA. Please send us a written response to our request by close of business on Tuesday 31 March 2009.

Yours sincerely

Jon Pain
Managing Director, Retail Markets