

## COMPARE AND CONTRAST:

How the UK comparison website market is serving financial consumers

## **About the Resolution Foundation**

The Resolution Foundation is an independent research and policy organisation, concerned with how people on low to moderate incomes fare in the mixed welfare economy. We aim to provide new thinking and to deliver change by actively engaging in the policy-making process. Not-for profit and impartial, we are committed to producing the highest quality socio-economic research and practical proposals for action which are capable of being implemented.

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## **Disclaimer**

The Resolution Foundation is responsible for the methodology used in this project, as well as the findings generated from the research. One of our criteria, consumer experience, is based on consumer testing carried out by Opinion Leader on our behalf. We also used the raw data – transcripts of the discussions and feedback forms completed by consumers – to complete our assessment. As such, the opinions expressed in this report are solely those of the Resolution Foundation unless where otherwise stated, and should not be attributed to either our Expert Group or the Opinion Leader.

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## Executive summary

### 1. Introduction

Comparison websites – which compare price and other information on a range of retail goods and services to enable consumers to shop around – are becoming increasingly popular as people become more confident in shopping online:

- Comscore, an internet traffic analyst, estimated that 14.9 million people used comparison websites during February 2006, compared with 11.5 million people a year earlier.
- This represents a growth rate of 30 percent, which is twice that of the online retail market over the same period.<sup>1</sup>
- A survey carried out by Yougov for the Resolution Foundation in July found that 45 per cent of consumers had used a comparison site in the previous year to help them make a financial decision. This rose to 58 per cent among 35 to 44 year olds.<sup>2</sup>

Websites which enable consumers to compare financial products provide an extremely valuable service:

- They allow consumers to make an informed choice, based on their own needs, and with knowledge of the options available.
- As such, these sites can substantially reduce the risk of people buying inappropriate, poor quality or over-priced financial products – something which the FSA has identified as a common problem in the UK.<sup>3</sup>
- More generally, comparison sites increase consumer understanding and confidence in dealing with the financial services market, helping to improve the population's financial capability.

Improving financial capability is increasingly becoming a policy priority. In the next six months, the Government will publish a financial capability action plan and the Thoresen Review will report on how to provide generic financial advice on a national basis.<sup>4</sup> One of the issues being considered by the Review is how to ensure that people are able to make decisions about particular products and providers, once they have received generic financial advice. By helping consumers choose appropriate financial products, comparison websites could have an important role to play, both in promoting financial capability and supporting the provision of generic financial advice.

### 2. Why the Resolution Foundation carried out this project

Since it was established in October 2005, the Resolution Foundation has been focusing on how people access and use financial services. Our first project has been to explore the value of generic financial advice, particularly for consumers on low to median incomes who are often unable to access impartial, affordable financial advice. In light of this work, the policy developments outlined above and the growing use of comparison sites, we decided a review of the sector's performance would be timely.

### 3. The Project

The project examined one genre of comparison websites – those offering comparative information regarding financial products, in particular: mortgages, credit cards, loans, savings and car insurance. Our objective was to provide a representative snapshot of the performance of the sector, rather than a consumer-orientated guide to the best sites. The individual site assessments we undertook were designed to inform our analysis of how well the sector is serving consumers and to identify areas that could be improved in light of the wider policy context outlined above.

When selecting the websites to review as part of this research, we used the internet tracking service *Alexa*, to identify the most popular sites within this genre. They are:

- 1) [www.moneysupermarket.com](http://www.moneysupermarket.com)
- 2) [www.fool.co.uk](http://www.fool.co.uk)
- 3) [www.uswitch.com](http://www.uswitch.com)
- 4) [www.money.net.co.uk](http://www.money.net.co.uk)
- 5) [www.moneyexpert.com](http://www.moneyexpert.com)
- 6) [www.moneyextra.com](http://www.moneyextra.com)
- 7) [www.moneyfacts.co.uk](http://www.moneyfacts.co.uk)
- 8) [www.kelkoo.co.uk](http://www.kelkoo.co.uk)

By way of comparison, we also decided to include the FSA's comparison site in this project, which is unique in the market in that it does not seek to generate revenue from financial service providers.

- 9) [www.fsa.gov.uk/tables](http://www.fsa.gov.uk/tables)

<sup>1</sup> [http://business.timesonline.co.uk/tol/business/industry\\_sectors/media/article699533.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/media/article699533.ece)

<sup>2</sup> The sample size for the survey was 2,010 adults. Fieldwork was undertaken from 25-27 July 2007. The survey was carried out online. The results have been weighted and are representative of all GB adults (aged 18+).

<sup>3</sup> FSA, *Establishing a Baseline: Financial Capability in the UK* (2006)

<sup>4</sup> The Thoresen Review of Generic Financial Advice was announced by the Economic Secretary to the Treasury on 15 January 2007

We assessed each of the nine websites listed above by creating a set of criteria which measured:

- a. Accuracy of the information provided  
*Comparing product information and repayment quotes listed on comparison sites with those given by the product provider*
- b. Completeness of the information provided  
*Assessing whether sites provided essential product information to enable consumers to make an informed product choice*
- c. Relevance of fact find  
*Assessing whether sites asked a minimum number of key questions to generate a personalised comparison table*
- d. Terms explained  
*Analysing whether the technical terms used in comparison tables were explained to the consumer*
- e. Consumer experience  
*Assessing how easy to use consumers found each site when searching for a financial product*
- f. Flexibility  
*Assessing the number of ways in which the information presented in comparison tables could be manipulated by the consumer*
- g. Market coverage  
*Comparing the level of market coverage achieved by each site*
- h. Impartiality  
*Assessing whether explanations were provided regarding sites' sponsorship schemes and their effect on site content*
- i. Ability to act on information  
*Evaluating whether consumers are able to follow up on a product choice by contacting product providers directly*

We carried out most of our assessment in-house, with the exception of “consumer experience”, which we measured by commissioning Opinion Leader to carry out focus groups. During these groups, consumers tested each website by attempting to purchase a hypothetical financial product.

Our criteria were reviewed by a group of experts assembled for this purpose by the Foundation. The group also helped develop some of the criteria which required a collective informed judgement. However, the views expressed in this report are solely those of the Foundation.

#### 4. Findings

The Foundation's recent Yougov poll found that over 60 per cent of consumers feel that managing personal finances has become more difficult over the last decade, it also found that people on low to moderate incomes are 40 per cent less likely to consult an independent financial adviser than those on higher incomes.<sup>5</sup> This supports the findings of the FSA's baseline survey of financial capability, which showed that most people are both poor at choosing financial products and often do not seek independent advice. Against this background, the growing popularity of comparison sites should be welcomed and encouraged. Our research showed that these sites achieve high levels of market coverage, enabling consumers to readily access a wealth of information on a wide range of products.

Other positive findings include the results of our consumer testing, where most sites performed well. Each site had their own feature which was commended by consumers. Often this related to the ways in which sites made their information flexible – enabling consumers to sort, filter, and shortlist product information to suit their needs. Our formal assessment against the criteria of “flexibility” corroborated this, with most sites performing very well here.

This research has also demonstrated that previous criticisms of the sector – in particular sites' excessive focus on price, and their processes which increase the risk of consumers making multiple credit applications and damaging their credit ratings<sup>6</sup> – are now unfounded. We found the majority of the sites we reviewed are now offering a wide range of product information in addition to price, such as user ratings, flexibilities, and ethical status; and almost all have features which enable consumers to view products which are appropriate to their credit rating (hence reducing the risk of multiple unsuccessful credit card and loan applications). These improvements, having been implemented in the last year to 18 months, demonstrates that comparison websites are responsive to criticism and changes in consumer demand.

<sup>5</sup> YouGov Survey Results, on behalf of the Resolution Foundation, July 2007

<sup>6</sup> These criticisms were expressed by Merlin Stone in his 2006 paper *Money Aggregators: Paradise or Purgatory for Buyers and Providers of Financial Services*, for example.

Whilst the research showed that different sites had their own particular strengths, with some performing very well in particular areas, there was no “all round best performer”. We did, however, identify four areas where sites generally performed less well, and where they should improve their performance, both to benefit the consumer and to encourage a health market:

1. Transparency of commercial relationships

With two notable exceptions, the sites we assessed were fairly opaque in explaining how they generate revenue and how their commercial relationships affect the content of their sites. On some sites, the methods used to direct consumers towards affiliated products can be misleading. Resolving this issue is critical if sites hope to maintain public confidence in the sector – a business imperative given that recent research indicates that losing this sense of public trust could have a significant impact on sites’ popularity. Recent polling results from Quidco’s 2007 Online Shopping Report found 50 percent of consumers would be discouraged from using comparison sites if they perceived a lack of impartiality.<sup>7</sup>

2. Explanation of terms in comparison tables

Although a number of sites provide product guides and other tools to help consumers understand their finances, very few sites explained the technical product terms used in their comparison tables. Many tables are very challenging to read, particularly those using abbreviations with no explanatory text, a problem that was reflected in our consumer testing.

3. Requiring personal contact details

In providing comparative information on mortgages and loans, too many sites require personal contact details to be provided in order to provide a brokerage service. Many make the provision of these details compulsory and do not ask the consumer’s permission to be contacted in this way.

4. Personalisation of credit card and savings information

Although a small minority of sites were able to generate personalised comparison tables for savings and credit cards, most sites performed poorly in relation to these products, often presenting generalised lists of “types” of products which might not be appropriate to a consumer’s spending and savings patterns.

**Performance against individual criteria**

a) Accuracy of the information provided

*Product information*

The strongest performers against this criteria – moneysupermarket and MoneyExpert – made only one error each in their product information. More generally, however, performance proved to be variable in this field, with an error rate as high as 30 per cent among a small minority of sites. The majority of these errors concerned the top line rate (either the APR on loans, mortgages and credit cards, or AER on savings), with sites seeming to have the most difficulty in providing accurate information about mortgage products. We suspect that many of these errors were details of mortgages which are no longer available, but have not been updated or removed by the comparison website.

We did find, however, that in the field of secured loans, comparison sites can in fact provide more accurate product information than the loan providers themselves. This is because comparison sites ask more detailed questions about a consumer’s personal circumstances, potentially generating a more accurate APR compared with the providers’ sites, which usually only provide a “typical” APR until the consumer has contacted them and applied for the loan in question.

*Quotes*

We found sites generally performed better in this test, with the strongest performers – MoneyExpert and Moneyextra – making no errors at all when we compared their quotes with those of the product providers themselves. With one notable exception, the rest of the sites also performed well, making only a few errors. Sites generally provided more accurate quotes for mortgages than for loans. For a significant proportion of the quotes we assessed, we were unable to ascertain why the repayment amounts differed – often the APRs quoted on the comparison sites and the product sites were identical. This suggests that errors were caused by the way in which repayment amounts were calculated by the comparison sites, rather than by the use of incorrect data.

<sup>7</sup> [http://www.bizreport.com/2007/08/british\\_consumers\\_wary\\_of\\_price\\_comparison\\_websites.html](http://www.bizreport.com/2007/08/british_consumers_wary_of_price_comparison_websites.html)

#### b) Completeness of the information provided

Performance against this criteria varied more by the product in question than between the sites themselves. Almost every site we assessed performed well in providing the key information required to enable consumers to make an informed decision about loan products. Information provided about credit cards and savings was more mixed, in part due to the way in which sites asked questions about these products (see below). However, performance in providing mortgage information was generally poor. This was mainly because sites did not include information about fees in their main tables, although most sites did include the other key pieces of information required.

#### c) Relevance of fact find

Again, most sites performed well by using effective fact finds for loan products. However, sites were less effective in covering key questions in relation to mortgages, sometimes omitting to ask where a property was located.<sup>8</sup> For credit cards and savings, performance was generally poor across the sector. This is because the majority of sites rely on a filter system in their fact finds – requiring the consumer to select a product type first and then following up (or not) with some additional questions. This resulted, in the most part, in a generalised list of credit card and savings product “types”, without much consideration of the individual’s consumer spending or savings behaviour.

#### d) Terms explained

Performance was polarised in this field, with sites either explaining every term used in their site, or none at all. Some sites used technical terms and abbreviations, without any accompanying explanation. This made some tables especially challenging to read. However, almost every site we assessed provided a good range of additional consumer information and guides, explaining how to choose and use different financial products. This is certainly to be welcomed. One or two, and in particular moneysupermarket, have even harnessed technological innovations to provide consumer forums and podcasts to enable consumers to talk to experts and each other about financial products, which is a particularly positive development.

#### e) Consumer experience

The sector performed very well overall in the consumer testing, with most sites demonstrating strengths in particular areas and many offering features which were commended by consumers. Most people had the same two or three favourite sites, with MoneyExpert performing best overall. Only a very small minority performed poorly in this test.

However, the test showed significant differences in experiences and opinions, depending on the IT literacy of consumers. This suggests that the ability to navigate such sites is crucial to access the relevant information and make an effective decision. Less IT literate consumers may therefore be at greater risk of selecting inappropriate or more costly products, due to the way in which affiliate schemes and advertising affect many sites’ content (see below). This relationship between IT literacy/access to the Internet, and the ability to use comparison websites, ought to be born in mind when considering the digital inclusion agenda and its impact on improving financial capability.

When they discussed their experiences, consumers particularly valued clarity and speed in using sites, and particularly disliked “busy” (e.g. advertising heavy or overly-colourful) sites. The testing also found that consumers did not necessarily object to sites’ sponsorship arrangements, so long as independence was upheld (reflected in good market coverage and clarity of choice).

#### f) Flexibility

Performance against this criteria was generally positive, with most sites offering sorting options for at least some of the information they presented on their tables. Moneynet was particularly strong here, enabling the consumer to manipulate information across all fields of information and for all its products. However, over half of the sites did not enable the consumer to move between different sections of their product lists, leaving them to proceed through product lists for specific products page by page. This can be a significant barrier given that some product lists contain thousands of products spread over dozens of pages.

#### g) Market coverage

Our original intention was to measure the level of market coverage of each of the comparison websites. However, this proved almost impossible as the market for some products is simply too large to correctly estimate coverage of a given site. Most sites state they have full or full “as possible” coverage. We ran a simple mortgage query<sup>9</sup> for illustrative purposes, which confirmed a very high level of market coverage across the sector, with only one exception.

<sup>8</sup> This is important as there are different lending regulations in Scotland and England.  
<sup>9</sup> Remortgage of £70,000 on a £200,000 property, with an income of £24,000



#### h) Impartiality

On assessment, we found that Motley Fool and uSwitch were exemplary in the frank and open way in which they explained the sponsorship status of the providers listed on their sites. However, the majority of sites were opaque in explaining how they generate revenue and their commercial relationships affect the content of their sites. Many sites only provided partial explanations, or located them in the “fine print” in sections of the site unlikely to be visited by browsing consumers. This particularly disadvantages poorly informed consumers or those with lower levels of IT literacy, who are unable to act on, or perhaps even access, the impartial comparative information located within the sites.

#### i) Ability to act on information

Motley Fool, MoneyExpert and the FSA were all outstanding in this field in allowing consumers to contact non-affiliated and affiliated providers alike. However, most other sites only provided direct links to their sponsors’ sites, and no contact details at all for others, creating an obstacle to consumer choice.

In addition, only the FSA and Kelkoo enabled consumers to contact mortgage providers directly – the rest provided a mortgage brokerage service instead. Whilst this may be convenient for some consumers, others may not want this service and be using a comparison site in preference to a broker. Some sites made the provision of personal information, leading to contact from a mortgage broker, a mandatory requirement to access comparative information, with very few asking the consumer’s permission to be contacted.

## 5. Recommendations

The comparison website market has come under greater scrutiny and been subject to media comment in recent months, particularly following moneysupermarket’s flotation on the Stock Exchange. There have been some suggestions that the market should be regulated.

The vast majority of comparison websites are commercial operations – as such it is in their business interest, if nothing else, to make their service more appealing to consumers. Sites are certainly aware of this fact, and there is already evidence that they are learning from one another’s strengths and are willing to modify and improve their services as they learn more about consumer expectations and demands.

Our research highlighted that although performance was mixed in most areas across the sector, individual websites often had their own particular strengths and there were many examples of good practice. Rather than introducing regulation, we suggest that a more effective approach would be for the sector to draw on this good practice and “level up”, so that their individual strengths become the collective norm.

Following the precedent set in other sectors, we therefore suggest a voluntary code of practice be introduced for the sector. Such a code could apply to all comparison sites comparing financial product data (including, of course, financial services, but also covering insurances and utilities). The sector itself could lead the development of this code by forming a consensus among key site providers. A number of other bodies would also need to be consulted, such as the FSA, BBA, BSA, CML, ABI and others.

Given similar developments in other sectors, there may also be an opportunity for a broader code to be used to cover the majority of comparison site business: financial services, utilities and telecoms. The content of such a code could again be developed by the industry itself and in consultation with a wider range of bodies, including the OFT, FSA, Ofcom, Ofgem, Energywatch and the National Consumer Council.

By building on the strengths and addressing the weaknesses identified by our research, in particular the need for greater transparency about methods of revenue generation, we believe that a new voluntary code of practice could help comparison websites play an even more important role in helping consumers make informed choices about financial products. In this way, sites can support efforts to improve financial capability, and provide a valuable source of product information alongside a future generic financial advice service.

## Section I – Introduction

### The wider policy debate

Comparison websites – comparing price and other information on a range of retail goods to enable consumers to shop around – are becoming increasingly popular as consumers become more confident in shopping online. The market is estimated to be growing at 30 per cent per year in terms of consumers visiting these sites and buying products through them. One of their primary uses is to compare and choose financial products – everything from insurance and mortgages to credit cards and investment bonds. A survey carried out by the Resolution Foundation in July suggested that 45 per cent of consumers had used a comparison site in the previous year to help them make a financial decision. This rose to 58 per cent among 35 to 44 year olds.<sup>10</sup>

The growth in popularity of these sites is therefore significant in the context of efforts to improve the UK's levels of financial capability – that is, people's ability to choose and utilise financial products, as well as their understanding of financial issues. Financial capability was recently defined by the Treasury as:

*“... a broad concept, encompassing people's knowledge and skills to understand their own financial circumstances, along with the motivation to take action. Financially capable consumers plan ahead, find and use information, know when to seek advice and can understand and act on this advice, leading to greater participation in the financial services market.”<sup>11</sup>*

According to the FSA's Baseline Survey of financial capability published in 2006, one of the primary indicators of financial capability is the ability to choose appropriate financial products:

*Being able to make informed choices about financial products is an important component of financial capability... This needs to be complemented by a good general awareness of the types of financial products that can help [people] achieve their goals.<sup>12</sup>*

The survey actually found that the UK population are not very good at selecting financial products – not only in terms of shopping around and seeking advice and information, but also in terms of purchasing products appropriate to their needs. Only 21 per cent of the consumers surveyed conducted an active search for the best buy, or consulted an appropriate professional adviser when buying a financial product. 13 per cent bought a product without considering any other options at all.<sup>13</sup>

With this in mind, it seems clear that increased use of comparison sites as a means of shopping around and comparing the market has the potential to help consumers choose more appropriate and better value financial products, with the knock on effect of improving the population's financial capability.

Improving financial capability has become an increasingly important policy priority, especially in light of concerns about rising levels of consumer debt and people failing to save enough for retirement. In 2006, the FSA published a new Financial Capability strategy, and has recently announced an increase in the amount of funding being dedicated to this work (from £10 million to £17 million by 2008).<sup>14</sup>

In January 2007, the Treasury published *Financial Capability: the Government's Long Term Approach*, which announced the Government's intention, among other things, to establish a cross-departmental Ministerial Group. The Group has been tasked with setting out a cross-government strategy to improve financial capability, looking at financial education in schools and adult education, advice and education provided by the third sector, and so on. The Group will review the full range of policies and programmes with the potential to raise financial capability, and set long-term goals for the contribution that each can make. This will result in a financial capability action plan, which is due to be published before the end of 2007. The strategy document also announced a review to explore the feasibility of providing generic financial advice on a national basis, to provide consumers with non product-specific advice. The Thoresen Review plans on presenting its findings around the turn of the year.

In light of these developments, a closer look at comparison websites offering information about financial products is very timely. These sites could well have a role to play in encouraging positive consumer behaviour, contributing to the efforts to improve people's financial capability more generally, and complementing the non-product specific advice delivered by a new generic advice service. It is therefore important that comparison sites provide high quality, reliable and transparent information to consumers. This report is also timely given increased interest in the sector, following moneysupermarket's flotation on the stock market and recent comments in the media about the price comparison market.

<sup>10</sup> YouGov Survey Results, on behalf of the Resolution Foundation, July 2007. Total sample size was 2,010 adults. Fieldwork was undertaken between 25th - 27th July 2007.

<sup>11</sup> *Financial capability: the Government's long term approach*, HM Treasury, 2007

<sup>12</sup> FSA, *Establishing a Baseline: Financial Capability in the UK* (2006)

<sup>13</sup> *Ibid*

<sup>14</sup> See the FSA's Business Plan, 2006-07

## What is the purpose of this report?

This report examines one genre of comparison websites – those offering information regarding financial products, in particular: mortgages, credits cards, loans, savings and car insurance.

We investigate how these sites function, and how well they serve consumers. We do this by assessing nine of the most popular sites in this genre according to a set of criteria, which cover the quality and completeness of the information provided, user-friendliness and impartiality.

The objective of this study is not to provide a consumer-orientated guide to the best comparison websites. The individual site assessments we undertook were designed to inform our analysis of how well the sector is serving consumers as a whole, and identify areas that might be improved in light of the wider policy context outlined above. As such, our findings do not provide a comprehensive analysis, but rather a representative snapshot of the performance of the sector overall.

## Why did the Resolution Foundation decide to carry out this project?

Since its launch in October 2005, the Resolution Foundation has been focusing on how people access and use financial services. We identified very early on that consumers on low to median incomes are less able to access financial advice, due to a gap in advice provision between the voluntary sector (which tends to cater to those on very low incomes or with debt problems), and the commercial sector (which tend to target higher income consumers).

The Foundation has strongly welcomed the launch of the Thoresen Review of Generic Financial Advice, which has been tasked with investigating how to establish a national generic advice service. However, even with a national service providing this advice, one of the issues that remains is determining the next step for consumers who, having

received generic financial advice, need further information in order to purchase the products they need.

For those on higher incomes, consulting an independent financial adviser (IFA) is a viable option. IFAs charge fees, or a commission, to provide product-specific advice to their clients. Those on lower incomes, however, are less able to pay such fees, and accordingly IFAs tend to market their services at those with higher incomes who are able to purchase more expensive products with potentially higher commissions. The Foundation's recent YouGov survey found that people on low to moderate incomes are 40 per cent less likely to use an IFA than higher earners.<sup>15</sup>

For guidance in buying a product, comparison websites – although not a direct replacement for personalised advice – are a potential boon for those unable or unwilling to access IFAs.<sup>16</sup> These sites enable consumers to make a more informed product choice, and subsequently purchase a better value and/or more appropriate product than they may have done otherwise. The alternative, i.e. consumers selecting products based on advertising, convenience or at random; and failing to switch products or check value for money, are identified by the FSA as indicators of low financial capability. The FSA has estimated that poor financial product choices can leave consumers between £70 and £710 worse off a year.<sup>17</sup>

In this context, it is clear that the services offered by comparison websites potentially provide important benefits to the Resolution Foundation's "target group" of low to median earners<sup>18</sup> by helping them to make more informed product choices. How the comparison website sector functions, the quality of the service it provides, the ease with which consumers can use it, and so on, are therefore of significant interest to the Foundation, and exploring these issues is the main purpose of this research.

<sup>15</sup> YouGov Survey Results, on behalf of the Resolution Foundation, July 2007. Total sample size was 2,010 adults. Fieldwork was undertaken between 25th - 27th July 2007.

<sup>16</sup> This may not only include low to median earners in our target group, but may also include financially literate consumers who do not require help from an IFA. IFAs are also unlikely to be able to advise on commoditised product purchases, such as car insurance or credit cards.

<sup>17</sup> *Losing interest: how much can consumers save by shopping around for financial products?* FSA occasional paper series 19, 2002

<sup>18</sup> We define our target group as those who earn less than median incomes (£11,747 for an individual and £22,548 for a household) but who do not receive more than 20 per cent of their income from welfare benefits.

## Section II – The comparison website market

### What are price comparison sites?

A price comparison website (also known as shopping comparison, price engine and money aggregator) is, in its most basic form, a list of prices and features for specific products, sourced from different retailers. It enables consumers to shop around in a virtual sense and identify the best product to buy. Most price comparison services do not sell products themselves, but source information from retailers from whom consumers can buy.










Price comparison websites emerged in the 1990s as the internet became a publicly accessible service, though they started out more as directories of retailers for specific goods. In 1995, pricewatch.com originated as what is usually taken to be the first price comparison search engine, focusing on computer hardware and software related products.<sup>19</sup>

More recently, sites have begun to offer comparisons not only of consumer goods, but also the costs of common services, such as gas, electricity and car insurance. This development is potentially more valuable to consumers: getting a good deal on a one-off purchase, such as a television, usually represents a much smaller saving than securing a good deal on larger or longer term investments – such as a loan or utility service.

The primary method of comparison for any product or service is “cost”, or price, and this is therefore the key piece of information provided by comparison websites. Unlike many consumer products, financial services can express their cost in different ways. As such, comparison websites specialising in financial services will often present a range of price information – such as APRs, monthly repayments, fees, total costs, etc. Any additional service features detailed (i.e. additional benefits, tie ins, flexibilities) vary from site to site, but can be quite limited – a criticism levelled at comparison sites in the past has been that they focus on price information to the detriment of other information that consumers also value when making a product choice.

Regardless of what product information is actually included, most websites use a very similar format to present it: a comparison table. These tables, as illustrated below, will list products vertically and present a range of product information horizontally in separate columns, usually starting with the provider's details and ending with an “action” button – either enabling the consumer to “apply” for the product, “enquire” about it, or to see “more details”. These tables are the heart of comparison websites, and it is these which we focus on in our assessment.

### An example of a comparison table

Results: 71							
Page <a href="#">1</a> <a href="#">2</a> <a href="#">3</a> <a href="#">4</a> <a href="#">5</a> <a href="#">6</a> <a href="#">7</a> <a href="#">8</a> <a href="#">9</a> <a href="#">10</a> Next							
	Provider	Product	Intro Purchase rate 	Intro Purchase Period 	Typical APR 	Features	Apply
							
<input type="checkbox"/>	HSBC	Bank Credit Card	0%	12 months	15.9%	2.5% balance transfer fee	
<input type="checkbox"/>	Halifax	One Credit Card	0%	9 months	13.9%	Extra cards for family members 18+	
<input type="checkbox"/>	Lloyds TSB	Advance Mastercard	0%	6 months	11.9%	Online applications only	<input type="button" value="More info"/>
<input type="checkbox"/>	Natwest	Classic	0%	3 months	13.9%	24/7 online access	
<input type="checkbox"/>	Egg	Egg Card	0%	3 months	16.9%	internet shopping guarantee	<input type="button" value="More info"/>

<sup>19</sup> <http://www.pricewatch.com/>

## An overview of the market – recent trends

In recent years, price comparison sites have enjoyed a boom, as the use of personal computers has grown, people have become more familiar with shopping online and “shopping around” has become more common.

MoneyExpert’s “Switching Index”, for example, which monitors how many product contracts change (an indication of consumers dropping an existing product in favour of another) found that in the last 6 months of 2006, 212,000 contracts for utilities, credit cards, bank accounts and other products changed hands every day – representing 39 million products being dropped and switched during this period. They estimated that 14 per cent of consumers (around 6.4 million people) switched credit cards in the last 6 months of 2006 and the same proportion of consumers changed their car insurance.<sup>20</sup> This phenomenon of switching providers is both capitalised on, and promoted by, comparison websites: Many sites (for example uSwitch.com and simplyswitch.com) market themselves as the principle tool for consumers looking to switch from their existing provider in order to save money.

Given these trends in consumer behaviour, it is hardly surprising that the comparison website market is estimated to be growing at 30 per cent per year. Comscore, an internet traffic analyst, estimated that 14.9 million people used comparison websites during February 2006, compared with 11.5 million people a year earlier. This growth was twice as fast as for online retail, where the market had increased by 15 per cent in the same period.<sup>21</sup>

According to E-consultancy, for some financial services products, comparison sites can account for up to 50 per cent of the providers’ internet business. Price comparisons for loans and credit cards are particularly popular among consumers, while up to a third of new online business for car insurers comes from comparison sites.<sup>22</sup>

The Resolution Foundation’s own polling found that 45 per cent of consumers had used a comparison site in the previous year to help them make a financial decision.<sup>23</sup> A recent survey by MORI seems to confirm this high level of usage, with 52 per cent of 2,741 internet users surveyed stating they used the net to look for financial information in the previous year, 47 per cent of whom had subsequently bought a financial product. The research also showed that the longer people had used the internet, the more likely they were to use it to organise their finances. It found that around a third of people who had used the internet for five years or more had bought financial products online.<sup>24</sup> This finding suggests that the price comparison market is set to grow as internet usage among the UK population increases further.

Another survey conducted by TNS found that the use of comparison sites was highest among those aged 35-44, corroborating the Foundation’s similar poll findings which found that comparison website use increased to 58 per cent of consumers in this age range compared with 45 per cent overall.<sup>25</sup> The types of products the TNS survey participants bought were<sup>26</sup>:

Product	Percentage of people surveyed who purchased this product over the past 12 months through a price comparison site
Car insurance	10%
Travel insurance	5%
Home Insurance	4%
Credit card	3%
Personal loan	2%
Mortgage	2%
Savings account	2%
Other	2%

<sup>20</sup> [http://www.reed.co.uk/financeZone/NewsArticles\\_4.aspx](http://www.reed.co.uk/financeZone/NewsArticles_4.aspx)

<sup>21</sup> [http://business.timesonline.co.uk/tol/business/industry\\_sectors/media/article699533.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/media/article699533.ece)

<sup>22</sup> <http://www.e-consultancy.com/news-blog/361070/shopping-comparison-engines-market-worth-120m--140m-in-2005-says-e--consultancy.html?keywords=nextag>

<sup>23</sup> YouGov Survey Results, on behalf of the Resolution Foundation, July 2007. Total sample size was 2,010 adults. Fieldwork was undertaken between 25th - 27th July 2007.

<sup>24</sup> Stone, M Money Aggregators: Paradise or Purgatory for Buyers and Providers of Financial Services, UWE, September 2006

<sup>25</sup> YouGov Survey Results, on behalf of the Resolution Foundation, July 2007. Total sample size was 2,010 adults. Fieldwork was undertaken between 25th - 27th July 2007.

<sup>26</sup> Research company TNS interviewed 1,017 adults aged 16-plus between July 21st and 23rd 2006

Given the growing size of this market, many of the leading comparison websites have become large and profitable companies with a significant marketing presence. uSwitch was bought by US firm E.W Scripps in March 2006 for £210 million.<sup>27</sup> Moneysupermarket, which according to analysts HitWise is the largest of the price comparison sites with a 49 per cent market share, floated on the stock exchange on 26th July 2007 for £843 million. In 2006, this particular site had earnings of more than £30m, up about 40 per cent from the previous year.<sup>28</sup>

### **Typology of the market – information provided**

In its early stages of development, the price comparator market fell in to two broad categories – sites offering comparisons of the key features of consumer goods (usually electronics), such as Kelkoo, Price Runner and Ciao, and those offering comparisons of key features of services and financial products. This latter group mostly covered insurance products to begin with, in particular car insurance.

However, there is now far less segmentation of the market, and many shopping comparison sites, whose traditional business model was to compare goods such as televisions and fridges, now also cover mortgages, loans, credit cards and utilities. Sometimes this is offered by partnering with another site, who may specialise in financial service comparisons. For example, Price Runner uses moneysupermarket to generate its financial services comparison tables.

Those websites specialising in providing comparative information regarding financial services will usually offer information on a range of financial products – usually loans and credit cards, mortgages, savings accounts and various types of insurance. Some also cover utilities, annuities and different types of investment.

In addition to these “one stop shop” sites, there are other sites that specialise in one particular product. For example, there are various investment websites comparing equity, bonds and shares; a range of sites run by mortgage brokers (e.g. <http://www.moneybackmortgages.com> and <http://www.comparemortgagerates.co.uk>); and various sites specialising in credit cards (e.g. [www.cardguide.co.uk](http://www.cardguide.co.uk)). These sites tend to be used less by the public than those offering a range of product information.

Many consumers will also access financial comparison sites via a third party website or organisation. Several of the comparison sites we have included in this project, for example, have partnerships with daily newspapers, whose

personal finance sections feature comparison tables from, and whose websites offer links to, a comparison website. For example, the Daily Mail, The Mail on Sunday and the Evening Standard all use moneysupermarket and MoneyExpert’s comparison tables. Similarly, The Sun uses MoneyExpert and The Times and The Guardian use moneysupermarket.

### **How do financial product comparison sites function?**

Collecting and collating financial product information, and maintaining and updating this data, is costly. As such, comparison websites need to generate revenue from the service they provide. This can be achieved in two ways:

#### *Consumer pays*

The services provided by comparison websites are targeted at the consumer, who stands to benefit directly from being able to identify a better value financial product. Therefore, one way of generating revenue would be to charge the consumer for this information, either through a subscription or a pay-per-view approach. However, this approach has significant flaws.

A subscription approach, which charges consumers to access a website and the comparative information it contains, would significantly limit its take up: switching a mortgage or looking for a new credit card is an infrequent undertaking, meaning most consumers would not use comparison sites often enough to be willing to subscribe to one. Which? online is unusual in that it does use this approach, with a monthly subscription allowing users to access, among other things, their own “best buy” tables of various financial products (based on a Which? assessment) and a personalised comparison table for mortgages. However, Which? subscribers also access a large range of other product comparison studies, consumer tests and guides published by this high profile and trusted source of consumer information, enabling them to operate a subscription system.

However, for most comparison sites, which compare a much smaller range of products and do not offer such a wide range of services, such a method would be unlikely to generate sufficient revenue. A pay-per-view approach may be a more viable alternative, whereby infrequent use would render one-off payments to access information more acceptable to consumers. The National Archives Online use this method to allow people single use access to census and other survey data.

<sup>27</sup> <http://pressreleases.scripps.com/release/834>

<sup>28</sup> <http://www.ft.com/cms/s/9caa96f8-1536-11dc-b48a-000b5df10621.html>

However, this method could also limit take up, and the pay-per-view model is not currently used in the price comparison market. Instead, the market has developed a different business model, which means that there are now a vast number of comparison sites which offer information free to the consumer – based on a “provider pays” approach.

#### *Provider pays*

The dominant business model adopted by the comparison website market generates revenue from the providers of financial products, as potential beneficiaries of consumers being informed about their products.

Banks, bancassurers, credit and insurance companies all stand to gain from consumers learning about their brand and being able to compare their products against others in the market, with the prospect of increased sales as a result. As such, one potential operating model is for comparison websites to charge financial service providers to be included in the comparative information they present.

In theory though, only those companies with the strongest reputations, the most competitive prices or a unique selling point (e.g. ethical status or a trusted brand) would be likely to pay to be on a comparison website – others would not benefit from being directly compared to such competitors and therefore would be unlikely to generate many sales from being included.

However in practice, the situation is very different: most sites do not charge providers anything at all to be included in their comparison tables, but simply aggregate a large amount of publicly available data to cover a significant proportion of the market. However, providers are given the option of then paying a fee for greater prominence on the site, rather than simply relying on their product “selling itself” alongside its competitors in the comparison tables.

As we explain in more detail in Section III of this report, fee-paying affiliates of comparison sites may enjoy a number of benefits. For example, their products may become a “sponsored link” – i.e. placed at the top of a comparison table, regardless of the actual suitability or performance of their product. They may also be featured as an “editor’s choice” or “product of the week” on the home page of the site.

Affiliates may also have a “click through” on their products. This means consumers can click on the “apply” option next to the product and be directed straight to the provider’s own website. Providers pay each time a consumer visits their website via a price comparison site, and may pay extra if a product is then purchased. Click throughs can generate increased sales for providers as a direct link is more convenient for the consumer. It can also have other benefits – “most popular” and “best buy” lists featured on comparison sites often only feature those providers who have a click-through option, which gives them additional exposure. These affiliate lists are also often on the home or front pages of sites. As these lists tend to look very similar to “real” comparison tables (i.e. they are presented in the format of a comparison table, but may only include four or five affiliate products), some visitors to the site may inadvertently select a product from this list, assuming it represents the best value products, unaware that a “real” comparison table lies within the site.

Very often, affiliate schemes are run alongside other more traditional advertising arrangements. Financial service companies pay to be advertised, with links to their own sites, on comparison sites, in the form of banners or pop ups. These banners may feature on the home page, on the page where consumers enter their personal information, or around the comparison table itself.

These schemes allow some providers, who may be far less competitive, to pay for a presentational “edge” over their competitors, rather than allowing products to compete with each other on a level playing field within a comparison table. The risk is that these companies may then generate sales not through informed consumer choice, but rather due to poor consumer understanding of how such sites operate.<sup>29</sup>

Nevertheless, it is important to bear in mind that these sites are commercial operations, and so need to generate revenue. In spite of the possible implications of these schemes, most of the sites using this approach do compare a significant proportion of the market and the consumer can still make an impartial choice. As such, it is not the existence of these schemes that is problematic per se, but rather the transparency with which they are presented – an issue we explain below.

<sup>29</sup> A recent survey commissioned by Direct Line, for example, found that 38 per cent of consumers were unaware that comparison sites received commission from the insurers they listed on their sites.

Although some sites are unusual in that they have no advertising (e.g. uSwitch), or have no real affiliate scheme (e.g. Moneyfacts), the only real alternative in the market is the FSA's own site – which is unique in that it does not have a revenue generating imperative. Instead, the site is funded through the levy it charges regulated financial services companies to pay for its financial capability work. As such, it is still a “provider driven” site but is funded by a universal fee rather than individual company sponsorship. As a result of removing this revenue-raising element, sponsorship and advertising are noticeably absent from the FSA's site, in keeping with its status as the financial market's impartial regulator.

### How are financial comparison sites regulated?

Companies which provide financial advice, or help organise the sale of regulated financial products (such as insurance<sup>30</sup> and mortgages<sup>31</sup>), must be regulated by the FSA.<sup>32</sup> As such, some (though not all) comparison websites are registered with the FSA. Most websites carry a disclaimer on their sites stating that the information they provide is for comparative purposes only, and should not be taken to be product advice (in the regulated sense), such as a consumer might receive from an IFA. However, those sites which do offer a facility to arrange a mortgage or insurance quote in-house, or who provide contact details of mortgage providers,<sup>33</sup> do require FSA regulation. These include:

www.moneysupermarket.com  
 www.fool.co.uk  
 www.uswitch.com  
 www.money.net.co.uk  
 www.moneyexpert.com  
 www.moneyextra.com  
 www.kelkoo.co.uk<sup>34</sup>

### Which sites did we choose to assess and why?

We have only included generalist financial comparison sites (i.e. those providing comparison information on a range of financial products) in this project. This is for a number of reasons. First, as we mention above, generalist sites are far better known and more regularly used by consumers than specialist sites. Second, comparing sites specialising in different products would be difficult, as product-specific variations do exist in the type and the format of the information presented. Assessing just one type of specialist (i.e. all the mortgage broker sites), on the other hand, would limit the relevance of the research.

Using the web-traffic monitoring service Alexa, we identified the most popular generalist financial comparison sites based on the number of visits to a site over a given period (i.e. 1 year). However, in carrying out this assessment, it became clear that the sites with the largest market share are all provider-revenue driven sites. The FSA's comparison tables have relatively low consumer use compared to these sites. In addition, they only provide advice on mortgages, investment, pensions and savings vehicles and do not provide comparative advice on popular consumer finance products such as loans, credit cards and insurance, thus reducing their consumer appeal. However, in order to carry out a useful comparison of these sites which includes an alternative model to the dominant provider-led one, we decided to include the FSA's site.

The websites being assessed for this project are therefore:

- |                             |   |                                 |
|-----------------------------|---|---------------------------------|
| 1) www.moneysupermarket.com | } | Most popular provider-led sites |
| 2) www.fool.co.uk           |   |                                 |
| 3) www.uswitch.com          |   |                                 |
| 4) www.money.net.co.uk      |   |                                 |
| 5) www.moneyexpert.com      |   |                                 |
| 6) www.moneyextra.com       |   |                                 |
| 7) www.moneyfacts.co.uk     |   |                                 |
| 8) www.kelkoo.co.uk         |   |                                 |
| 9) www.fsa.gov.uk/tables    | } | Contrasting model               |

<sup>30</sup> From January 2005, the FSA has been responsible for regulating intermediaries selling insurance, and this includes companies that are paid for helping people buy products.

<sup>31</sup> From October 2004, the FSA have been responsible for regulating the sale of mortgages, again, including organisations that profit from the sale of mortgages.

<sup>32</sup> Companies that are regulated by the FSA have to meet certain standards and follow certain codes of conduct which can help protect the consumer. These are laid out in the *Handbook of Rules and Guidance*. This includes rules around treating customers fairly based on best practice, rules on preventing misleading marketing, and so on. Most firms regulated by the FSA must also provide a formal and free complaints service. If a consumer is awarded compensation from an FSA regulated company, but the company is unable to pay, a consumer may be able to get compensation from the Financial Services Compensation Scheme (FSCS) – a fund which is not available to cover customers of non-regulated companies

<sup>33</sup> Relating to Section 21 of the Financial Services and Markets Act 2000.

<sup>34</sup> Source: the FSA Register



## Section III – The Project

### Methodology

Each of the nine websites listed above were assessed according to a set of standardised criteria designed by the Resolution Foundation. These criteria, and how we measured them, are explained in full in Appendix 1. However, in brief, the criteria cover:

1. Accuracy of the information provided
  - a. Product information
  - b. Repayment quotes
2. Completeness of the information provided
3. Relevance of sites' fact finds
4. Clarity of information and terms explained
5. Consumer experience of sites
6. Flexibility of how information is presented
7. Market coverage
8. Impartiality
9. Ease with which consumers can act on the information they receive

We assessed each website in turn, ensuring each one was assessed within a day to avoid any anomalies that might occur due to changes or updates of the sites. There were two exceptions to this approach:

1. Assessing the accuracy of the information and quotes provided on the websites: we checked the information and quotes of five randomly selected products on *all* of the sites on the same day, on three separate occasions. This was to ensure a fair assessment (as product information may be updated on different days of the week and this might potentially skew our results and favour some sites over others).
2. Users' experience of comparison websites: we commissioned Opinion Leader to carry out a consumer test on our behalf. This test involved hosting two focus groups of six low to median earners, of different ages and with different self-reported levels of computer literacy. These groups were tasked with finding financial products using a hypothetical set of information, on all nine of the sites we assessed.

Our criteria were reviewed by a group of experts we assembled for this purpose. The group also helped develop some of the criteria which required a collective informed

judgement, i.e. deciding what information is required from consumers, and what information ought to be presented in comparison tables to enable them to make an informed product choice. These two criteria are both, necessarily, subject to personal judgement, and we felt this approach would provide a more informed response. However, the views expressed in this report are solely those of the Foundation.

Our expert group consisted of:

- Nick Lord, an independent consultant, money adviser and member of the FSA Consumer Panel.
- Mike Chapman, who runs his own advisory consultancy specialising in financial capability, financial inclusion and community regeneration, and is also a member of the FSA Consumer Panel.
- Alan Goodman, a pensions and strategic marketing consultant, and chair of the Consumer Financial Planning Committee of the Actuarial Profession.
- Kathy Hall, an analyst on the Regulation Practice team at the National Audit Office and project manager for the recently published Value for Money audit of the FSA.

We applied the criteria to product information and comparison tables in five financial product areas: savings, credit cards, loans, mortgages and car insurance. We decided to cover the first four of these products as they are commonly held financial products, and ones which the majority of the websites we included in this project cover.<sup>35</sup> The latter is the product that is most commonly bought online by consumers, and one which consumers are more easily able to compare and buy directly online (as opposed to mortgages, for example). As such, we felt car insurance ought to be included too.

### Findings

In the following section, we have assessed sites' performance in each of our nine criteria in turn, giving our own general observations having carried out the assessment and then presenting our findings in individual tables. In general, green cells in tables signify where a site has met a benchmark or otherwise performed well, whilst red denotes a failure or area of weakness. Other colours and symbols are explained in their individual contexts.

<sup>35</sup> With the exception of the FSA.

## Criteria One: Accuracy of the information provided

### Our observations

#### Information presented

As a first assessment of website accuracy, we reviewed the product information provided in comparison tables by randomly selecting five products on each site and comparing the key product information given with that issued directly by the providers. We recorded any disparities between the two, ensuring not to include those products which stated they were exclusive deals from the comparison site. This assessment was carried out for all sites three times at regular intervals during the project, representing fifteen random checks in total.

We were aware when carrying out this test that the Bank of England had recently raised its Bank Rate by 0.25 percentage points to 5.75 per cent.<sup>36</sup> As such, we decided to carry out one further check of five random products at the very end of our assessment period, over a month after the base rate change. This additional check was used to ensure that our previous assessments had not been inadvertently skewed to show more numerous errors following the rate change, in that sites might have still been updating their tables in the period immediately following it. We felt that more than a month was a reasonable amount of time for comparison sites to update their product information to reflect the Rate change. We found that our fourth set of results were comparable with the others in terms of the number of errors found. We have included the results of this fourth test in Appendix 2.

Taking into account the performance of sites over all four weeks, we see that performance proved to be variable. The strongest performers, moneysupermarket and MoneyExpert, only made one product error each. However the error rate was as high as 30 per cent in a small minority of sites. The majority of the errors tended to be the top line rate (either the APR on loans, mortgages and credit cards, or AER on savings), and sites seemed to have the most difficulty in ensuring mortgage products were accurate. We suspect many mortgage errors were in fact details of mortgages which were no longer available but which had not been updated or removed by the comparison website.

We know that many sites do not update their own information, but instead use third parties to do this for them. uSwitch, MoneyExpert and FSA all use deFacto, a financial product information service which claims to update its product information daily. Motley Fool, Moneyextra and uSwitch<sup>37</sup> all use Moneyfacts as a source of some of their

product information, which has its own in-house rates team to generate data.<sup>38</sup> As the table below shows, each of these sites performs differently, indicating that the same data source seems to generate different results when used by different sites. This suggests that errors may only be partially driven by inaccuracies in the data source: It may be that errors are more often a result of sites being inefficient in transferring information changes to their own sites or weeding out expired products.

As an illustration of this possible explanation, we noted that one provider, Cheltenham and Gloucester, stated that they updated the rates of their savings and mortgages products within 30 days of a Base Rate change, and usually on the first day of the month following the change. This was indeed the case, and on 1st August 2007 the C&G Bonus Tracker account changed from 4.75 per cent AER to 5 per cent to reflect the 0.25 per cent rate rise in July. However, this product detail was not updated on the FSA's comparison site until the 7th August – suggesting that the FSA took six days to transfer the daily update it received from deFacto on to its comparison tables.

It is interesting to note that the best performing website in this area – moneysupermarket – uses its own in-house rates team to keep its tables up to date and accurate<sup>39</sup>, and moneynet, which also has its own rates team, also performed strongly in this field.<sup>40</sup> Nevertheless Moneyfacts, the other site we assessed with its own rates team, performed less well.

We make three further observations. First, we found that on carrying out this assessment, some sites provided inappropriate information – for example, secured loans were presented where we had stated ourselves as non-homeowners (this occurred on moneysupermarket). However, the actual product information given was not incorrect, and so we did not include this as an error in the results outlined below.

Secondly, we note that the FSA's tables proved particularly challenging for this assessment: mortgage products were rarely given their full product title, and so it was extremely difficult to cross-compare the products listed with those on providers' own sites. We took pains to do this in order to check the accuracy of the two sets of data, however on some occasions we simply could not find corresponding

<sup>36</sup> <http://www.bankofengland.co.uk/publications/news/2007/070.htm>

<sup>37</sup> uSwitch has a dual source of data – using both deFacto and Moneyfacts.

<sup>38</sup> Information provided by Sean Rumbelow, CEO of Moneyfacts, in an email dated 31 July 2007

<sup>39</sup> Information provided by Stuart Glendinnig, CEO of moneysupermarket, in a telephone conversation with the Resolution Foundation, 17th July 2007

<sup>40</sup> Information provided by Richard Brown, CEO of moneynet, in a letter to the Foundation, dated 19th July 2007

products in order to compare the information. For example, a product listed on the FSA mortgage comparison table was entitled “Northern Rock Flexible Fixed Rate Mortgage”. Yet Northern Rock offers eight “Flexible Fixed” mortgages, with various different titles to identify the different rates and length of fixed rate. These can be identified easily using their unique mortgage product codes – however the FSA does not include these in its tables. For the most part, we repeated our assessment with an alternative product that we could find.

Finally, and on a more positive note, we also found that when assessing the accuracy of secured loan product details, comparison tables often provided potentially more accurate APRs than the providers themselves. This is

because the fact finds used by comparison tables are more detailed, asking the consumer about their current house value, their outstanding mortgage, and their income. This enables them to give an APR on the loan that the consumer is likely to get given these circumstances. Many loan providers, on the other hand, do not ask such questions, but instead provide an indicative, “typical” APR and explain that depending on personal circumstances the loan may have a higher or lower APR than that stated. As such, we could not identify as “errors” the differences we found between the APRs quoted in comparison tables and the providers’ sites – these differences may be driven by the additional questions asked by the comparison sites generating more accurate APRs. We have highlighted in blue where this might be the case in the following table.

**Results: is the product information provided on the websites correct?<sup>41</sup>**

Website	Credit Cards			Personal Loans			Savings			Mortgages			Random product 5			Total errors out of 15
	Wk1	Wk2	Wk3	Wk1	Wk2	Wk3	Wk1	Wk2	Wk3	Wk1	Wk2	Wk3	Wk1	Wk2	Wk3	
moneysupermarket.com			*							*			CI	PL	S	1
fool.co.uk			**								*		CC	SL*	SL	4
uswitch.com					*		CC	CC*	CC*	PL	CC**	PL	CC	SL*	SL*	5
money.net.co.uk				*									PL	CC	PL*	2
moneyexpert.com										PL	PL	CC	S	S	SL*	1
moneyextra.com								*					M	SL	SL	2
fsa.gov.uk	S	S*	S	S	M	S*					*	*	M	M***	M	5
moneyfacts.co.uk	***										*	*	CC	CC	PL	4
kelkoo.co.uk											*	*	M	PL	CC	3

\* Incorrect top line rate (APR or AER); \*\* Incorrect length for balance transfers; \*\*\* Listed a product that does not exist

<sup>41</sup> Not every website covers each of the products we assessed – therefore, we have substituted some products for others. Where this is the case we have made a note in the table: SL = secured loan; PL = personal loan; S = saving; M = mortgage; CC = credit card; CI = car insurance.

### Quotes

As a second test of accuracy, we compared quotes on monthly repayment amounts given for five randomly selected mortgage and loan products from each site. This second assessment, carried out in the same way as the first, enabled us to assess whether comparison sites were calculating quotes in the same way as the providers of these products. If the two quotes were within £1 of each other, we deemed this as an accurate quote, while anything differing more than £5 was deemed inaccurate. Those quotes within the £1 – £5 accuracy range are identified as amber in the table below.

We found sites generally performed better in this test of accuracy, with the strongest performers displaying no errors and many sites making only a few. Discrepancies tended to occur more frequently for mortgage products. However, for a significant proportion of the quotes we assessed, we were unable to ascertain why they were inaccurate – often the APRs quoted on the comparison sites and the providers' sites were the same, and yet the quoted repayment

amounts were different. This suggests that errors were caused by the way in which these amounts were calculated by the comparison sites, rather than by using incorrect APR data.

Again, the FSA's site proved challenging. The way in which mortgage products were labelled made it very difficult to identify counterparts on product providers' sites from which to generate comparative quotes. This also proved quite difficult with moneynet, where similar differences in labelling between the table and providers' sites occurred.

Our final observation is that in the case of secured loans, some comparison sites may again quote more accurate repayment amounts than providers themselves. As we explain above, this may be possible as comparison sites generate more accurate APRs than loan providers, as they ask more detailed questions in their fact finds. We have highlighted in blue in the table below where quotes differ between comparison sites and providers possibly for this reason.

### Results: were the quotes presented on the comparison websites the same as those on the providers' sites?<sup>42 43</sup>

Website	Personal Loans						Secured Loans			Mortgages						Total errors out of 15
	Wk1	Wk2	Wk3	Wk1	Wk2	Wk3	Wk1	Wk2	Wk3	Wk1	Wk2	Wk3	Wk1	Wk2	Wk3	
moneysupermarket.com	Amber	Green	Green	Amber	Amber	Amber	PL	PL	Blue	Red	Green	Amber	Amber	Red	Amber	2
fool.co.uk	Green	Green	Green	Red	Green	Amber	PL	Green	Blue	Green	Green	Green	Green	Green	Green	1
uswitch.com	Green	Green	Green	Amber	Red	Green	PL	Amber	Amber	PL	SL	SL	PL	PL	PL	1
moneynet.co.uk	Green	Green	Green	Amber	Amber	Green	PL	PL	PL*	Green	Green	Green	Green	Green	Green	1
moneyexpert.com	Green	Green	Green	Green	Green	*	PL	Amber	SL	PL	SL	SL*	PL	PL	PL	0
moneyextra.com	Green	Green	Green	Green	Amber	Green	PL	Blue	Blue	Green	Green	Green	Green	Green	Green	0
fsa.gov.uk	M	M	M*	M	M	M	M	M	M	Green	Green	Green	*	Green	Green	3
moneyfacts.co.uk	Green	Green	Green	Amber	*	Green	PL	PL	Red	Green	Green	Green	Red	Green	Green	2
kelkoo.co.uk	*	*	*	*	*	*	PL	PL	PL*	Green	Green	Green	Green	Green	Green	9

Green = matched quotes (within £1), Amber = quotes within £5, Red = quotes more than £5 different

\* = APRs quoted were accurate – unable to identify the reason for disparities in quotes

<sup>42</sup> The FSA does not compare loan products – we therefore compared five mortgage products instead.

<sup>43</sup> Not every website covers each of the products we assessed – therefore, we have substituted some products for others. Where this is the case we have made a note in the table: SL = secured loan; PL = personal loan; S = saving; M = mortgage; CC = credit card; CI = car insurance.

### A note on car insurance quotes

When carrying out our assessment of website accuracy, we realised that including car insurance quotes as one of our randomly sampled products would not be feasible. One of the striking features of car insurance is the sheer number of questions asked of the consumer in order to generate a quote. These questions, often numbering 20 or 30, varied not only between individual comparison sites, but also between these sites and the insurance providers themselves. The situation was further complicated by the fact that many of the quotes listed were actually from brokers rather than insurance providers, thus making it even more difficult to achieve a direct comparison of the quote from the comparison website with a quote from the insurer. Altogether, this made comparing like-for like quotes in any systematic sense almost impossible.

With this in mind, it is clear that one of the key benefits of using comparison sites in purchasing car insurance is that they allow the consumer to answer these numerous questions just once and have this information sent to several provider sites simultaneously. However, as each provider asks a slightly different set of questions to formulate their quote, so the comparison website's questions may never exactly match those of the insurers. This could possibly lead to anomalies between the two. In our experience, the websites we assessed mitigated this risk in two ways – the first was to use “screen scrape” technology, which allows quotes to be “scraped” back from providers and displayed again on the comparison website.

Several insurance providers enable this by using [www.insure-systems.co.uk](http://www.insure-systems.co.uk), which seems to be an intermediary site. Most of the products listed on uSwitch, moneysupermarket, and MoneyExpert and Motley Fool use Insure Systems.

Once a consumer has clicked “buy” on a product which uses Insure Systems, they are forwarded to a site which

asks some additional questions (we assume these were insurer-specific details that had not been covered in the comparison site's questions, thus bridging the possible gap between comparison website and provider). The site then provides a final calculation and manages the purchase.

A second method to reduce the risk of anomalies is to eliminate the screen scrape altogether and rely on the providers themselves to calculate the quotes. This is the approach used by moneynet and Moneyextra, who use a different intermediary, [www.insurancwide.com](http://www.insurancwide.com). This intermediary does not return actual quotes from insurers, but rather gives a “quote range” based on the consumer's information, and then lists a number of providers who fall into that range. On clicking “buy”, the consumer is directed to the provider's own website. In our experience, most of the information input into moneynet and Moneyextra was transferred to the subsequent insurers' sites (though some details had to be put in again). The quote was then calculated on the insurer's site, rather than on the comparison site, thus removing the risk of anomalies between two sources of quotes.

### *Car insurance quotes – indicative results*

Where an intermediary relationship between a comparison site and insurer is not in place, the potential for anomalies is clear. We carried out a small test to illustrate this point, by comparing quotes from comparison websites with the AA – a broker of a panel of providers which does not use an intermediary to bridge the information gap between itself and comparison sites. Using an identical car insurance query, we found each comparison website returned a different quote for AA car insurance, which in turn was different from the quote the AA website itself produced. Although these differences were not very large, they seemed to be driven by the different levels of excess being assumed by different sites. It is also interesting to note that two apparently identical packages (the last two on this table) from the AA still have a small difference in cost.

**Quote for a Fiat Siecento S (2000), comprehensive cover with £250 voluntary excess**

Source of quote	Quoted price	Variations that occurred
Moneysupermarket	£234.70	£250 voluntary excess (requested) No other details provided
Money.net	£233.99	£250 voluntary excess (requested)  Other excesses (not requested but assumed by the site):
	£226.67	Accidental Damage (£250); Fire (£100); Theft (£100); Malicious damage (£250); Windscreen damage (£250)
uSwitch		£0 voluntary excess (ignored request for £250)  Other excesses (not requested but assumed by the site):  Accidental Damage (£300); Fire (£100); Theft (£100); Malicious damage (£300); Windscreen damage (£50)
uSwitch/AA*  *the original uSwitch quote selected a £0 voluntary excess. This was adjusted manually and the AA site recalculated its quote	£231.29	£250 voluntary excess (requested)  Other excesses (not requested but assumed by the site):  Accidental Damage (£250); Fire (£100); Theft (£100); Malicious damage (£250); Windscreen damage (£50)
AA – not through any other site	£231.61	£250 voluntary excess (requested)  Other excesses (not requested but assumed by the site):  Accidental Damage (£250); Fire (£100); Theft (£100); Malicious damage (£250); Windscreen damage (£50)

**Criteria Two: Completeness of the information presented**

**Our observations**

In order to assess the completeness of the information presented in each site's comparison tables, the Foundation and our Expert Group worked together to identify which pieces of information are crucial to enable consumers to make an initial informed product decision. We then assessed each site's comparison tables in five product areas, noting where these crucial pieces of information were present, and where they were not. Where this minimum standard was met, we also noted the additional pieces of (useful, rather than crucial) information provided. Overall, we found that performance tended to vary not by website, but rather by product

*Credit cards*

Following our own assessment and in consultation with our Expert Group, we felt there are four key pieces of information required for a consumer to make an informed choice of credit card. These are:

- 1) Card provider/product
- 2) Typical APR
- 3) Fees
- 4) Introductory rates, rate period, and actual rate: on balance transfers and purchases

This last piece of information is dependent on consumer preference – clearly, those consumers who have a balance to transfer to a new card will need to know balance transfer rates to choose a card. However, when making a product comparison, a consumer ought to be able to compare both purchase and transfer rates simultaneously. This may be important as a card with a lengthy 0 per cent balance transfer period may have high interest on purchases, for example.

Three of the sites we assessed performed very well in this field, with uSwitch providing many useful additional details, such as user satisfaction. The rest, however, tended to present information on one form of rate or the other, depending on consumers' preferences expressed in the initial fact find. Some sites also did not include information on annual or additional fees in their main table – a piece of information that is important for consumers to make an informed choice.

The mixed performance here may be a reflection of the complexities of credit card products and the number of variables by which a consumer might choose one, but as a result, we found making direct comparisons and selecting an appropriate credit card challenging with some of the websites we assessed.

### *Loans*

The five key pieces of information we identified as most important for a consumer to make an informed choice of loan are:

- 1) Loan provider and product details
- 2) APR
- 3) Monthly payment
- 4) Total to repay
- 5) Early repayment fee

Overall, the websites we assessed performed very well here. Almost every website included all of the information required to make an informed choice of loan, and several included additional features – such as total cost of credit, special offers, and average acceptance rates. This latter feature is extremely valuable to help prevent consumers making multiple loan applications and inadvertently damaging their credit scores.<sup>44</sup> The only weakness in the sector is that some sites, such as Moneyfacts and moneysupermarket, include some loan information (e.g. fees) within the free-text “details” column of their tables, making it difficult to sort tables or compare by this feature.

### *Savings*

The five key pieces of information we identified as necessary for a consumer to make an informed choice of savings account are:

- 1) Account provider and product details
- 2) AER
- 3) Notice period for withdrawal
- 4) Minimum investment required
- 5) How often the interest is paid

Half of the websites we assessed performed well here, providing all the key information and several also providing useful additional details. Those who performed less well tended to make only one or two omissions – usually either the minimum investment required (crucial for a consumer to judge the suitability of a savings account), or how interest in the account is paid (again, knowing whether interest is paid monthly or, for example, on maturity, can be a key deciding factor in selecting an account).

### *Mortgages*

The FSA requires all mortgage providers to produce a Key Facts Illustration (KFI) for their clients. The KFI must include a set of key information regarding the mortgage being offered, which covers:

1. Lender/product
2. Rate payable/term/rate after term expires (if applicable)
3. Total repayable (or true cost over a period specified by the consumer)
4. APR
5. Monthly payments
6. Arrangement fees
7. Early repayment charges.<sup>45</sup>

We decided, therefore, to use this existing benchmark as a method for assessing whether the same key information was produced in the comparison tables of the sites we assessed.

We found that none of the sites met this benchmark, though this was mainly because they did not include fee information. Most sites did include every other key piece of information listed above. Furthermore, all sites included fee information in the products' “further details” section; it just was not presented in the main tables – the criteria on which this assessment was based. Not having this information in the main table means consumers are unable to make a quick comparison of products using fee information – which is extremely important given that arrangement fees can run into hundreds of pounds. The FSA was the only site to include fee information in their table, but did so using separate tabs. Whilst we would prefer to see the key arrangement fee information on the primary table, we felt the FSA's approach was still more convenient and enabled a direct comparison compared to the approaches of other websites.

<sup>44</sup> This problem was pointed out by Merlin Stone in his 2006 paper *Money Aggregators: Paradise or Purgatory for Buyers and Providers of Financial Services*.

<sup>45</sup> Source: Yorkshire Building Society's sample KFI.

### Car insurance

We were only able to assess four comparison websites offering car insurance against this criteria, due to the fact that the others presented their information differently by displaying lists of providers within a quote range.<sup>46</sup>

In order to make an informed choice of comprehensive car insurance, we felt a consumer ought to have access to the following pieces of information:

- 1) Provider/product details
- 2) Annual premium
- 3) Voluntary excess amount
- 4) Courtesy car offered

It could be argued that our fourth criteria – the offer of a courtesy car – may not be crucial to all consumers and therefore is not an “essential” piece of information to enable an informed choice. However, the sheer variety of product features available in car insurance means that it is impossible to select one “crucial” feature: each feature (e.g. breakdown cover, audio cover, named driver discount etc.) might be “crucial” to a particular consumer.

However, we decided to assess information regarding the availability of a courtesy car as we determined that this was likely to be important to consumers in our low to median earning group. Nevertheless, and as we see below, the way in which many “extra features” are displayed in insurance comparison tables means the availability of a courtesy car could be substituted for any other feature determined “crucial”, and the same problem (i.e. of a consumer not being able to filter or sort a table by this information) would still apply.

Of the four sites we were able to assess, only moneysupermarket provided all of the key information required. The other three – uSwitch, MoneyExpert and Motley Fool covered the first three key pieces of information, however, courtesy car information (as an “extra feature”) was not always present. Moneysupermarket included the availability or not of a courtesy care in its own dedicated column, however, the other three relied on the free-text column which is found in many comparison tables, where additional product features are listed. This may include features such as “audio cover”, “flexible payment options”, “courtesy car”, and so on.

These three sites included courtesy car information in this column. However, as the “extra details” included varied by product, it was impossible to tell whether the product in

question offered a courtesy car or not – or simply whether that additional detail had been left out from the details column on that particular occasion. This was certainly the case in some instances: the Kwik-Fit Insurance product listed on uSwitch for example does offer a courtesy car as a standard part of its policy. However, this feature was not included in the additional details column on the uSwitch table. Similarly, MoneyExpert and Motley Fool both list Fortis and lbuyeco insurance products and do not mention in their additional details columns that both of these offer a courtesy car.

In general, although the “details” column can be very useful in providing information about extra features, we believe it should only be used for truly additional information which may not have a natural place in the table. Presenting key information in this column is not only haphazard, it also makes it difficult for the consumer to sort and search the table by this selected feature.

If it is deemed that the availability of a courtesy car is not, in fact, crucial to the consumer, sites could instead enable them to select the most important features for them from a list – including a courtesy car, breakdown cover, third party discount, and so on. This could then be displayed in its own dedicated column in the table, leaving the rest of the product features in the “details” column. This is the approach already commonly used for credit cards, and would enable sites to more effectively narrow down a large field of product information.

Whilst most tables dedicate a column in their tables to annual or monthly premiums, many additional, but no less valuable product features, are listed in an “additional details” column. This means consumers are able to sort and search tables by price, but not by any of these other features, many of which (such as having a courtesy car included in the policy) may be deciding factors for consumers. In many cases, too much information is consigned to the “details” or “features” column to enable consumers to make an effective product choice on any basis other than price.

This suggests that sites are prioritising price – i.e. annual or monthly premiums – as the key method of choosing a product. Comparison sites have been previously criticised for focusing on price to the detriment of other product features. However, our research indicates that this is not usually the case in most other product areas such as loans, mortgages and so on, where the majority of sites are now providing a wide range of non-price related information. In the area of car insurance, however, this price focus seems to have persisted.

<sup>46</sup> We should bear in mind that the websites we assessed are not necessarily representative of the car insurance comparison market – car insurance is the most frequently bought online product by consumers, reflecting the fact that it is the easiest to buy online. As such, there are several specialist car insurance websites that we did not include in this assessment which may perform better in this field.



*A typical car insurance table with an additional details “features” column*

Results: 71						Page <u>1</u> 2 3 4 5 6 7 8 9 10 Next					
	Provider	Annual Premium	Monthly payment	Features	Buy						
	↑↓		↑↓								
<input type="checkbox"/>	AA	£209.40	£24.30	Claims repairs guaranteed	<b>BUY</b> →						
<input type="checkbox"/>	Allianz	£245.80	£28.66	Courtesy car and breakdown protection	<b>BUY</b> →						
<input type="checkbox"/>	Dial Direct	£246.00	£28.78	Flexible payment options	<b>BUY</b> →						
<input type="checkbox"/>	Fortis	£218.54	£26.12	Car hire	<b>BUY</b> →						

A consumer cannot effectively search a table or sort the results by this column, as each one gives different information

**Results: did the website present all of the key information in their main table to facilitate an informed product choice? Note: Additional text in green cells denotes information given in addition to key information. Additional text in red cells identifies missing data.**

Website	Credit Card	Loan	Savings account	Mortgage	Car insurance
moneysupermarket.com	Rate information depends on the filter chosen at fact find.	Average acceptance rate, cost of credit, and tabbed tables for credit rating	Interest net, gross and for higher rate taxpayers, and access options (e.g. online)	Fee information; early repayment charge	Monthly premium, legal and breakdown cover
fool.co.uk	No fee information		Type of interest and maximum investment	Fee information	The “details” section varies in the information it provides so courtesy car feature may be missing
uswitch.com	Best for full range of sortable information. Includes cash back and customer satisfaction		N/A	N/A	The “details” section varies so courtesy car feature may be missing
money.net.co.uk			Minimum investment required, how interest is paid	Fee information; early repayment charge	No table
moneyexpert.com	Rate information depends on the filter chosen at fact find. No fee information		Notice period. Minimum investment not present in every search	Ring back service only	The “details” section varies, so courtesy car information may be missing
moneyextra.com	Rate information depends on the filter chosen at fact find. No fee information	Rate type	How interest is paid	Fee information	No table
fsa.gov.uk	N/A	N/A		Total to repay	N/A
moneyfacts.co.uk		Cost of credit	Maximum investment, access options, gross interest	Fee information; early repayment charge	N/A
kelkoo.co.uk	Rate information depends on the filter chosen at fact find. No fee information	Early repayment fee and total to repay Savings account	Interest paid, minimum investment, notice period	Fee information	No table

### Criteria Three: Quality of the fact find

#### Our observations

In order to generate a comparison table of products which are suited to a consumer’s individual needs, comparison websites must ask a series of questions regarding their personal circumstances and what they are looking for in a particular product. We call this the “fact find”. There is a difficult balance to strike here – consumers do not want to answer dozens of seemingly unnecessary questions, but at the same time, asking too few or the wrong questions may generate a list of products which are not suitable or appropriate for that particular consumer. An obvious example of this is where a consumer may be faced with a

list of secured loans to compare between, even though as a tenant, they are not eligible for such a product. This could occur if a fact find omitted to ask a consumer their residential status.

It was therefore important to assess the quality of the fact finds used by comparison websites. To do this, we established what the key questions would be to generate an appropriately personalised comparison table for four products,<sup>47</sup> in consultation with our Expert Group. As this is a necessarily subjective judgement, the Foundation and the Expert Group consciously set this benchmark low, minimum standard, rather than an aspirational target. We assessed each table according to whether this minimum standard

<sup>47</sup> We did not include car insurance in this assessment – see below

was met and noted where sites had gone above and beyond this benchmark to enable further personalisation of the tables.

### *Credit cards*

In order to generate a suitable range of credit cards, we felt it was necessary to ask a consumer the following:

- 1) Planned monthly spend (on the card)?
- 2) How much would they pay back?
- 3) What is their credit status?<sup>48</sup>
- 4) Do they want to transfer a balance from an existing card?

These questions should provide an adequately detailed list of cards to choose from. But the credit card market is hugely crowded – with dozens of types of card to suit different consumer preferences. In order to narrow this search, therefore, most sites use a “filter-based” fact find. This method essentially puts the product first – the consumer must select the type of credit card he wants (e.g. cashback, 0 per cent balance transfer, charity cards, etc.) before being asked additional questions to personalise the subsequent results.

We found almost every site addressed the issue of credit rating<sup>49</sup>, either by asking the consumer about their rating (e.g. whether they have been subject to County Court Judgments), or allowing the consumer to select a card designed for people who have difficulty getting credit. This is certainly to be welcomed given previous criticism that comparison websites encouraged consumers to make multiple credit applications without explaining that they may risk damaging their credit rating in doing so.<sup>50</sup> Most sites also allowed consumers to select a 0 per cent balance transfer card. However, the majority of those we assessed did not address all of the questions outlined above. As a result, only two sites generated fully personalised lists of credit cards, with the others relying on the “filter” fact find but not asking sufficient further questions to personalise the table of products being generated.

### *Loans*

We identified four key pieces of information to generate a suitable selection of loans.

- 1) How much money does the consumer wish to borrow?
- 2) Over what period?
- 3) Is the consumer a home owner?
- 4) Does the consumer have a poor credit rating or CCJs?

With these four pieces of information, a comparison website can make a fairly accurate assessment of the loans, rates and types (i.e. secured or unsecured) open to a given consumer.

The vast majority of the sites we assessed performed very well here, including these four key questions in their loan fact find. Some also included questions which, like credit cards, asked about consumer preferences as a method of sorting or filtering the final results. However, we noted that others also included questions which seemed superfluous – for example, regarding a consumer’s age, and more significantly in one instance their personal contact details. This information would then be passed to some of the affiliated loan providers who would contact the consumers themselves. The site in question also did not give consumers the option to refuse permission to be contacted. We felt that providing personal contact details ought not to be a condition upon which consumers are able to access comparative information.

### *Savings*

The information we suggest is required to generate a suitable list of savings products includes:

- 1) Does the consumer have a lump sum to deposit? If so how much?
- 2) Will he be making regular deposits? If so how much?
- 3) How much notice is he prepared to give before withdrawing funds?
- 4) How does he want his interest paid?
- 5) Does he want tax free savings?

<sup>48</sup> Sites use a variety of tools to assess this, though most often ask the consumer if they have any history of adverse credit or County Court Judgements.

<sup>49</sup> Moneysupermarket’s “Smart Search” is a unique and particularly useful tool which – while other sites ask consumers to self-assess their credit rating, or ask one or two indicative questions – gives consumers the option to answer more in-depth questions, find out their credit score, and filter their product tables accordingly, without leaving a footprint on their credit file.

<sup>50</sup> Merlin Stone (2006) *Money Aggregators: Paradise or Purgatory for Buyers and Providers of Financial Services*

On assessment, we found that websites use a filter-based fact find, similar to that used for credit cards. This meant that consumers had to select the type of account they wanted (i.e. regular saver, ISA, notice, bond account etc) as the primary tool of the fact find. Although this narrows down what can be a crowded product field, this method has the disadvantage of relying on consumers knowing the type of account they want in advance. For example, very few sites asked the consumer whether they wanted tax free savings: we allowed for the fact that all of them did enable the consumer to pick an ISA as part of the filter fact find. However this relies on the consumer knowing that an ISA is a tax free saving option, and how it differs from other types of account (all sites did provide some guidance regarding different types of saving account, though some were more informative than others).

The main problem with this “filter fact find” approach is that we found many sites did not ask all of the key additional questions to sufficiently personalise the table generated, a similar problem to that we encountered with credit cards. We found only the FSA avoided this “product first” method and instead asked all of the questions listed above, then generated a range of savings products (of all different types) that met the consumer’s needs.

### *Mortgages*

The FSA requires all mortgage providers to produce a Key Facts Illustration (KFI) for their clients. Using a sample KFI<sup>51</sup>, we were able to extrapolate the key questions required to generate an adequately personalised range of mortgages. These are:

1. Is the consumer remortgaging, a first time buyer, etc.
2. Mortgage amount required
3. Type of mortgage required (i.e. fixed/variable etc)
4. Value of property
5. Property location
6. What repayment type does the consumer require
7. Over how many years does the consumer want to pay off the mortgage
8. What is the applicant’s income<sup>52</sup>

This is the very basic level of information required to generate a mortgage comparison table. Other questions – such as the consumer’s credit rating; how long the consumer wants their initial rate to last; and so on are also arguably very important. Nevertheless, we are aiming in this assessment to identify a minimum standard required for websites to meet, and so discounted them for the purposes of this research. Overall, we found most of the sites did not include all of this key information, though most only missed one piece of information at a time: two sites did not ask the location of the property (crucial given the different mortgage lending rules in Scotland and England); and two did not ask consumers about their income (an important method of narrowing down the list of providers willing to lend at three, four or five times an applicant’s income.)

### A note on car insurance

As we explain above in Criteria One, car insurance quotes are extremely complex. Most sites rely on an intermediary and “screen scrape” quotes direct from providers. As such, all of the sites we assessed offering car insurance (six out of nine) had identical or almost identical fact finds in this product area, listed under the following categories: personal details; vehicle details; driving history; and cover required. It is clear that the core questions on every site (which number around 30) are all required by the majority of insurance providers that comparison websites deal with. We felt it was therefore unnecessary to assess each site systematically – all met the benchmark for quality of fact find.

We would, however, make some more general observations. First, all of the sites ask for personal contact details (i.e. email and telephone number) – and most were mandatory in order to generate quote information. We do not feel that providing this information is necessary for consumers to browse an insurance quote, particularly when very few sites asked permission as to whether this information could be passed to insurers who may contact the consumer about their products. Secondly, some sites stood out from their counterparts by asking unusual personal questions – for example, MoneyExpert asks applicants whether they own their own home. Moneyextra asks how long the applicant has lived in the UK, while uSwitch asks whether the applicant smokes. Given that none of the other sites we assessed asked these particular questions, we wonder whether they add any value in generating more accurate quotes for these sites.

<sup>51</sup> Source: Yorkshire Building Society’s sample KFI.

<sup>52</sup> A consumer’s income is not, in theory, necessary to generate a suitable comparison table given that mortgage eligibility is assessed by the providers and is not necessarily the responsibility of comparison websites. However, as means of flagging up possible ineligibility, particularly for those consumers attempting to secure a large mortgage on a low salary, is very useful, especially since mortgage providers have begun to offer greater income multiples thus rendering the rule of thumb of 3.5 times a salary no longer a reliable method of estimating borrowing power.

**Results: did the website ask all of the key information in their fact find required to generate a personalised comparison table? Note: Additional text in green cells denotes information given in addition to key information. Additional text in red cells identifies missing questions.**

Website	Credit Card	Loan	Savings account	Mortgage
moneysupermarket.com	Does not ask about credit rating in basic search, but includes this as a sorting option in the table	Joint application, extra capital, monthly outgoings, credit rating, how long rate should apply	Relies on "filter search" only – asks no questions re: spending	Questions depend on initial account choice – e.g. can only specify regular deposit on saver accounts, notice period on notice accounts
fool.co.uk	Consumer's residential status (though does ask consumer to select secured or unsecured loan)	Property location	Relies on "filter search" only – asks no questions re: spending	Can only select either lump sum or monthly deposit
uswitch.com	If consumer would like PPI	N/A	Period over which to calculate interest and fees	N/A
money.net.co.uk	Some sorting options – such as excluding loans with early repayment penalties	Property location	Relies on "filter search" only – asks no questions re: spending	Questions depend on initial account choice – e.g. can only specify regular deposit on regular saver accounts, and notice period on notice accounts
moneyexpert.com	Consumer's credit rating	Several key questions missing – but does not generate table (ring back only)	Relies on "filter search" only – asks no questions re: spending	Interest paid and notice period
moneyextra.com	Comparison with existing loan	Some filtering options, opportunity to compare with existing mortgage, priorities, how long rate should apply	Relies on "filter search" only – asks no questions re: spending	Regular deposits
fsa.gov.uk	N/A	Income	N/A	
moneyfacts.co.uk	Consumer's residential status	Credit rating, true cost period and other filter/preferences	Asked questions regarding Did not ask about consumer's credit rating	Questions depend on preference – e.g. regular saving account does not ask initial deposit, etc.
kelkoo.co.uk	Consumer's residential status, credit rating	Income	Relies on "filter search" only – asks no questions re: spending	No regular deposit question or interest paid

#### Criteria Four: Terms explained

##### Our observations

As we explain in Section One, the core of a comparison website is its comparison table. Tables are presented in a fairly standard way, with a number of columns, each relating to a particular field of product information. These columns can often be sorted (as we will see in Criteria Six, below), and are usually labelled "APR", "cashback", "AER", "repayment term" and so on, according to the key information fields for each product. These labels represent

the main pieces of technical information a consumer needs to compare products. As such, it is very important that all of these terms are explained – preferably in situ, with a button facility located next to the term in question, to click on for further explanation.

To assess how clearly terms presented on the comparison tables were explained, we reviewed the comparison tables used for the five products we have included in this project – mortgages, credit cards, loans, car insurance and savings. Excluding the most obvious fields (i.e. provider name and product name, the details/features column and the “apply” button), we assessed the number of information fields explained. We also noted whether other features to provide help and guidance to consumers were present within the site, such as product guides.

at all. Overall, Motley Fool, uSwitch and the FSA all performed very well, explaining all of the terms used in their comparison tables. Although moneysupermarket did not explain the terms it used, we noted that it did provide the widest and most innovative range of tools and guides to enable consumers to understand their finances, such as podcasts and online forums. This holistic approach (i.e. providing comparative data as well as the information to ensure consumers understand how to make the most of it) is particularly welcome.

Performance was very mixed in this field: we found that sites either explained every term used in their site, or none

**An example of a comparison table**

Results: 7								Page 1 2 3 4 5 6 7 8 9 10 Next										
	Provider	Product	Intro Purchase rate <i>i</i>	Intro Purchase Period <i>i</i>	Typical APR <i>i</i>	Features	Apply											
	↑↓		↑↓		↑↓													
<input type="checkbox"/>	HSBC	Bank Credit Card	0%	12 months	15.9%	2.5% balance transfer fee	<a href="#">APPLY</a> →											
<input type="checkbox"/>	Halifax	One Credit Card	0%	9 months	13.9%	Extra cards for family members 18+	<a href="#">APPLY</a> →											
<input type="checkbox"/>	Lloyds TSB	Advance Mastercard	0%	6 months	11.9%	Online applications only	<a href="#">More info</a>											
<input type="checkbox"/>	Natwest	Classic	0%	3 months	13.9%	24/7 online access	<a href="#">APPLY</a> →											
<input type="checkbox"/>	Egg	Egg Card	0%	3 months	16.9%	internet shopping guarantee	<a href="#">More info</a>											

### Results – how many terms in the table are explained, relative to the number of fields of information presented

Website	Credit Card	Personal Loans	Savings	Mortgage	Car Insurance	Other consumer guidance present on site
moneysupermarket.com	0/4	0/4	0/12	3/11	0/6	Best for additional consumer information and guidance. Includes consumer communities and forums, “ask the expert” forums and films. Wide range of financial and product guides
fool.co.uk	4/4	3/3	6/6	6/6	0/2	Range of financial and product guides
uswitch.com	6/6	4/4	N/A	N/A	5/5	Range of product guides
money.net.co.uk	0/4 <sup>53</sup>	0/4	0/3	0/7	No table provided	Range of product guides (except for savings)
moneyexpert.com	0/3	0/3	0/2	No table Provided	0/2	Range of product guides (except for car insurance)
moneyextra.com	4/4 <sup>54</sup>	0/5	1/6	0/5	No table provided	Range of product guides and glossary of terms
fsa.gov.uk	N/A	N/A	11/11	17/17	N/A	Range product guides, further consumer information in <i>MoneyMadeClear</i> <sup>55</sup>
moneyfacts.co.uk	0/6 <sup>56</sup>	0/5 <sup>57</sup>	0/7	5/5	N/A	Range of product guides and glossary of terms
kelkoo.co.uk	0/3	0/2	0/4	0/4	N/A	None

### Criteria Five: Consumer experience

#### Our observations

In order to assess the general “user friendliness” of comparison websites, we commissioned Opinion Leader to carry out two consumer tests on our behalf. These tests involved two groups of five consumers (all low to median earners and of mixed ages), with the first group self-reportedly less computer literate than the second.

Participants were tasked with finding a particular financial product (either a loan, credit card or savings account) suitable for an individual with a set of hypothetical details, and repeated this task on each of the comparison websites. After attempting the task on each, they were asked to fill in a quantitative survey for each website (reproduced in Appendix 6) in which they could rate:

- The ease of navigation;
- Clarity of the information presented;
- Whether enough information was provided to make a choice; and
- Their overall opinion

Following this test, Opinion Leader facilitated a discussion in which participants could talk about their experiences.

On assessment, we found that the sector performed very well overall, with most sites demonstrating strengths in particular areas and many offering features which were commended by consumers. Most consumers had the same two or three favourite sites, though a very small minority performed poorly in this test.

We did find, however, that there was a significant difference between the experiences of consumers in Group 1 (less computer literate), and Group 2 (more computer literate). Overall, Group 1 participants found the task far more challenging, and took longer to complete it. This suggests that effective navigation of comparison sites – a skill learnt through use of a PC and access to the Internet – is particularly important and affects the success with which consumers can access comparative information. As such, consumers with lower levels of IT skills (perhaps older consumers and those on lower incomes who tend to have

<sup>53</sup> Only a limited key was used at the bottom of the table, which did not explain all the terms used in the table headings.

<sup>54</sup> The explanation of terms was provided in a key at the bottom of the table, rather than in situ, but was clear.

<sup>55</sup> MoneyMadeClear is the consumer financial information site run by the FSA. It contains a very wide range of consumer guides and online tools – one of which is the comparison table sub-section.

<sup>56</sup> The credit card table on Moneyfacts was very difficult to understand. The terms were abbreviated and not explained. We found this table the most challenging to comprehend of all tables assessed in this project.

<sup>57</sup> Only a limited key is provided at the bottom of the loan and credit card tables, which does not provide a full explanation of terms.

less access to a PC and an Internet connection) may be at a disadvantage. Given that comparison websites are a potentially valuable means of helping consumers select appropriate financial products, it is important to consider the digital inclusion agenda (i.e. improving Internet access among lower income, older and vulnerable groups) within the context of improving financial capability.

In spite of their different experiences, both more and less IT literate consumers favoured MoneyExpert, Motley Fool and uSwitch the most. Our consumer test participants were drawn from our target group of low to median earners, who are mainly in the C1-C2 demographic. It is interesting to note, therefore, that MoneyExpert, which generally scored the highest among our consumers, states that its target market are consumers in C1-C2 socio-economic groups and that it communicates its information in a way which appeals to this group specifically.<sup>58</sup> This strategy is clearly successful. We should also acknowledge that moneynet may have been disadvantaged in this instance, as they state their target audience are higher earners with disposable income to purchase additional financial products.<sup>59</sup> On the other hand, Motley Fool states its mission is to empower “financially literate individuals”, and yet still scored highly among our test participants.<sup>60</sup>

On the other hand, Kelkoo was by far the least favourite site among all consumers, with consumers commenting that it was hard to navigate, too “busy”, and that the fact find questions did not enable an effective product search. The FSA’s site also performed poorly, with the exception of ease of navigation, in which it scored highest in both groups of consumers. Their low score overall may have in part been because its consumer information and guides are provided on a linked but separate site – [www.moneymadeclear.gov.uk](http://www.moneymadeclear.gov.uk). Consumers clearly wanted information about products to hand, i.e. provided in situ with comparison tables.

There were, however, some noticeable differences in opinion between the two groups – for example, moneysupermarket consistently scored lower among more IT literate consumers, yet this site was singled out as a favourite among the less IT literate group. The reverse was true for uSwitch. This can be regarded as a positive finding – it demonstrates that the market is varied, and is currently appealing to different consumer groups. More and less IT literate consumers, older and younger, those from different social backgrounds, and so on, are more likely to find a site which suits them where this is the case.

In spite of these differences of opinion, there was a clear consensus among all of our consumers in the discussions that followed:

- They appreciated a simple, flowing style of site, which enabled them to reach comparative information quickly. This did not imply consumers wanted a very plain site, as the FSA’s site was seen as too austere and unappealing.
- They liked being “in control” of the information – being able to sort, filter and otherwise manipulate data was seen as important.
- Some particular features were also commented on favourably: MoneyExpert’s shortlist option; uSwitch’s user survey information; moneynet’s product overview and Moneyfacts “ethical” product selection were popular, for example.
- Market coverage – expressed as the number of product results in a comparison table – was also important to give consumers a feeling of informed choice.

A consensus also emerged regarding negative features:

- Sites were often viewed unfavourably for being too “busy” and colourful, with too much advertising.
- Sites often asked too many questions, and the relevance of asking personal details in particular was questioned in relation to MoneyExpert.
- Not being able to access comparative information within a click or two from the home page was also identified as a common flaw.

A selection of comments reflecting participants’ experience of individual websites can be found in Appendix 7.

#### *The issue of impartiality*

A survey commissioned by Direct Line in 2005 found that 38 per cent of consumers were unaware that comparison sites received commission from the insurers they listed on their sites, and thought revenue came from advertising space only.<sup>61</sup> We found similar confusion in this study, with neither the less nor more IT literate groups sure about the impartial status of the sites they had used. For example, one participant commended MoneyExpert for its “Editor’s Choice” list, commenting that the Editor was the “expert” – another disagreed, stating that they had no idea who the “Editor” was and why he had listed the products he had. Recent research suggests, however, that a perceived lack

<sup>58</sup> Information provided by Sean Gardner, CEO of Monet Expert, via email on 23 July 2007

<sup>59</sup> <http://www.moneynet.co.uk/about-us/introduction.shtml>

<sup>60</sup> <http://www.fool.co.uk/help/aboutus.aspx>

<sup>61</sup> Conducted by YouGov between 17-20 June 2005. YouGov interviewed a sample of 2,009 GB adults.



of impartiality may be discouraging consumers from using comparison sites. Quidco's 2007 Online Shopping Report reported a change in public perceptions, with more people suspecting that price comparison websites are favoring their highest paying clients and presenting consumers with biased and selective results. They found that one in three British consumers had already stopped using price comparison websites and nearly 50 per cent more said they would cease to use them if they were found to be biased or selective.<sup>62</sup>

This is corroborated by our own findings, which showed that most of our test participants did not object to the use of commission and sponsorship per se, as long as the sites achieved good market coverage (from the participant's point of view, this was the case if the site generated a large number of products to choose between) and enabled impartial choice.

Our assessment demonstrated to us the risks that consumers face when navigating comparison sites. Less IT literate consumers, in particular, were liable to be wrong-footed by pop-ups and affiliate-based "best buy" lists. Some, for example, complained that certain sites did not provide a list of enough products – they had been inadvertently caught in a "top deal" list and did not know that a "real" table with a larger number of products was located within the site. Even a consumer from the second group stated that he had chosen a "recommended" product having been unable to access the full comparison list in a particular site. If anything, this highlights the importance of transparency and clarity regarding the sponsorship status of the products presented on comparison websites.

**The results – how did consumers rate the sites they used out of 5? Note: Group 1 were (self reportedly) less computer literate than Group 2. Green denotes top scoring websites, red lowest scoring. Text in each cell is the average score given by participants.**

Website	Clarity of information		Enough information to make choice		Ease of navigation		Overall rating		Total average score across four criteria		
	1	2	1	2	1	2	1	2	1	2	BOTH
moneysupermarket.com	4.5	3.4	4	3.2	4	3.2	4.25	2.6	4.19	3.1	3.58
fool.co.uk	4.33	3.6	4	3.8	4.67	4	4	3.8	4.25	3.8	3.97
uswitch.com	4	4.3	3.3	4	3.3	4.3	2.6	4	3.33	4.16	3.75
money.net.co.uk	3.3	3.8	3.3	3.4	3.3	3.6	3.3	3.4	3.33	3.55	3.45
moneyexpert.com	4.67	4.4	4.33	3.6	4.67	4.2	4.33	3.6	4.5	3.95	4.16
moneyextra.com	3.75	4	3.5	3.25	4	3.25	3.75	3	3.75	3.38	3.56
fsa.gov.uk	4	3	2	2.5	5	5	3	2.5	3.5	3.25	3.33
moneyfacts.co.uk	3	3.6	3.75	3.8	3	4	2.75	3.6	3.13	3.75	3.47
kelkoo.co.uk	3	2.6	3	2.6	3	3.2	2.75	2	2.94	2.6	2.75

<sup>62</sup> [http://www.bizreport.com/2007/08/british\\_consumers\\_wary\\_of\\_price\\_comparison\\_websites.html](http://www.bizreport.com/2007/08/british_consumers_wary_of_price_comparison_websites.html)

**Criteria Six: Flexibility**

**Our observations**

To assess the flexibility of sites' comparison tables, we considered how many ways a table could be sorted by its product fields (i.e columns). We did not count the commonly presented "details" column, which is usually in the form of free text, and the "apply" button. We also looked for additional flexibilities, such as enabling consumers to narrow their search results with filters and the ability to short-list products.

This provides an indication of how easily consumers can manipulate the information they are presented with – a feature which our consumer testing proved to be particularly important. Being able to manipulate comparative information is crucial if a consumer wants to select a product based on something other than headline rate or provider name (the two default ways in which information tends to be sorted in comparison tables). These features also enable consumers to narrow their searches (i.e. by

"filtering" the search results to display one particular sub-category of mortgage, for example) and cross-compare a smaller number of products that they might be interested in with a "short list" option. Websites with limited or no sorting or filtering features make it very difficult for the consumer to compare products effectively, and by anything other than price.

Overall, performance was generally positive, with most sites enabling consumers to at least partially sort the information presented on their tables. Unlike some of the other criteria we have assessed in this project, results did not vary from product to product, but only really from website to website. Moneynet performed best here, enabling the consumer to sort information across all fields of information and for all its products. Motley Fool and Moneyextra also performed well, the former also enabling the consumer to filter product results and to shortlist its tables.

**An example of a comparison table**

Results: 71		Page 1 2 3 4 5 6 7 8 9 10 Next					
	Provider	Product	Intro Purchase rate <i>i</i>	Intro Purchase Period <i>i</i>	Typical APR <i>i</i>	Features	Apply
<input type="checkbox"/>	HSBC	Bank Credit Card	0%	12 months	15.9%	2.5% balance transfer fee	<a href="#">APPLY</a>
<input type="checkbox"/>	Halifax	One Credit Card	0%	9 months	13.9%	Extra cards for family members 18+	<a href="#">APPLY</a>
<input type="checkbox"/>	Lloyds TSB	Advance Mastercard	0%	6 months	11.9%	Online applications only	<a href="#">More info</a>
<input type="checkbox"/>	Natwest	Classic	0%	3 months	13.9%	24/7 online access	<a href="#">APPLY</a>
<input type="checkbox"/>	Egg	Egg Card	0%	6 months	16.9%	internet shopping guarantee	<a href="#">More info</a>

**Results: How many ways can the fields of information be sorted, relative to the number of fields present in the table? Note: Green cells indicate where sites allow sorting by all fields of information; red cells denote where no sorting options are present; amber cells denote where some fields can be sorted.**

Website	Credit Card	Personal Loans	Savings	Mortgage	Car Insurance	Other consumer guidance present on site
moneysupermarket.com	1/5	0/5	5/13	0/9	0/7	Can filter mortgages
fool.co.uk	5/5	4/4	7/7	6/7	0/3	Can filter mortgages Can shortlist car insurance
uswitch.com	7/8	6/6	N/A	N/A	4/6	Can shortlist credit cards and loans
money.net.co.uk	6/6	5/5	4/4	8/8	No table provided	None
moneyexpert.com	0/4	0/4	0/3	N/A (ring back)	0/3	Can shortlist credit cards, loans and car insurance
moneyextra.com	5/5	6/6	7/7	5/7	No table provided	None
fsa.gov.uk	N/A	N/A	3/14	3/6	N/A	Can shortlist and filter savings and mortgages
moneyfacts.co.uk	6/7 <sup>64</sup>	3/5	4/7	6/6	N/A	Can filter credit cards, loans and savings
kelkoo.co.uk	0/5	0/5	0/6	6/6	N/A	None

When carrying out this assessment, we noticed that sites presented multiple pages of results in different ways. Motley Fool, money.net, FSA and Kelkoo should be commended here, because they present their page numbers individually, with links. This enables a consumer to jump through to different pages of the table easily. Moneysupermarket,<sup>63</sup> MoneyExpert, uSwitch and Moneyfacts, on the other hand, only gave a “next” link on their tables – meaning consumers can only jump through to the next page and move through the table a page at a time. This may seem a small detail, but with some sites presenting thousands of products over 20 or more pages, being able to click through pages more than one at a time is a very useful feature if looking for a particular product.

### Criteria Seven: Market coverage

#### Our observations

Our original intention was to measure the level of market coverage of each of the comparison websites. However, this proved almost impossible – the reason being that the market for some products is simply too large to correctly estimate coverage of a given site. As such, most sites are unwilling or simply unable to state exactly their level of market coverage, though the majority of sites state they have full or full “as possible” coverage. Moneyextra states they aim to cover more than 90 per cent of the market. This does not take into account the fact that some

providers refuse to be part of comparison websites, in particular the Royal Bank of Scotland group.<sup>65</sup> As such, whilst many sites’ market coverage might be very high, their market share may be somewhat lower in particular product fields given the market coverage of the RBS family of products. An additional factor legislating against quantifying market coverage is that comparison websites will often list several products from one provider as separate entries in a comparison table. As such, it is very difficult to manually calculate how many providers a website includes.

However, when running a simple mortgage query<sup>66</sup> for illustrative purposes, we found most sites generated around 2000 mortgages in their comparison tables, suggesting that the sites we have assessed have all generally achieved a high level of market coverage.

The only exception to this is Kelkoo, who generated 207 mortgages from 14 providers using the same query. On reviewing other financial products, Kelkoo had similarly low coverage – for example, it has information on 36 credit cards from 17 providers, compared to money.net’s 120 providers and moneysupermarket’s 300 cards. These results can be attributed to the fact that all of the providers on Kelkoo are affiliates – although listing on Kelkoo is free, a click through arrangement is compulsory. This means that once a provider is listed, they must pay a fee whenever a consumer clicks on their “apply” button. As such, those

<sup>63</sup> Moneysupermarket added an additional difficulty to this process – unlike the other sites we assessed, it does not state the number of products returned from a query. As such, the consumer is presented with a table of indeterminate length and with only a “next page” button with which to progress through it.

<sup>64</sup> We found Moneyfacts’ credit card table extremely difficult to use. The sorting options did not correspond to the columns in the table, and also referred to information within the body of the table. Column headings were also written in abbreviated technical terms and not explained (see above).

<sup>65</sup> DirectLine, for example, has refused permission to be “screen scraped” by comparison sites and so will not have their insurance products included on comparison tables

<sup>66</sup> Remortgage of £70,000 on a £200,000 property, with an income of £24,000

unprepared to pay this fee will not feature on Kelkoo, thus driving the significant difference between the numbers of providers listed on Kelkoo compared to the other sites we assessed (all of whom do include non-fee paying providers in their comparison tables).

It is certainly important for a consumer to view a whole of market, or a nearly whole of market selection of financial products, and the generally high level of coverage across most of the websites we assessed is certainly to be welcomed.<sup>67</sup>

### **Criteria Eight: Impartiality**

#### **Our observations**

As we explain in Section II, comparison websites must generate revenue. The services they provide cannot be offered for free, and not charging the consumer to view information necessitates revenue generation from financial services providers. As such, the Foundation has taken the view that the affiliate schemes operated by most sites – i.e. where they charge financial service providers for a range of benefits on their site (see below) – are not necessarily contrary to the consumer’s interest, and crucially keep such sites free at the point of use for the consumer. Most of the sites we assessed operated such schemes, but at the same time eight of the nine sites covered a significant proportion of the market, and did not charge providers to feature on their site. This, in principle, means that consumers are able to make an impartial comparison of a large proportion of the market, regardless of the promotions some product providers have paid for.

The crucial factor in assessing a site’s impartiality was not therefore whether an affiliate scheme was in place, but whether the sites operating such schemes were open and clear about their commercial relationships. The table below assesses each website on this basis.

On assessment, we found that Motley Fool and uSwitch were exemplary in the frank and open way in which they explained the sponsorship status of the providers listed on their sites. However, the majority of sites we assessed were opaque in explaining how they generate revenue, and we found the promotion of sponsors could be very misleading on some sites.

The range of methods employed to direct consumers towards sponsored products is extensive, and the potential to be wrong footed by a best buy table, pop up or misunderstood term is quite high. The findings of our user

survey (see Criteria Five, above) confirmed this suspicion, with even the more financially savvy and computer literate consumers not immune to misunderstanding the information being presented to them. Some sites may therefore be (at least inadvertently) capitalising on consumer confusion.

In particular, “best buy” tables which emulate the format and presentation of “real” comparison tables risk misleading many consumers who may not realise that a further whole of market comparison table can be generated via a fact-find process within the site. In our view, sites which did not provide even basic contact details for non-affiliated providers (see Criteria Nine below), or suggested alternative products when a consumer wanted to “enquire” about a non-affiliated product, were directing consumers too strongly towards fee-paying providers and could be inadvertently limiting consumer choice.

The importance of comparison sites being open and transparent regarding their commercial relationships cannot be overstated. A lack of transparency in this area can cast doubt on the impartiality and reliability of the information being provided by such sites, which in turn can undermine public confidence in the sector. This, recent research suggests, can (and perhaps already does) discourage consumers from using these sites: Quidco’s 2007 Online Shopping Report reported a change in public perceptions, with more people suspecting that price comparison websites are favoring their highest paying clients and presenting consumers with biased and selective results. They found that one in three British consumers had already stopped using price comparison websites and nearly 50 per cent more said they would cease to use them if they were found to be biased or selective.<sup>68</sup>

It is in the commercial interests of comparison sites, therefore, to be as frank and open about their sponsorship arrangements as possible, and to learn from the notable examples of uSwitch and Motley Fool. As we explain above, the consumers we consulted on this matter did not seem overly concerned by sites being sponsored per se, as long as their choice remained unencumbered and based on impartial information. As such, greater openness about sponsorship arrangements can only improve public confidence rather than undermine it. The issue of commission relationships and the transparency with which they are presented to the consumer is also of concern to the FSA’s Retail Distribution Review, which is examining this in the context of the regulated advice sector.

<sup>67</sup> We should, however, point out that our findings in other areas – most notably impartiality and “ability to take the next step” (see below) – suggests that even those sites with the highest level of market coverage still limit consumer choice, by directing consumers strongly towards affiliated providers.

<sup>68</sup> [http://www.bizreport.com/2007/08/british\\_consumers\\_wary\\_of\\_price\\_comparison\\_websites.html](http://www.bizreport.com/2007/08/british_consumers_wary_of_price_comparison_websites.html)

### A note on the FSA

Unlike the other websites we have assessed as part of this project, the FSA does not generate revenue from the service it offers. As the regulator of the financial services market, it uses part of the annual levy it charges regulated financial services companies to fund its financial capability work, including the operation of its comparison tables.

This makes the FSA's tables unique in the market in many ways. However, the difference between it and its peers is most noticeable when assessing the presence of affiliate schemes and advertising. The FSA's comparison tables have neither – as such, it is arguably the most impartial and objective of all the sites we assessed, unconstrained as it is by the need to raise revenue from the providers it lists in its tables. We recognise, of course, that other sites need to generate revenue and so are not in a position to be able to avoid sponsorship and advertising schemes.

### What features are used to promote affiliates?

There are a number of features present on comparison websites which benefit those providers with whom sites have commercial relationships. The most common of these

is the “click through” – a feature used by every site we assessed which had an affiliate scheme. A “click through” is where an affiliated provider benefits from a link directly to their website from a comparison website's comparison table. The “click through” (i.e. the link) is usually located at the end of the table in an “apply” or “buy” button, and is usually easy to spot. They are often differentiated from other, non-affiliated providers because such providers will usually not have an “apply” button on the table but rather an “enquire” or “details” button only.

Providers can pay a significant amount for this benefit, usually paying a flat fee every time a consumer clicks an “apply” button and is forwarded to their site. One newspaper estimated this fee can be as high as £120 per click, though would average between £30 and £50.<sup>89</sup> A further fee can be charged if a sale is then generated from this click. The benefit of a click through is that consumers can apply directly to a provider from the comparison table – the prominent “apply” button emphasises the convenience of this option over those non-affiliate providers which may not even have their contact details provided by the comparison site (see Criteria Nine, ability to act on information).

### An example of a comparison table

Results: 71							
Page 1 2 3 4 5 6 7 8 9 10 Next							
	Provider	Product	Intro Purchase rate <i>i</i>	Intro Purchase Period <i>i</i>	Typical APR <i>i</i>	Features	Apply
	↑↓		↑↓		↑↓		
<input type="checkbox"/>	HSBC	Bank Credit Card	0%	12 months	15.9%	2.5% balance transfer fee	<b>APPLY</b> →
<input type="checkbox"/>	Halifax	One Credit Card	0%	9 months	13.9%	Extra cards for family members 18+	<b>APPLY</b> →
<input type="checkbox"/>	Lloyds TSB	Advance Mastercard	0%	6 months	11.9%	Online applications only	More info
<input type="checkbox"/>	Natwest	Classic	0%	3 months	13.9%	24/7 online access	<b>APPLY</b> →
<input type="checkbox"/>	Egg	Egg Card	0%	3 months	16.9%	internet shopping guarantee	More info

These are affiliates with “click throughs”

<sup>89</sup> Jim Daley, Telegraph, 10th July 2007 <http://www.telegraph.co.uk/money/main.jhtml?xml=/money/2007/06/11/cmdirect11.xml>

The second most common feature on the websites we assessed were tables of affiliated providers, presented before a consumer had carried out their own search and generated their own table. The tables were variously called “editors choice”, “most popular”, “best buys”, “top deals” and so on, though as they are populated by affiliate providers, there is no guarantee that the products listed in any way suit an individual consumer’s needs. As we explain in the table below, not every site we compared explained on what information these tables were based. We would also suggest that these tables may be misleading for the consumer given that they are usually placed prominently, before the actual search process or at the top of comparison tables, and are designed to look exactly like “real” comparison tables.

A third common feature is the “sponsored link”. This places two or three affiliate providers prominently at the top of a site’s comparison table (regardless of their competitiveness

or suitability for the consumer which might place them lower on the table). A fourth feature is for a comparison table to include a filter within their fact find. This may say “display only products you can apply for online?” which then presents in the table only those providers with click through “apply” buttons (i.e. affiliates).

*Note:*

The results table below is based simply on the presence of an explanation of the affiliate-based features on each site. We did not take into consideration where and how this information was presented, however, this varied greatly between sites. Some sites, for example, include an explanation of their commercial relationships only in fine print in their “about us” sections – not something an average consumer looking for a loan is likely to read; whilst others have explanations prominently displayed and within the context of the comparison table itself. We would certainly welcome sites taking this latter approach.

**Results: what features are used on the websites and do they explain where these are based on commercial relationships? Note: Green cells indicate that a site was clear in its explanation of affiliate schemes, whereas red cells are for those sites that did not provide this information.**

Website	What affiliate scheme features do they have?	Are these explained as based on commercial relationships or another source?
moneysupermarket.com	Promotional/Sponsored Links Click throughs "Best sellers"	None
fool.co.uk	Best buy loans from partners Mortgages – Product of the week. Click throughs  Default table displays affiliated products only (consumer has to re-search to view all products)	The most open of all sites. Explains that top deals and click throughs are commercial arrangements, and mortgages of the week are impartial. Also includes an "are you sure" page, flagging up where consumers have selected a non-affiliated product, but still enables consumers to select that product.  However, "search all products" (i.e. not using best buy or affiliate tables) is very difficult to find and hidden within the site – noticeably more so than any other site assessed.
uswitch.com	Click throughs "Top Deals" Search affiliates only ("apply online")	Very open. Includes details of revenue model, affiliate schemes, and explains click throughs. They also have no advertising – a feature shared only with the FSA.
money.net.co.uk	Click throughs Best buys Search affiliates only ("apply online")	None
moneyexpert.com	Popular / Quick view  "Editors Choice" Click throughs	Explains the "popular" selection is based on a MORI poll of top providers  Does not explain "editor's choice" or click throughs as based on commercial relationships
moneyextra.com	On-line loans/credit cards/savings buys Mortgage best buys Sponsored links Section sponsorship Click throughs Search affiliates only ("apply online")	States online buys and best buys are not based on whole of market, but does not explain whether these are affiliate based.  Does explain that online application is based on "partnership" status
fsa.gov.uk	None	The FSA has no affiliate scheme or advertising arrangements.
moneyfacts.co.uk	Best buys  Click throughs	Moneyfacts states all funds come from advertising. Its best buys are based on their own assessments.  It does not explain why some providers have an "apply" button and direct link and if this is based on sponsorship or fees.
kelkoo.co.uk	Premier Partner Offers Sponsored links from Yahoo	None

### Criteria Nine: Ability to take the next step

#### Our observations

An important feature of a comparison website is that it allows the consumer not only to view information, but to act on that information. We have described this as the consumer "taking the next step". What this next step is, exactly, depends very much on the product in question. Car insurance is unusual in that the product can be purchased

entirely online, usually with an intermediary who manages the process. As such, the "next step" for a consumer comparing car insurance is to simply buy the insurance he selects. For savings accounts, the next step would be to open the account with the provider in question. On the other hand, for mortgages, loans and credit cards, the consumer must apply and wait to see if he or she has been approved for that form of credit.

As such, it is important that comparison sites enable consumers to act on the information provided, by providing contact details of the providers it lists or link to the relevant website, so that consumers can make direct contact regarding the product they have chosen.

However, our assessment found that on the whole, comparison websites tended only to provide direct links or contact details for those providers with whom they had commercial relationships. Motley Fool and MoneyExpert were exceptions to this, performing very strongly and enabling consumers to contact every provider listed directly, regardless of sponsorship status. Moneyfacts also performed strongly here.

We found that the other comparison websites we assessed omitted the contact details, such as a web address or a phone number, of non-affiliated providers. Three sites provided substitute (i.e. affiliated) products when a consumer clicks on a link to “enquire” about a non-affiliated product. We suggest that this last feature in particular directs consumers too strongly towards choosing sponsored products and may be inadvertently restricting consumer choice. Providing contact details of non-affiliates would not necessarily undermine a site’s sponsorship scheme, as affiliates would still benefit from the convenience of the direct link to their websites.

An exception to this general observation is in the field of car insurance. As we explain above, most providers use an intermediary which manages the purchase process online, so consumers can make a product purchase regardless of which insurance product they choose. Consumers never actually visit the insurance provider’s site, however the purchase is carried out on behalf of that provider and is a very simple process.

At the other end of the spectrum, mortgages are much more of a challenge for consumers to select and purchase themselves. Most sites do not link to mortgage providers’ websites at all, and do not give mortgage provider contact details. Instead, if a consumer selects “apply”, he is usually forwarded to the site’s own mortgage brokerage service. This means that a screen appears asking for the consumer’s personal contact details, and then the comparison website’s own brokerage team will call them back to discuss the mortgage.

It could be argued that this provides added convenience for the consumer – using a broker to arrange a mortgage can save considerable amounts of time and cuts through a complex process. However, one of the key benefits of using a broker is that the broker finds the best value mortgage according to their client’s circumstances. If a consumer has selected a mortgage from a comparison table already, then we can assume that they know which mortgage they want, and that they do not need the market search services of a broker. In addition, one reason why consumers use comparison websites in the first place may be that they want to arrange their mortgage themselves, and not rely on a broker. Having a comparison table which simply leads to a brokerage service defeats this object. A more preferable arrangement would be for the brokerage service to be optional, but for the provider’s details also to be given to enable the consumer to organise his mortgage directly. Therefore, in the results below, we have taken sites automatically directing consumers to brokerage services to mean consumers cannot take the “next step” in a product purchase.

Of course, an astute consumer can simply search on the internet for a mortgage provider they have seen on the comparison table, and then contact the provider themselves. This also applies for every other product where a comparison site has not provided contact details for all providers. Nevertheless, this adds a further obstacle to enabling the consumer to act on the information provided and this additional layer of inconvenience may discourage them from taking the next step with their first choice of product in favour of a more convenient (i.e. affiliated) one.

*Note:*

A point to note in the following table is that Kelkoo does provide contact details for all of the providers listed on its site. However, as we explain above, Kelkoo is unusual in that all of the providers on its site are actually affiliates, in that they all pay a fee for a “click through” arrangement. As such, we were unable to assess whether Kelkoo provided contact details for its “non-affiliate” providers in the same way as we did for other sites in this test.



**Results: did the website present all of the key information in their main table to facilitate an informed product choice? Note: Additional text in green cells denotes information given in addition to key information. Additional text in red cells identifies missing data.**

Website	Credit Card	Loan	Savings	Mortgage	Car insurance
moneysupermarket.com	No contact details for non-affiliated providers	No contact details for non-affiliated providers	No contact details for non-affiliated providers	Consumers are linked to sites in best sellers table. Brokerage service for rest.	
fool.co.uk	An “are you sure?” page is used when a consumer selects a non affiliated provider, but consumers are then directed to provider site	An “are you sure?” page is used when a consumer selects a non affiliated provider, but consumers are then directed to provider site	An “are you sure?” page is used when a consumer selects a non affiliated provider, but consumers are then directed to provider site	Brokerage service	
uswitch.com	No contact details for non-affiliated providers, and substitute (affiliate) products are suggested	No contact details for non-affiliated providers, and substitute (affiliate) products are suggested	N/A	N/A	
money.net.co.uk	No contact details for non-affiliated providers, and substitute (affiliate) products are suggested	No contact details for non-affiliated providers, and substitute (affiliate) products are suggested		Brokerage service	
moneyexpert.com				Brokerage service	
moneyextra.com	No contact details for non-affiliated providers, and substitute (affiliate) products are suggested	No contact details for non-affiliated providers, and substitute (affiliate) products are suggested	No contact details for non-affiliated providers, and substitute (affiliate) products are suggested	Brokerage service	
fsa.gov.uk	N/A	N/A			N/A
moneyfacts.co.uk			Only direct links to some sites, no contact details for others	Brokerage service	N/A
kelkoo.co.uk	Directly links to all providers sites – but all providers are affiliates	Directly links to all providers sites – but all providers are affiliates	Directly links to all providers sites – but all providers are affiliates	Directly links to all providers sites – but all providers are affiliates	N/A

## Section IV - Conclusions and recommendations

### General reflections

Comparison websites provide an extremely valuable service, enabling consumers to make informed choices about financial products, and with a good knowledge of the options available to them. This can substantially reduce the risk of people buying inappropriate, poor quality or over-priced financial products – potentially saving them a great deal of money. More generally, using comparison sites can increase a consumer's understanding of, and confidence in, dealing with the financial services market, and therefore help increase the population's levels of financial capability.

Improving financial capability is increasingly becoming a policy priority, particularly in light of concerns about high levels of consumer debt and poor pensions provision. In the next six months, the Government will publish a financial capability action plan and the Thoresen Review will report on how to provide generic financial advice on a national basis. By helping consumers select more appropriate financial products, comparison websites could have an important role to play in supporting both these developments.

### The sector's strengths and examples of good practice

The Foundation's recent Yougov poll found that over 60 per cent of consumers felt that managing personal finances has become more difficult over the last decade<sup>70</sup> and that people on low to moderate incomes are 40 per cent less likely to consult an independent financial adviser than those on higher incomes.<sup>71</sup> This supports the findings of the FSA's baseline survey of financial capability which showed that most people are poor at choosing financial products and often do not seek independent advice. The growing popularity of comparison sites seems to be a natural response to this challenge and one that should be welcomed and encouraged.

Overall, although our findings were mixed, individual sites often performed well against particular criteria. The best performers varied from criteria to criteria, so that there was no "all round" best performer – rather, different sites had their own individual strengths.

For example, Motley Fool and uSwitch should be commended for the frank and open manner in which they explain their commercial relationships and how this influences the content of their sites. Given that the other sites we assessed were weak in this area, the transparency of these two sites could certainly be emulated by others as good practice.

The same two sites were also outstanding in providing explanations of all of the technical terms they used in their comparison tables. Although we did not assess websites formally for the range of consumer guides and tools offered, some sites, especially moneysupermarket provided a wide range of guidance, information and innovative tools – such as podcasts and forums – to enable consumers to better understand their finances. This holistic approach (i.e. providing comparative data as well as the information to ensure consumers understand how to make the most of it) is particularly welcome.

MoneyExpert enabled consumers to contact all of its providers (regardless of their sponsorship status) directly, and was also the strongest performer in our consumer testing. The site states that its target market are consumers in C1-C2 socio-economic groups and that it communicates its information in a way that appeals to this group specifically.<sup>72</sup> This strategy is clearly successful, as our consumer test participants were drawn from our target group of low to median earners, who are mainly in the C1-C2 demographic. We should also acknowledge that moneynet may have been disadvantaged in this instance as their target audience are higher earners with disposable income to purchase additional financial products.<sup>73</sup>

More generally, although we were not able to carry out a quantitative assessment, our investigations indicated that most sites have achieved a high level of market coverage. We also found that the vast majority of sites provide a wealth of readily accessible information in many product areas in addition to their comparison tables. Both of these factors are extremely positive.

Our research also indicates that some of the criticisms previously levelled at the comparison website sector – in particular that sites focus on price information to the detriment of other product features, and that they may encourage consumers to make multiple credit applications which can damage their credit ratings – are now more or less unfounded. We found most sites offered a range of non-price related information, such as user ratings and ethical status, on many of their products,<sup>74</sup> and the vast majority of sites have adapted their fact finds and/or their sorting and filtering options to enable consumers to establish what their credit rating might be, and search for products appropriate to that rating (thereby reducing the risk of their application for credit being refused). This demonstrates that the sector is responsive to criticism and willing to modify and improve their services as they learn more about consumer expectations and demands.

<sup>70</sup> YouGov Survey Results, on behalf of the Resolution Foundation, July 2007. Total sample size was 2,010 adults. Fieldwork was undertaken between 25th - 27th July 2007.

<sup>71</sup> Ibid

<sup>72</sup> Information provided by Sean Gardner, CEO of Monet Expert, via email on 23 July 2007

<sup>73</sup> <http://www.moneynet.co.uk/about-us/introduction.shtml>

<sup>74</sup> Notwithstanding the comments above regarding car insurance products, which still seem to be presented in a price-driven way to the detriment of other information.

## Areas in need of improvement

Notwithstanding the good practice identified above, our research revealed mixed findings against the criteria we measured. We have identified four key areas where performance could be improved by building on existing good practice:

- Transparency of commercial relationships
- Explanation of terms in comparison tables
- Requiring personal contact details
- Personalising credit card and savings information.

### 1. Transparency of commercial relationships

It is vital that the sector is transparent in the way it presents its commercial relationships to the consumer if public confidence in the sector is to be maintained. In the light of recent polling results from Quidco's 2007 Online Shopping Report, which suggests consumers may be discouraged from using comparison sites due a perceived lack of impartiality,<sup>75</sup> it is clearly in the sector's interest to address this issue.

Our research showed that most comparison sites operate in a complex and, for the consumer, often opaque way. The interaction of brokers, third parties and sponsors makes it difficult to establish how some sites generate their revenue and how this is reflected in their sites. Notable exceptions to this were Motley Fool and uSwitch, whose frankness concerning their commercial relationships should be regarded as examples of best practice.

We understand that generating revenue is an operational imperative which, crucially, keeps sites free for the consumer. However, certain practices associated with sites' affiliate schemes could mislead consumers with poor financial awareness or lack of IT literacy – a suspicion confirmed to us when we saw first hand how this could occur during our consumer testing. In this context, some consumers may be more vulnerable to, for example, purchasing unsuitable or higher cost products by mistaking a "most popular" table for a "best value" table, or by not being able to purchase their preferred product.

This latter situation may occur when click-throughs to sponsored providers are provided, but no contact details at all are given for a non-affiliated product. We believe that this practice directs consumers too strongly towards choosing sponsored products and may restrict consumer choice – especially among those who are less confident in using the Internet and so may lack the confidence to select anything other than a click through product with a conveniently placed "apply" button.

### 2. Explanation of terms used

With two notable exceptions, very few websites explained the technical product terms they used in their comparison tables. Many tables are very challenging to read, particularly those using abbreviations with no explanatory text. This was reflected in our consumer testing when we asked people to choose products using these sites. Providing greater clarity in this area is certainly something which most sites could improve on.

### 3. Requiring personal contact details

Another practice revealed by our research is the requirement for personal contact information to be given in fact finds in relation to mortgages and, in some cases loans. This information should have no bearing on the generation of comparison tables, but in many cases is compulsory. In most cases, this contact information is then passed to a mortgage brokerage service who then contact the consumer.

However, not every site asks whether the consumer wants to be contacted in this way. In some cases this information is passed to the sites' sponsorship partners to generate further sales opportunities, even though, again, few sites ask consumers' permission to use this information to contact them. Access to comparative information should not be conditional on the provision of personal contact details. This practice undermines the ability of the consumer to browse the financial services market unhindered by the sales process.

### 4. Personalisation of savings and credit card information

The way in which comparison tables for credit cards and savings products are generated is another area where sites generally performed poorly. Many sites presented generalised lists of "types" of these products, rather than a personalised selection appropriate to a consumer's spending and savings patterns. A small minority of sites have achieved a balance in creating a personalised set of results, whilst narrowing their tables according to preferred product type. We suggest others emulate this approach.

## Recommendations – a new voluntary code of practice

In light of criticisms of the sector by Direct Line and increased media interest around moneysupermarket's recent floatation, there have been some suggestions that the sector should be regulated. However, our research suggests that this may be unnecessary. We need to bear in mind that

<sup>75</sup> [http://www.bizreport.com/2007/08/british\\_consumers\\_wary\\_of\\_price\\_comparison\\_websites.html](http://www.bizreport.com/2007/08/british_consumers_wary_of_price_comparison_websites.html)

the vast majority of comparison websites are commercial operations – as such it is in their business interest, if nothing else, to make their service more appealing to consumers. Sites are aware of this fact, and there is already evidence of sites learning from one another’s strengths and being willing to modify and improve their services as they learn more about consumer expectations and demands. For example, there is now a greater use of credit checking tools and information following research which showed the use of comparison sites could encourage multiple unsuccessful loan applications.<sup>76</sup>

Our research highlighted that although performance was mixed in most areas across the sector, individual websites often had their own particular strengths and there were many examples of good practice. Rather than introducing regulation, we suggest that a more effective approach would be for the sector to draw on this good practice and “level up”, so that their individual strengths become the collective norm.

A voluntary code of practice could be established for the sector as a means of building on this existing good practice. This approach is certainly not new, and there are existing codes of practice from other sectors that could be used as a guide. For example, Energywatch, the gas and electricity watchdog, produced a voluntary code last year for price comparison sites that compare utility products. This code, reproduced in full in Appendix 3, has nine requirements, for example on impartiality, accuracy of information, and market coverage. Of the websites we assessed for this project, uSwitch, MoneyExpert and moneysupermarket are all signed up to this Code.

However, the Code only applies to data on utilities, rather than the full spectrum of financial products. Similarly, Ofcom – the telecoms regulator – launched an accreditation scheme in December 2006 for which websites comparing telephone and broadband packages could apply. The criteria Ofcom uses to award accredited status is reproduced in full in Appendix 4, and includes accuracy, transparency and independence, and comprehensiveness.

Another relevant Code – the Aggregator Best Practice Charter – has been produced by MoneyExpert. This Charter was developed as a result of research referred to above which highlighted the potential for consumers to unwittingly damage their credit ratings by making multiple

(unsuccessful) loan/credit card applications through comparison websites.<sup>77</sup> As such, the Charter (reproduced in full in Appendix 5), includes protection for those with poor credit, and facilities to enable consumers to check their credit rating and therefore select credit products they are more likely to be accepted for. It also includes principles relating to impartiality and breadth of information. However, the Charter states general principles rather than specific standards of good practice.

By using all of these documents as valuable starting points, and informed by our own assessment of the market and the recommendations for improvement outlined above, we have drafted below the basis for a new voluntary code of practice for comparison sites. This code could apply to all comparison sites comparing financial product data (including, of course, financial services, but also covering insurance and utilities). The comparison website sector itself could exercise leadership in developing this code, in consultation with a number of other interested stakeholders –including the FSA, BBA, BSA, ABI, CML and others.

By building on existing good practice and addressing the general areas of weakness identified by our research, such a code of practice could help the sector promote financial capability and support the provision of generic financial advice.

One of the issues the Thoresen Review is considering is how to ensure that people are able to make decisions about particular products and providers, once they have received generic advice. Some may need further advice from a specialist service, while others may be in a position to purchase a financial product without further advice. It is crucial, therefore, that consumers have access to a range of reliable, impartial and high quality product information. Comparison websites have the potential to be one such source.

Given developments in other sectors, there could also be a further opportunity to produce a more streamlined framework which applies to all comparison site business. It may be possible for bodies such as the OFT<sup>78</sup>, FSA, the National Consumer Council, Energywatch, Ofgem and Ofcom to work together to formulate and negotiate ownership of a single code, which would cover comparative websites in the fields of financial services, gas and energy, and telecoms.

<sup>76</sup> Stone, M (2006) *Money Aggregators: Paradise or Purgatory for Buyers and Providers of Financial Services*.

<sup>77</sup> *Ibid*

<sup>78</sup> The new Code could be approved by the OFT as part of its Consumer Codes Approval Scheme

## Code of practice for comparison websites

Guiding comparison services relating to financial products (savings, investments, credit and insurances) and utilities.

### *Accuracy*

- Websites must have processes in place to ensure product information is as accurate and up to date as possible.
- Websites must have processes in place to ensure accurate quotes are generated for insurance, loan and mortgage payments, preferably by generating these directly from providers.

### *Clarity and ease of use*

- All data provided should be clear and easy to understand. All technical terms that are used must be explained, preferably in situ on comparison tables.
- Comparison website operators should endeavour to make their sites as easy to navigate as possible, with particular attention paid to the requirements of less IT literate consumers.
- Fees, penalties and other charges must all be clearly presented alongside basic price information.
- Websites must ensure consumers understand how their credit rating affects their chances of being accepted for credit products. A facility must be available to check credit rating, or filter credit products by credit rating or chance of being accepted.

### *Consumer focus*

- Websites should endeavour to include as full a range of product information as possible in addition to basic price data. In particular, user satisfaction ratings, ethical status, service flexibilities and convenience, and other factors which consumers value should all be included where possible.
- Websites should seek to offer consumer information and guides on the products they compare, and list sources of additional information and guidance.

### *Flexibility*

- Consumers should be able to sort, filter and shortlist comparison tables according to every field of information present.
- All key product details should be included in comparison table columns to enable consumers to sort and filter them. The information provided in the free-text “additional details” column should truly be additional.

### *Market coverage*


- Websites should be clear about their level of market coverage, and ideally should endeavour to include as much of the market as possible.
- Clear explanations need to be in place where coverage may be limited (for example, due to the fact that a site charges providers to feature on the site).

### *Impartiality*

- Websites must be transparent and explain clearly the commercial relationships they have with service providers.
- Those providers with whom a website has a commercial relationship should be identified as such, preferably both in the context of the comparison tables and in a separate list located on the site.
- Websites should not require personal contact details from consumers in order for them to access comparative information. Any ring back or brokerage service for mortgages and insurance should be optional.
- Consumers should not be prevented from selecting non-affiliated providers. This means websites must enable consumers to contact a non-affiliate easily, by providing a link or contact information in the absence of a click-through.
- “Editor’s pick”, “product of the week”, “most popular”, “best buys” and other such features must clearly state their nature and the information on which they are based (i.e. whether they are taken from a selection of affiliates only).

## Appendices

### Appendix 1 – The Criteria

Criteria	What are we measuring?	How do we measure it?
<b>Quality</b>		
Accuracy of the information provided <sup>79</sup>	Is the information provided in the comparison tables (e.g. regarding interest rates and fees) the same as the information given on the providers' sites?	<p>We randomly sampled five products on each of the comparison websites. We ensured this included at least one mortgage, one credit card, one loan and one savings account.<sup>80</sup></p> <p>The information provided by the comparison website for the specific product was then cross-checked on the provider's website. Any anomalies in product information were recorded.</p> <p>This process was repeated on three dates during the assessment period.</p>
	Are the comparison websites quoting the same repayment amounts for mortgages and loans as the providers' own sites?	<p>We ran a hypothetical query on each of the nine comparison sites to receive quotes for monthly payments for mortgages and loans. Five were then randomly selected (three loans and two mortgages).<sup>81</sup> An identical query was then run on the websites of the providers of these products, and any anomalies in the repayment amounts quoted were recorded.<sup>82</sup></p> <p>This process was repeated on three dates during the assessment period.</p>
Completeness of the information provided	Is there a basic range of information present in the websites' comparison tables to enable consumers to make the "next step" in a product purchase? <sup>83</sup> (e.g. rates, fees, tie ins, etc.)	<p>We consulted with our expert group as to what basic level of information was required to enable a consumer to make an appropriate "next step" when choosing a credit card, loan, savings account and car insurance. For mortgages, we used the Key Facts Illustration as a guide.</p> <p>We then compared each website against this benchmark to ensure the basic level of information was provided in their comparison sites, and noted where sites fell short of this benchmark, and where they had provided information over and above this minimum standard.</p>
Relevance of fact find	Does the comparison website's fact find ask all of the necessary questions to generate a suitable range of products?	<p>We consulted with our expert group as to what basic information was required from a consumer to generate an appropriate range of products for them to choose from, regarding a credit card, loan, and savings account.<sup>84</sup> For mortgages, we used the Key Facts Illustration document as a guide.</p> <p>We then compared each website against this benchmark to ensure the basic level of information required was asked in the sites' fact finds, and noted where sites had asked additional questions and for what purpose.</p>
<b>User friendliness</b>		
Terms explained	How many terms used in the comparison tables are explained?	<p>We recorded where terms used in a comparison table were explained with a ? or , and noted where sources of generic advice for the consumer were displayed during the comparison process. We assessed this for all sites and for the comparison tables of five main products: credit cards, loans, mortgages, savings and car insurance.</p>

<sup>79</sup> Excluding special offers that may enable comparison websites to provide cheaper quotes

<sup>80</sup> Car Insurance was excluded from this assessment as there is no product information per se to test – only quotes.

<sup>81</sup> Accept in the case of the FSA website, which does not provide comparative information for loans. In this case we tested five random mortgage quotes.

<sup>82</sup> As explained in Section II, we did not include Car Insurance quotes systematically here. We carried out one indicative test to illustrate potential anomalies between comparison website quotes and provider quotes.

<sup>83</sup> Taking the next step" may be defined as seeking further advice, contacting a provider, or making an actual purchase.

<sup>84</sup> We excluded car insurance from this assessment given the unique way in which car insurance fact finds are structured (see Section II).

Criteria	What are we measuring?	How do we measure it?
Consumers' experience	How do consumers rate comparison websites when they use them?	<p>We commissioned Opinon Leader to carry out a consumer test, asking 12 low to median earners of different ages and computer literacy to find a particular product on each of the nine sites. They were given feedback forms to rate each site according to different aspects of its user friendliness, and then participated in a group discussion of their experiences.</p> <p>We recorded how many ways in which comparison tables could be sorted, and noted other flexibilities such as shortlisting and filtering.</p>
Flexibility	How many ways can consumers manipulate the information in the tables?	We assessed the comparison tables of all sites and for five main products: credit cards, loans, mortgages, savings and car insurance.
Basic features		
Market coverage	What level of market coverage does the comparison website have?	It is very difficult to assess the level of market coverage of a given comparison website, as explained above. Rather than attempting to record this and compare each website for their coverage in a quantitative sense, we decided to reflect on the approximate level of coverage they have achieved.
Impartiality	Are affiliate systems clearly explained as such?	We assessed each website for the clarity with which the presence of click throughs; sponsored links; best sellers; and "editor's choice" features based on sponsorship and trading relationships were explained.
Ability to take the next step	Are consumers able to take the next step in the product purchase process – i.e., can they easily find the contact details for the provider they are interested in, get a quote, or where appropriate, purchase a product via a click through or some other method?	<p>Websites were assessed for how straightforward it was for a consumer to take the next step in choosing or purchasing a product. We looked for features such as having an explanation of how/opportunity to buy products or get a quote, with links to provider websites or contact details.</p> <p>It was noted where this opportunity was only available when choosing products from providers who had commercial relationships with the website in question.</p>

## Appendix 2 – an additional accuracy check following the Bank of England Base Rate change

Website	Credit Card	Personal Loan	Savings	Mortgage	Car insurance
moneysupermarket.com					Saving
fool.co.uk	APR				
uswitch.com	Balance transfer period		Credit Card APR	Personal Loan	APR
money.net.co.uk					Personal Loan APR
moneyexpert.com				Credit Card APR	
moneyextra.com					
fsa.gov.uk		Saving AER		APR	Mortgage
moneyfacts.co.uk				APR	Personal Loan
kelkoo.co.uk				APR	Credit Card

Note: text in red cells explains errors. Text in green denotes where a substitute product was used (i.e. where the website in question did not provide comparative information for that product).

## Appendix 3 – The energywatch Confidence Code. A voluntary Code of Practice for price comparison services

### Introduction

The energywatch Confidence Code sets out the minimum requirements an internet domestic electricity and gas price comparison service (service provider) should meet.

The energywatch Confidence Code should be interpreted in accordance with the attached Guidance. The energywatch Confidence Code guidance is to have the same force as if it was part of the energywatch Confidence Code.

### 1. Requirement One

The service provider must be independent of any gas or electricity supplier. It can take commission from suppliers but this must not influence the provision of information. The service provider must state clearly each supplier it receives commission from. Advertisements from suppliers or their agents should not be accepted.

### 2. Requirement Two

The service provider must include price comparisons for all currently available tariffs for all licensed suppliers (for gas, electricity and dual fuel).

Comparisons should be on a like for like basis. If they do not cover “historic” tariffs that are no longer generally available then this should be stated clearly.

### 3. Requirement Three

The service provider must be a company that runs its own website and uses its own tariff database and calculator.

### 4. Requirement Four

Payment methods must include:

- standard credit by cash/cheque
- monthly and quarterly direct debit
- prepayment meter

### 5. Requirement Five

Prices from no less than five of the cheapest suppliers must be listed. Prices must include VAT (and state that they do so).

### 6. Requirement Six

Customers should also be invited to consider quality of service issues and energy efficiency programmes and be told where to find this information.

### 7. Requirement Seven

Prices and price comparisons must be accurate and state when they were last updated.



### 7.1 Calculation assumptions

The assumptions that a service provider bases its calculations on should include:

- discounts for paying by a certain method (e.g. monthly direct debit)
- dual fuel discounts
- online discounts
- compulsory paperless billing discounts
- fixed charges (e.g. a fixed monthly membership fee)

The assumptions that a service provider bases its calculations on should not include:

- introductory sign up offers that may be for a limited time/one-time discounts/special offers
- discounts that depend on customers behaving in a certain way (e.g. prompt pay)
- discounts that apply to other services that a supplier may add to a product offering
- non-price offers

### 7.2 Updating tariffs

A service provider must update tariffs within 2 working days of a price change coming into effect.

A service provider must update tariffs within 2 working days of a price change coming into effect.

## 8. Requirement Eight

The service provider must comply with an annual audit undertaken by an auditor appointed by energywatch. The cost of the audit will be borne by the service providers.

## 9. Requirement Nine

The service provider must have effective consumer complaint and enquiry handling procedures in place and respond to any complaint or enquiry within seven working days of receipt.

## Appendix 4 – Ofcom's accreditation scheme criteria

### Approval criteria

#### Access

3.27 PASS accreditation was only available to organisations providing comparisons online. In response to the February 2006 consultation, some respondents reasonably noted that online solutions do not cover everybody's needs and that all consumers not just those with Internet access - need access to independent price comparison information.

3.28 In revising and re-launching the schema we will encourage the provision of price comparison information to consumers without internet access and ensure that accreditation is extended to these alternative means of provision. The same approval criteria will apply regardless of how the advice is provided.

3.29 In particular, we would like to accredit only the calculations of providers of online price comparison services who also offer consumers the ability to get advice and switch offline. If we find that this requirement deters some price comparison organisations from applying for accreditation we will review or postpone. However we are aware a number of existing organisations providing online services - including [www.uswitch.com](http://www.uswitch.com) and [www.simplyswitch.com](http://www.simplyswitch.com) - already offer their customers the option of speaking to an adviser and switching over the telephone.

3.30 More generally, we will require the price comparison organisation to ensure its services are accessible to disabled users. For online services, this may include ensuring blind and partially sighted users can use a screen-reader or enlarge text. For telephone based services this may include provision of a Textphone service for deaf users.

3.31 In addition it is the responsibility of all price comparison organisations to make sure they comply with the Disability Discrimination Act and Data Protection Act and any other relevant legislation.

### Charging

3.32 PASS accreditation was not available to organisations who charged consumers for price comparison information.

3.33 We continue to believe it is essential that consumers have access to free information and advice in order to maximise opportunities all consumers have to make accurate price comparisons and shop around with confidence. However we recognise that the business models of some price comparison organisations may be based on consumers paying a fee to access the advice (for example rather than receiving commission payments from communications providers) and we do not want to prohibit these types of services from applying for accreditation.

3.34 As such, under the new scheme we are opening up accreditation to include organisations that impose a reasonable charge on consumers accessing their services. We believe this will support the development

of innovative comparative information which may offer consumers an added level of interactivity and support, for example regular advice on the best deals available based on consumers' actual bill data. A 'reasonable charge' for example could be judged according to the type of service being offered and the value gained by consumers.

3.35 We believe that the majority of price comparison services applying accreditation will continue to be free of charge to consumers. However, if as a result of consenting to accredited providers charging consumers to access information, we see a general decline in the availability of free services, we will review the operation details of the new scheme and may decide to withdraw this consent.

### **Accuracy**

3.36 It is essential that the data used to calculate price comparisons is kept up to date so that consumers are presented with accurate information on prices and tariffs. This should reflect the availability of special offers and any upfront costs, for example installation and equipment.

3.37 The PASS scheme required that prices and price comparisons must be accurate and up to date. Data had to be updated at least every eight weeks and the website was required to indicate when they were last updated. We have received no feedback from stakeholders that they set too high or too weak a bar for accreditation. We therefore propose to keep these requirements in place under the new scheme.

### **Transparency and independence**

3.38 Ofcom did not award PASS accreditation to any website that it believed to be closely connected with or influenced by a particular communications provider, or that advertised the services of any communications provider.

3.39 Whilst we believe it is essential that any advice presented to consumers is accurate and up to date, we do not believe it is always necessary for price comparison organisations to remain completely independent from communications providers, for example.

- A price comparison organisation which enables a consumer to switch communications provider could earn a commission from the winning provider;
- A price comparison organisation could enter into an exclusive deal with a communications provider and offer extra savings or 'cash back' incentives, to consumers who switch to that provider (always provided that price comparisons are accurate and do not unfairly promote one provider over another);

- A price comparison organisation could comment publicly on the performance or price changes of an individual communications provider; or
- A communications provider could provide a price comparison service itself to show how its services compare to its competitors.

3.40 We do not believe factors such as these should automatically exclude an organisation from seeking accreditation. Our research shows that consumers are most likely to visit communications providers' websites to search for information when shopping around. Consumers would therefore benefit from being able to access comparative information in this way. They could also benefit by taking advantage of exclusive offers which increase the incentives to switch.

3.41 By focusing accreditation on the accuracy of the price comparison calculator, we will continue to guarantee that consumers using accredited price comparison services receive accurate advice on whether they would be better off switching provider.

3.42 Equally however, we believe that any organisation that is linked to a communications provider must be transparent about any commercial agreements it has in place.

3.43 The PASS scheme stated that if a website earned commission payments or some other remuneration from telecoms providers, it must disclose this clearly to users. The purpose of this was to make sure consumers were aware that winning providers received a commission payment, without disclosing potentially commercially sensitive information.

3.44 In its response to the February 2013 Consumer Policy consultation, BT argued that individual commission payments should be disclosed by price comparison providers: this would increase transparency and could help reduce incentives for price comparison organisations to favour particular providers.

3.45 We do not believe it is necessary for individual commission payments to be disclosed. This would not affect the data and accuracy used by the price calculator the focus of the new accreditation scheme - and the advice that consumers receive.

3.46 However we do recognise that there is a risk associated with allowing accredited organisations to include exclusive deals in their price calculations, particularly where the organisation is also a communications provider. Whilst we are not ruling out the ability for accredited organisations to enter into exclusive deals with communications providers at this point in time, we will keep this issue under close review. In particular we may decide to revise our approach if we believe the inclusion of exclusive deals is having a negative impact on consumers' ability to access reliable comparative information.

3.47 In addition, to ensure a reasonable level of transparency we will require providers of accredited calculators to comply with the following:

- If the price comparison organisation is a communications provider, the calculator must enable consumers to sort the results of any price calculation by price (so that the organisation's own service does not always appear at the top of the list); and
- The price comparison organisation must make it clear to consumers how it makes money or funds its activity. If the price comparison organisation earns a commission from communications providers this (but not the actual amount, which may be commercially sensitive) should be disclosed.

### **Comprehensiveness**

3.48 It is important that price comparison information is full and comprehensive. Price comparison calculators need to include an appropriate number and type of communications providers in order to give consumers accurate advice on whether they would be better off switching.

3.49 Excluding particular providers or services from the calculation could mislead consumers - and we believe consumers are unlikely to be attracted to price comparisons that do not include a sufficient number of services or exclude some key players. Equally however, we appreciate that in certain markets - such as the market for fixed line calls or narrowband Internet access - it would simply not be possible for calculators to include each and every service available.

3.50 The PASS scheme required websites to provide price information on at least 10 different fixed line providers and four mobile network operators. As set out in Section 2 of this document communications markets have developed significantly since the PASS was introduced and the new scheme needs to address the increased level of choice available to consumers across a markets.

3.51 We do not believe it is feasible for the new scheme to list the number or name of individual communications providers which price comparison organisations need to include in their calculators, particularly given the extended scope of the scheme to a wide range of communications markets. Communications markets are highly dynamic and such a list would soon go out of date. Instead under the new scheme we expect organisations to include a comprehensive number of providers to reflect the level of choice available to consumers in the relevant market, including key players.

3.52 This would specifically exclude from accreditation for example any organisations that seek to promote a particular communications provider by limiting the number of services included in the calculation or by excluding key players.

3.53 We will advise organisations where we do not believe a price comparison calculator is sufficiently representative of the market for which it is providing price comparisons. The type of criteria we will take into consideration in deciding whether a calculator is sufficiently comprehensive include:

- whether the calculator includes communications providers of a certain size; and
- what percentage of the market the calculator covers.

3.54 Information on market shares can be found in Ofcoms annual Communications Market report. The latest report The Communications Market 2006 is published on Ofcoms web site [www.ofcom.org.uk](http://www.ofcom.org.uk)

3.55 It is also important that consumers are given advice on services which are available in their geographic area. Under the new scheme we would therefore expect price comparison calculators to take into account the consumers location when presenting information on what services are available. This is likely to be particularly important for broadband and digital TV comparisons and fixed line comparisons for consumers in Hull.

## Appendix 5 – MoneyExpert Charter

The Charter is as follows:

- Observe transparency on provider fees and charges.
- Focus on more than just price. Product feature and service measures should also be included to allow a rounded evaluation of the products on offer.
- Provide best buy tables which are truly comprehensive and uncontaminated by incentives to aggregators.
- Give more advice to customers – making services open to more than the financially savvy.
- Offer a credit rating service which will allow consumers to have a better idea of which products they should – and should not – consider applying for.
- Warn customers about potential damage to credit ratings by making too many applications.
- Provide health warnings about products.
- Provide specialist support to the less well-off and those with poor credit records.

## Appendix 6 – Opinion Leader User Survey



### Resolution Foundation price comparison website testing User Survey

Participant number \_\_\_\_\_

Website title \_\_\_\_\_

Task Number \_\_\_\_\_

What product did you choose to fit your scenario?  
\_\_\_\_\_

Why did you choose this product?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Where on the website did you find this product? (please tick one)

It was Recommended / Best buy / Editors Choice	
It was in a pop-up or advert	
In the comparison table	
Other – Please Specify	

How clear was the information presented on the website? (please tick one)

1 Not very clear	2	3	4	5 Very clear

Did you feel that the website provided enough information and explanations to let you make an informed product choice? (please tick one)

1 Very little information	2	3	4	5 Complete information

How easy was the website to navigate? (please tick one)

1 Not easy	2	3	4	5 Easy

Overall, how would you rate this website? (please tick one)

1 Poor	2	3	4	5 Excellent

Do you have any other comments?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## Appendix 7 – Consumers’ opinions about the sites we assessed: qualitative feedback from Opinion Leader discussion transcripts

moneysupermarket.com	<ul style="list-style-type: none"> <li>• Too many pop ups (2 consumers)</li> <li>• Look how busy it is, it just gives you a headache immediately, colours everywhere, you say “Where am I supposed to start?”</li> </ul>
fool.co.uk	<ul style="list-style-type: none"> <li>• Very clear, very quick, doesn’t ask too many questions</li> <li>• Should give all the points in a comparison chart. The “More” button is not sufficient as it increases time to navigate and understand’</li> <li>• Ads were always at the top of the screen. I found myself clicking round in circles. Really annoying</li> </ul>
uswitch.com	<ul style="list-style-type: none"> <li>• They could have provided a much better “info” on each product as a separate column</li> <li>• Very clear, pleasant to look at, nice peaceful colours’</li> <li>• It is so plain and so peaceful and you look at that and you don’t feel “Oh my god where do I go?”</li> <li>• Straightforward, it is just straightforward. You asked it a question and they gave you an answer.</li> <li>• It’s relaxing. . . . As if it maybe cares about whether or not you’re going to give it your business.</li> </ul>
money.net.co.uk	<ul style="list-style-type: none"> <li>• Very easy to use</li> <li>• It started beautifully ‘savings’ then ‘regular savings’ buttons then it all went haywire</li> <li>• It has a pop-up initially. Very bad. I would have navigated to somewhere else in the first instance</li> <li>• I did not like it at all, very “busy” website, much too much to read</li> <li>• There could have been more information when comparing to make a more informed final choice.</li> <li>• It was more user friendly. I felt that it wasn’t trying to blind me with science.</li> <li>• It was so easy as well that you felt almost like you could trust it. There was no kind of ulterior motives or anything, it was just a case of here it is, you know.</li> <li>• I had to go through four screens before you enter your details (too many)</li> </ul>
moneyexpert.com	<ul style="list-style-type: none"> <li>• I liked that individual products could be selected and compared</li> <li>• There is no need to ask for all personal details</li> <li>• Great navigation, but asks me too many unnecessary questions.</li> <li>• Does not give all details in the price comparison chart</li> <li>• Started off OK and then became too fiddly’</li> </ul>
moneyextra.com	<ul style="list-style-type: none"> <li>• This one was not so good – too complicated</li> <li>• No pop-ups, but it’s really hard to go to loan calculator. In the calculator they had too many optional things, which made it difficult to load</li> <li>• Very quick, very clear, not too many questions</li> <li>• Home page overcrowded</li> <li>• Getting to the loan was like some five clicks (too many).</li> </ul>
fsa.gov.uk	<ul style="list-style-type: none"> <li>• Too many accounts on list. I got fed up</li> <li>• Boring, badly designed and ill informed. No real comparison possible at all</li> <li>• I didn’t like it because it had too many products in it. But the fact it wasn’t glammed up made me trust it more so I thought well they’re not trying to market things.</li> <li>• The way that the whole sight was laid out was like when they first brought computers in to schools, really simplistic and the colours were green, like the inside of hospitals</li> <li>• It felt really basic and they had done the bare minimum and spent as little as they could on it</li> </ul>
moneyfacts.co.uk	<ul style="list-style-type: none"> <li>• It was hard to read column headings with the info in columns as the account names were in the way. Some info in columns and some in rows made it a bit confusing</li> <li>• It was difficult to compare as the products were not alongside each other</li> <li>• Not very clear at start – what loan to choose – what info required. Comparative table was not clear</li> <li>• It shows you some quite concise information, but actually getting to that point is quite laborious.</li> <li>• “I didn’t like it because it was just a whole list going down, it didn’t compare properly and so you couldn’t really see it and it was a bit too detailed.</li> </ul>
kelkoo.co.uk	<ul style="list-style-type: none"> <li>• Not enough options e.g. how long you want to make repayments for</li> <li>• Too much on the home page. Not clear.</li> <li>• Very “busy” website, too many questions, comparison table not very clear and not very informative</li> <li>• Website has own jargon/logos – which one needs to understand before having an informed decision</li> <li>• Cumbersome. Not explicit</li> <li>• With all the adverts it didn’t feel I comfortable with all that going on. It felt more like I had gone in to like a place to shop rather than saying ‘trust in these’.</li> </ul>

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**Notes:**

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