

Defaqto launches new PPI report urging less policy cancellations in these recessionary times

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In the wake of the ongoing payment protection insurance (PPI) storm, Defaqto's new report on the sector challenges the industry to work with the Government to help consumers take out the right policies rather than cancelling them and relying on the State.

Ben Heffer, Insight Analyst at Defaqto and author of Defaqto's Payment Protection Report, said: "Coupled with more effective regulation of the industry and new, quality products from providers, consumers can protect their incomes against sickness, accident and unemployment rather than turn to State handouts. Many consumers have indeed benefited in these recessionary times - such as those with mortgage payment protection insurance (MPPI) policies who were made redundant but have been able to keep their homes as a result of having cover.

"The events of the last few years have destroyed the PPI market. 75% of personal loan PPI distributors have disappeared, complaints to the Financial Ombudsman Service are high - in excess of 31,000 and the Financial Services Authority is about to implement a complaints process likely to cost provider firms as much as £3bn.

"The sad thing is that MPPI policies, which are not the subject of most of the complaints, has nevertheless afforded consumers an element of cover. In these uncertain economic times people should not be cancelling their cover and taking a refund of MPPI premiums just because they can."

Defaqto's latest report into the PPI market is a full and frank assessment of the events that have led us to this sorry pass. It covers the following and is available via <http://www.defaqto.com/adviser/ifa>

- a market review;
- the effects and implications of the regulatory framework;
- a detailed review of product structure and price;
- assessment of recent product developments; and
- challenges and ideas for revitalising the market.

-Ends-

Notes to Editors:

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