



Payment Protection Insurance Bonanza.

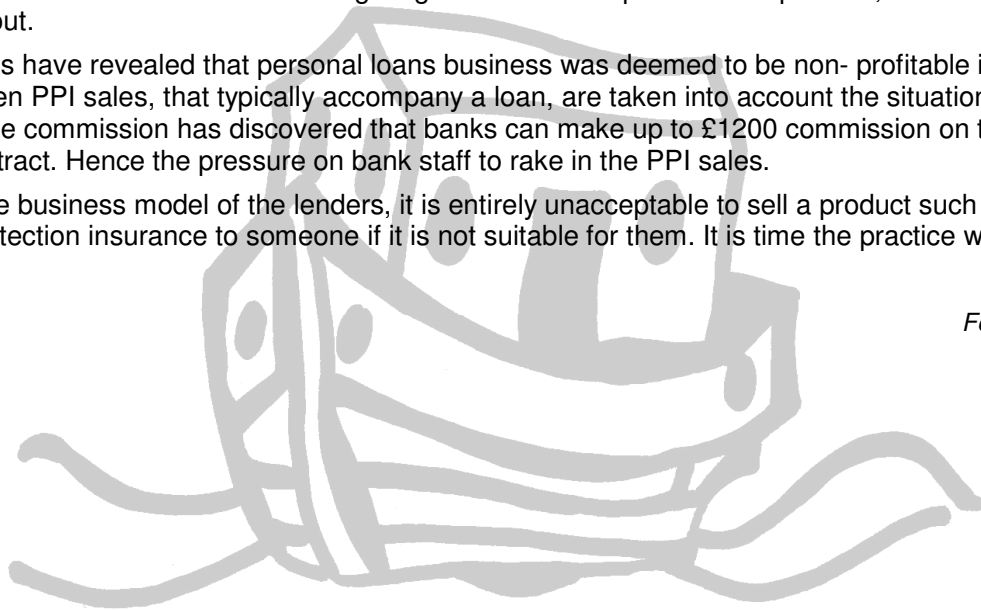
As someone who has tended to subscribe to the view that banks are great at giving away brollies when the sun shines but invariably ask for them back when it rains; it comes as no surprise to hear that the major high street banks are being investigated over the sale of Premium Payment Protection Insurance (PPI).

PPI is the cover that banks encourage you to take out with a loan in case of sickness, accident or redundancy. The Competition Commission has revealed that last year the banks made over £1.5 billion of profit from the sale of PPI and is investigating claims that the product is expensive, unnecessary and rarely pays out.

Investigations have revealed that personal loans business was deemed to be non- profitable in 2006, however when PPI sales, that typically accompany a loan, are taken into account the situation is reversed. The commission has discovered that banks can make up to £1200 commission on the sale of one PPI contract. Hence the pressure on bank staff to rake in the PPI sales.

Whatever the business model of the lenders, it is entirely unacceptable to sell a product such as payment protection insurance to someone if it is not suitable for them. It is time the practice was stopped.

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18-20 Stamford Street, Stalybridge, Cheshire, SK15 1JZ.
Tel: 0161 303 9977, Fax: 0161 303 8499, E-Mail: answers@arkfp.co.uk.
Registered in England: No. 4975240.
Registered Office: 14 Warrington Street, Ashton-under-Lyne, OL6 6AS.