

Could History Repeat Itself With A New PPI like Scandal?, Asks PPI Reclaims Company Simple Financial Solutions

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Media:

The **Financial Services Authority (FSA)** has warned of a worrying new trend based on new payment protection products that could echo the PPI mis-selling scandal, says PPI reclaims company Simple Financial Solutions.

A number of companies have launched what appear to be payment protection insurance alternatives, such as short-term IP products, sparking fears that they may not be covered by any current guidelines. Companies venturing into this new area to plug the gaps left when lenders such as Lloyds pulled out of the traditional PPI market include **Aviva and Nationwide**.

Such is the concern over these new alternative products, earlier this month the **FSA and Office of Fair Trading** released a consultation paper on the alternative new products and have committed to monitoring the sale of them for irregularities.

In particular, four main concerns have been noted; the policies may not meet the customers needs; the pay-outs may not be enough; the potential beneficiaries of these products are not being properly identified by the companies that sell them; and the policies have been made too complex for comparison with similar products. All four concerns were previously noted in relation to the **PPI** products and the mis-selling scandal.

The paper said: The failings identified with PPI must not be repeated. Reflecting our increased focus on identifying potential consumer detriment at an earlier stage of a products life-cycle, we have published guidance for consultation (jointly with the **Office of Fair Trading**). This draft guidance sets out a number of risks to consumers, which may arise from the design of payment protection products and how firms may manage those risks.

Margaret Cole, Managing Director of FSA, said: We are aware that some firms have developed new forms of protection that aim to meet similar consumer needs to PPI. These may, however, pose similar risks to consumer and the **previous failings** identified with PPI must not be repeated.

However, the companies selling these products do not believe they bear any resemblance to traditional PPI products. An Aviva spokesperson said: Our short-term income protection product has built on the lessons learned from **PPI mis-selling**. We have been heavily engaged with the FSA during the development of their approach to regulating alternatives.

A Spokesperson for PPI Reclaim Company **Simple Financial Solutions**, said: Its understandable that people are concerned about the potential for mis-selling this new product, but realistically what company is going to attempt to get away with it now the market is in such a hyped up state about the PPI mis-selling scandal and current problems with PPI reclaims.

Payment protection is simply an insurance product which can be very useful under certain circumstances, but it has been vilified to such an extent that any company that tries to sell it legitimately or produce a similar product will find it is tainted by the same brush.

Payment protection isnt an **evil** product and never was - its just the selling practices surrounding it were. Its going to be an uphill struggle for any company entering this market.



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