

A second chance for PPI complaints?

SQUIRE 
PATTON BOGGS

Article By

[Garon Anthony](#)

[Rose Chaudry](#)

[Squire Patton Boggs \(US\) LLP](#)

[UK Finance Disputes and Regulatory Investigations Blog](#)

- [Financial Institutions & Banking](#)
- [Global](#)
- [United Kingdom](#)

Tuesday, February 12, 2019

The Financial Conduct Authority (“**FCA**”) has ordered firms to write to some complainants with previously rejected PPI complaints to tell them they may now be able to make a new complaint about alleged mis-selling.



In a Policy Statement published last week, the FCA confirmed the requirements for the fresh mailings obligation. The obligation arises in light of existing FCA rules whereby firms must not reject a PPI complaint without considering recurring-non disclosure of commission payments (“**RND**”), i.e. both at point of sale and at various points during the life of the policy.

The FCA estimates that firms will need to send letters to between 220,000 and 300,000 consumers before 29 April 2019. The new rules mean that certain consumers who have had their complaints rejected in the past may now be able to bring new

complaints about alleged PPI mis-selling.

Background

The Court ruling in *Plevin v Paragon Personal Finance Ltd* [2014] UKSC 61 originally opened the door to PPI claims from consumers who had not been informed of the existence or extent of the seller's commission at the point of the PPI sale. We looked at *Plevin* in our [blog post](#) in May 2017.

Following this case, the FCA ordered firms to send letters to potential claimants informing them of their right to complain, by 29 November 2017. Around 40% of those contacted went on to make a complaint against firms about alleged mis-selling.

RND

The FCA extended the *Plevin* requirement following its [RND consultation](#), which was published in July 2018. The Consumer Credit Act 1974 now captures RND (not just those non-disclosures at the point of sale) as creating an unfair credit relationship.

The new Policy Statement sets out the final mailing requirements and accompanying guidance, which apply from 30 January 2019. Firms that sold regular premium PPI, single premium PPI, or provided credit agreements covered by these types of PPI, must write again to those consumers whose claims were previously rejected.

The FCA confirmed that it will work with stakeholders to prepare standard wording for the letters.

Comment

This Policy Statement comes at a time when the FCA is seeking to engage with the public as the PPI complaint deadline of 29 August 2019 approaches. It is another attempt by the regulator to ensure that all affected consumers have the opportunity to receive redress before the deadline.

Although the regulator has stopped short of forcing firms to re-open applicable rejected cases, this mailing requirement presents an additional administrative and cost burden on firms that have already paid out in excess of £30billion in connection with PPI. It may also lead to firms having to reconsider and possibly compensate in respect of complaints that they long thought closed.

© Copyright 2019 Squire Patton Boggs (US) LLP

Source URL: <https://www.natlawreview.com/article/second-chance-ppi-complaints>