

BRITONS WASTE £448m A YEAR IN GREAT BANK ROBBERY

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FAMILIES across the country could be wasting as much as £448m every year by paying over the odds to their lenders on mortgage protection insurance.

As households nationwide brace themselves for the full impact of the credit crunch, high street banks are targeting them with sky-high rates on protecting their income, according to leading insurer Columbus Direct.

New research conducted by Columbus during March 2008¹ reveals that high street banks are raking in cash from concerned consumers, with some charging around twice as much as necessary to cover monthly outgoings. Worst performing was Abbey, charging almost £65 per month for £1,000 of cover, followed closely by Barclays and Woolwich, each charging almost £60 per month for the same level of cover.

The Association of British Insurers revealed in 2006 that 20² per cent of British homes have mortgage protection cover (around 2.3m homes), and that 76 per cent of those with cover take it directly from their mortgage provider.

Although cover is available from some companies for as little as £432 per year, Columbus estimates that homeowners taking out protection from their lender could be spending around £689, essentially wasting around £257³ each per year. Spread across every home taking their insurance from their lender, this equates to a staggering £448m bill for Britons every year, simply because they are failing to shop around⁴.

"There's just no need for people to be paying so much," says Rob Thomas from Columbus. "We're in an unstable economy, jobs are going, and people want to know that they're safe in case theirs is next. We think that it's scandalous that banks are charging so much to cover their own customers. It's a natural thought to turn to your bank or lender when looking at this kind of insurance, but at the same time you'd expect them to be looking to provide you with a

¹ Research was commissioned by Columbus Direct and was conducted during the first week of March 2008 by independent research group Aware. Monthly premiums quoted based on an individual aged between 21-30 taking cover for £1,000 mortgage & bills - cover to include Accident, Sickness and Unemployment from day 1. See figure A for more detail

² http://www.abi.org.uk/Display/File/524/Mortgage_Payment_Protection_Insurance.xls

³ Average annual premium from eight lenders surveyed (excluding Columbus) is £689. £689 - £432 is £257

⁴ 76% of 2,297,000 homes = 1,746,404. 1,746,404 x £257 = £448,825,828

good deal. This is a bank robbery that's hitting everyone, so we've launched our own payment protection product to bring some equality to the market".

Figure A – Prices by organisation

Mortgage Protection provider	Monthly Premium	Annual Premium
Abbey	£63.60	£763.20
Barclays	£59.50	£714.00
Woolwich	£59.50	£714.00
Alliance & Leicester	£59.40	£712.80
Halifax	£59.40	£712.80
Nationwide	£58.90	£706.80
Cheltenham & Gloucester	£50.00	£600.00
Bradford & Bingley	£49.00	£588.00
Columbus Direct	£36.00	£432.00

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Notes to Editors:

Established in 1988, **Columbus Direct** is celebrating its twentieth year as one of the UK's leading travel insurance specialists, and now also offers home, car and mortgage payment insurance. Columbus Direct is renowned for offering a range of dedicated policies for people with pre-existing medical conditions, ensuring that they can travel safely for a reasonable price.