

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

EXPLANATORY STATEMENT

This document contains further details about the compensation scheme mentioned in the letter enclosed with this statement and explains how it will work
PROPOSAL IN RELATION TO SCHEME OF ARRANGEMENT

under Part 26 of the Companies Act 2006

between

Card Protection Plan Limited

and

The Scheme Creditors

(as defined in this document)

A meeting of the Scheme Creditors who were sold a Card Protection Product and / or an Identity Protection Product to consider the proposed Scheme will be held on 7 January 2014 at Wembley Arena, Arena Square, Engineers Way, London, HA9 0AA commencing at 12:00. You do not need to attend the meeting in person because you can return the voting form by post and instruct the chairperson of the meeting to vote in accordance with your instructions. The action required to be taken by you is set out on page 28 at paragraph 36 and details of how to vote at the Scheme Meeting are summarised on page 13 at paragraph 7.

This document is accompanied by a voting form, which includes voting instructions.

It is important that you read this document carefully for information about the Scheme and that you complete and return the voting form that accompanies this document. Whether or not you intend to be present at the meeting, you are requested to complete and return the voting form as soon as possible.

If the Scheme is approved by you, the customers, as Scheme Creditors, at the Scheme Meeting, a hearing before the Court will be necessary in order to sanction the Scheme. All persons who are Scheme Creditors are entitled (but not required) to attend the Court Hearing to support or oppose the sanctioning of the Scheme. It is expected that the Court Hearing for the Scheme will be held on 14 January 2014 at the Royal Courts of Justice, Rolls Building, Strand, London, WC2A 2LL.

PLEASE SEE APPENDIX 7 FOR CERTAIN IMPORTANT NOTICES IN RESPECT OF THE SCHEME.

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EXPLANATORY STATEMENT

INTRODUCTION

This Explanatory Statement is intended to explain the main provisions of the Scheme and to give you sufficient information to make an informed decision on whether or not to vote to approve the Scheme. It does not provide an exhaustive description of all aspects of the Scheme and we would suggest that you should also consider the more detailed information and copies of the full Scheme Documentation contained at www.cppredressscheme.co.uk

Hard copies of the full Scheme Documentation (which is available on the above website) can also be obtained (free of charge) by contacting: Scheme Processing Services Limited by post at PO Box 250, Wymondham, NR18 8DG.

This Explanatory Statement is divided into a number of parts:

Part A: Summary of the Scheme

Part B: Scheme Process

Part C: Details of Material Interests of the Directors

Part D: Details of the Full Scheme Documentation

Appendix 1: Form of Scheme Meeting Notice

Appendix 2: Pro-forma Claim Form

Appendix 3: The Business Partners

Appendix 4: Tax

Appendix 5: Scheme Administrators' Details

Appendix 6: Product Amendment Dates

Appendix 7: Important Legal Notice

TIMETABLE FOR THE SCHEME¹

Latest date for returning voting forms for the Scheme Meeting (unless attending in person) 17:00 on 3 January 2014

Scheme Meeting 12:00 on 7 January 2014

Court Hearing to sanction the Scheme 14 January 2014

Effective Date of the Scheme on or around 1 February 2014

Last date for returning claim form (the Bar Date) on or around 31 August 2014

Earliest date for payment of compensation 10 March 2014

NEXT STEPS

If you are a customer, please complete and submit your original voting form to Scheme Processing Services Limited by post at PO Box 250, Wymondham, NR18 8DG, by 17:00 on 3 January 2014 or at the registration desk prior to the commencement of the Scheme Meeting.

¹The dates in this timetable are based on the information currently available and may be subject to change.

EXPLANATORY STATEMENT

PART A SUMMARY OF THE SCHEME

Certain capitalised terms have been used in this summary of the Scheme in order to help readers in understanding the Scheme. We have not included a separate schedule of these defined terms and we believe that their meaning is clear from the context in which they are used. However, these defined terms do have specific meanings in the context of the Scheme and their meanings are set out in full in the full Scheme Document and we would recommend that reference is made to that document to avoid any confusion.

Further, this Explanatory Statement is intended to act as a summary of the Scheme only, and therefore by its nature is not intended to be exhaustive and if there is any inconsistency between this Explanatory Statement and the full Scheme Document, then the full Scheme Document will prevail.

In this summary:

“Amendment Date” means the date on which each Card Protection Product was re-designed to remove the misleading post notification insurance cover, being the dates listed in Appendix 6 (Product Amendment Dates) in respect of CPP and each of the Business Partners (the Amendment Date varies depending on whether you bought a Product directly from CPP or via an introduction (or directly) from a particular Business Partner);

“CPP” means Card Protection Plan Limited; and

“Products” means either or both of:

- (a) the Card Protection Product where all the following apply:
 - (i) the sale (or renewal) was on or after 14 January 2005;
 - (ii) the sale was before the relevant Amendment Date; and
 - (iii) the sale was by CPP (directly or following an introduction from a Business Partner) or directly by a Business Partner; or
- (b) the Identity Protection Product where all the following apply:
 - (i) the sale (or renewal) was on or after 14 January 2005;
 - (ii) the sale was by telephone; and
 - (iii) the sale was by CPP (directly or following an introduction from a Business Partner).

A list of the Business Partners is included as Appendix 3 to this Explanatory Statement and references to the Business Partners in this Explanatory Statement shall include any affiliates

of such Business Partners to the extent relevant in respect of the Products (although all payment obligations of the Business Partners in respect of the Scheme apply to those legal entities listed in Appendix 3 to this Explanatory Statement only).

For ease of reference, we use the word “compensation” in this Explanatory Statement to refer to payments that may be made under the Scheme, whereas the word “Redress” is used in the full Scheme Documentation. There is not intended to be any difference between these two terms.

From paragraph 2 onward we have assumed that you are a Scheme Creditor and therefore have used the reference “you” rather than “Scheme Creditor” in a number of places for ease of reading, but these paragraphs will only apply to you if you are a Scheme Creditor. Therefore we would strongly advise that you read paragraph 1 first to establish whether or not you are a Scheme Creditor.

1 Why Have You Been Sent This Document?

1.1 According to CPP’s records, you have either purchased from CPP or renewed:

1.1.1 a Card Protection Product since 14 January 2005 (and in the case of a purchase, made that purchase prior to the relevant Amendment Date); and/or

1.1.2 an Identity Protection Product since 14 January 2005.

1.2 You may have made this purchase or renewal either directly with CPP, or through being introduced to CPP by one of its Business Partners or through purchasing one of these Products directly from one of the Business Partners.

1.3 For example:

1.3.1 you may have been sold a Card Protection Product under one of the following brands:

CPP Card Protection	Barclays Cardholder Protection
HSBC CardGuard	NatWest Card Protection
M&S Card Safe	Card Protection Plus
Barclaycard Card Protection	Commercial Card Protection
Egg Emergency Cover	

1.3.2 or you may have been sold an Identity Protection Product under the brand CPP Identity Protection.

1.4 **If you have made any such purchase or renewal (whether as a business customer or an individual) you are likely to be a Scheme Creditor and therefore the information contained in this Explanatory Statement and the**

Scheme is likely to be relevant to you and the Scheme may well apply to you and the Product(s) you purchased and / or renewed.

- 1.5 However, before reading on, please also read paragraph 1.6 below, which sets out certain types of holders of the Products who will not be Scheme Creditors.**
- 1.6 Not all holders of the Products mentioned above will be Scheme Creditors as certain categories of purchases and / or renewals are being excluded from the scope of the Scheme. The key categories that are excluded are as follows:**
- 1.6.1** product holders who died, according to the records of CPP, on or before 27 June 2013;
 - 1.6.2** those who did not purchase their product from either CPP or a Business Partner as a stand-alone product (for example those who acquired either of the Products through a packaged current account);
 - 1.6.3** those who, according to the records of CPP as at 20 May 2013, would, if they were a Scheme Creditor and had a valid claim, be due compensation of less than £5; and
 - 1.6.4** those who purchased the Identity Protection Product direct from a Business Partner; and those who purchased the Identity Protection Product other than via a telephone sale.
- 1.7 If you (or the person to whom this Explanatory Statement was sent in the case of deceased Product holders) fall into any of the categories mentioned in paragraph 1.6, you will not be a Scheme Creditor and therefore the Scheme is not relevant to you.**
- 1.8 If you only purchased a Card Protection Product or an Identity Protection Product prior to 14 January 2005, and did not renew it after that date, then the Scheme is not relevant to you and you will not be a Scheme Creditor.**
- 1.9 If you only purchased a Card Protection Product after the relevant Amendment Date, then the Scheme is not relevant to you and you will not be a Scheme Creditor.**
- 1.10 The Scheme also does not affect any rights you may have in respect of the sale of any Card Protection Product or Identity Protection Product that occurred before 14 January 2005 (even if it was renewed after such date).**
- 1.11 If you are not a Scheme Creditor then the Scheme and this Explanatory Statement is not relevant to you and your policy will not be affected.**

For the rest of this Summary of the Scheme, we have assumed that you are a Scheme Creditor, however please refer to paragraph 1 to confirm that this is the case.

2 Why is CPP Proposing the Scheme?

2.1 In May 2011, the Financial Services Authority (now the Financial Conduct Authority or FCA) started a disciplinary investigation into CPP. The investigation related to the alleged mis-selling of the Card Protection Product and the Identity Protection Product in the UK.

2.2 At the end of this investigation the FCA concluded that customers may be due compensation as a result of:

2.2.1 a misleading emphasis on the provision by the Card Protection Product of:

(i) up to £100,000 worth of insurance cover against card fraud using lost or stolen cards after a customer had reported the loss – a customer is already covered by the card issuer for these transactions once a card has been reported lost or stolen, so no useful additional cover was provided; and

(ii) up to £5,000 worth of insurance cover against card fraud using lost or stolen cards before a customer has reported the loss – a customer is only liable for the first £50 of such transactions apart from in very limited circumstances, which were not explained to the customer.

2.2.2 in respect of the Identity Protection Product, pressure having been put on customers during the sales process, and overstating the risks and consequences of identity theft during the sale.

2.3 Therefore, following discussions with the FCA, CPP has agreed to undertake a customer contact and compensation programme in respect of those customers who were potentially mis-sold the Products.

2.4 The Scheme is that contact and compensation programme.

2.5 **The Scheme applies in respect of the period after 14 January 2005 only and does not have any effect on any claims you may have in respect of either of the Products in relation to the period before 14 January 2005 and you will retain all rights (if any) relating to the pre-14 January 2005 period.**

2.6 **The Scheme also does not apply in respect of purchases of the Card Protection Product made after the relevant Amendment Date (but does apply to renewals**

of an existing Card Protection Product purchased before the Amendment Date and renewed after that date). This is because the various issues identified by the FCA with the Card Protection Product do not apply to the product in the form in which it was sold after the relevant Amendment Date.

2.7 The Scheme applies in respect of the potential mis-sale of the Products only. For example, it will not affect any insurance claim you may have in respect of the cover provided by either of the Products until such time as the relevant Product is cancelled (please see paragraph 21 below).

3 What is a Scheme of Arrangement?

3.1 A Scheme of Arrangement is a formal legal process carried out under Part 26 of the Companies Act 2006. It is a statutory process, under the supervision of the Court, which allows a company (in this case CPP) to agree certain arrangements with its creditors (i.e. you) provided certain majorities of those creditors approve the proposals and the agreement of the Court is obtained.

3.2 In the context of CPP and the Products, the Scheme will (if approved) be the formal means by which a process is established for assessing whether you have been mis-sold the Products and whether a compensation payment is due to you. The Scheme will also set out the process for calculating the amount of compensation that may be due and how any payments due will be made.

3.3 One of the key aspects of the Scheme is that provided the relevant approvals are received (both from Scheme Creditors and the Court), then it will be binding on all Scheme Creditors (even if they voted against the Scheme or did not vote at all). This means that, assuming the Scheme is approved by the required number of Scheme Creditors, and sanctioned by the Court, all Scheme Creditors (including you) will be subject to its terms. **This means that even if you do not vote on the Scheme or vote against the Scheme, you will be bound by its terms if it is approved.**

3.4 In order for the Scheme to become effective it needs to be approved by a majority in number (i.e. more than 50 per cent) representing 75 per cent in value of the Scheme Creditors present and voting at the Scheme Meeting.

3.5 Voting at the Scheme Meeting is undertaken by “classes” of creditor, but for the purpose of the Scheme, CPP has determined and the Court has ordered that all Scheme Creditors have sufficiently similar rights such that they form a single class and will all vote together.

3.6 Provided that the Scheme is voted through at the Scheme Meeting, it then must be approved by the Court before it can become effective (which formally occurs once the Court order granting approval is filed at Companies House).

4 What will the Scheme Do?

4.1 The Scheme will be the process under which CPP will assess whether you have been mis-sold the Products and whether a compensation payment is due.

4.2 Assuming the Scheme becomes effective, in summary this process will be as follows:

4.2.1 once the Scheme has become effective, you will receive a claim form (a sample of which is included as Appendix 2 to this Explanatory Statement);

4.2.2 this claim form will ask you to explain whether you think you have been affected by any of the failings in the Products identified by the FCA and to explain any other issues you feel are relevant;

4.2.3 you will then be asked to send your claim form to the Scheme Administrators who will then review the claim form for evidence of whether you were mis-sold the Product(s) – details of how to make a claim will be set out on the claim form and are also explained in more detail in paragraph 12 below;

4.2.4 the Scheme Administrators will then calculate the amount of compensation (if any) that is due in accordance with the procedure set out in the Scheme; and

4.2.5 any compensation due will then be paid to you.

4.3 The Scheme will also impose a Bar Date, the effect of which is explained in more detail in paragraph 18 below (and also in paragraph 4.5 below).

4.4 Under the Scheme, you will release CPP and the Business Partners from any liability in respect of any claims that you may have had against CPP and / or the Business Partners in respect of any mis-selling of the Products (after 14 January 2005).

4.5 The release mentioned in paragraph 4.4 above will take effect as follows:

4.5.1 if you are entitled to compensation, then:

(i) provided you do not return the compensation cheque and commence the Dispute Resolution Procedure (please see

paragraph 22 below) it will take effect from the date falling 30 (thirty) working days after the compensation cheque is posted to you (and this release will apply even if the cheque is never cashed); or

- (ii) if you do return the compensation cheque and commence the Dispute Resolution Procedure (please see paragraph 22 below), it will take effect from the date falling 5 (five) working days after (i) a compensation cheque is sent to you following the completion of the Dispute Resolution Procedure (and this release will apply even if the compensation cheque is never cashed) or (ii) you are sent a letter informing you that the Scheme Adjudicator has rejected your complaint.

4.5.2 if you would have been entitled to compensation if you had not already received equivalent value under the Product, then on the date falling 30 (thirty) working days after a letter to that effect is posted to you;

4.5.3 if you are not entitled to compensation under the terms of the Scheme, then on the Bar Date unless you commence the Dispute Resolution Procedure (please see paragraph 22 below), in which case it will take effect on the date falling 5 (five) working days after (i) a compensation cheque is sent to you following the completion of the Dispute Resolution Procedure (and this release will apply even if the compensation cheque is never cashed) or (ii) you are sent a letter informing you that the Scheme Adjudicator has rejected your complaint; and

4.5.4 if you do not return a claim form prior to the Bar Date, then on the Bar Date.

4.6 If you send in a claim form then your Product will be cancelled (please see paragraph 21 below for further details).

4.7 In order for the Scheme to operate effectively, CPP and the Business Partners have entered, or will enter, into various other contracts dealing with certain aspects of Scheme operation and other connected matters. These arrangements are outside the Scheme itself, but are necessary to ensure its smooth operation and many of them need to be in place prior to the Scheme becoming effective. Details of certain of these arrangements are available on www.cppredressscheme.co.uk

5 What are the Advantages to a Scheme Creditor if the Scheme is Approved?

5.1 CPP believes that the Scheme, if approved, will provide:

- 5.1.1** a fair and quick process for reviewing potential mis-selling claims in respect of the Products;
 - 5.1.2** a balanced and fair approach to reviewing claims made by Scheme Creditors and for determining whether it is appropriate to pay compensation; and
 - 5.1.3** an accessible and straightforward route by which you can submit your claims (if any) for mis-selling of the Products.
- 5.2** In addition, as further explained in paragraph 20, the Business Partners are undertaking to meet certain of the compensation payments that may be due to be paid under the Scheme, thus improving the likelihood that those who have valid claims will be paid in full.
- 6 Are There any Disadvantages to a Scheme Creditor if the Scheme is Approved?**
- 6.1** If approved the Scheme will impose a Bar Date, which is the date by which you must submit a claim as you will be prevented from doing so after that date.
- 6.2** The Bar Date concept is explained in more detail in paragraph 18 below, but the existence of a Bar Date could be considered a disadvantage from your perspective as it imposes a deadline by which claims must be lodged. CPP considers that the Bar Date (set at 7 (seven) months, and capable of being extended if exceptional circumstances apply) provides a reasonable time to make a claim and therefore does not regard having a Bar Date as a material disadvantage to you.
- 6.3** The Scheme also imposes a methodology by which any compensation due will be calculated. This compensation methodology is explained in more detail in paragraph 14 below, but the imposition of this methodology could be considered a disadvantage from your perspective as it imposes a rigid structure on how any compensation will be calculated. CPP considers that the compensation methodology is an appropriate approach for a widespread, standardised redress scheme.
- 6.4** The Scheme only covers compensation for payments you have made since 14 January 2005 (when the FCA started regulating these types of sales). If the Scheme goes ahead and you want to claim for earlier payments too, you will have to claim for earlier payments separately.

- 7 What is a Scheme Meeting and Assuming I am a Scheme Creditor What Do I Need to do to Vote in the Scheme?**
- 7.1** The Scheme Meeting is the meeting in which votes are cast for or against the Scheme (and the voting process is explained in more detail in this paragraph 7 and paragraphs 8 and 9 below).
- 7.2** The Scheme Meeting will take place at Wembley Arena, Arena Square, Engineers Way, London, HA9 0AA on 7 January 2014 starting at 12:00. If you are a Scheme Creditor you are entitled to vote at the Scheme Meeting.
- 7.3** A copy of the voting form was included in the envelope in which this Explanatory Statement arrived.
- 7.4** The voting form contains instructions as to how to complete it, however in summary you can vote by:
- 7.4.1** attending the Scheme Meeting in person and voting; or
 - 7.4.2** nominating another person to attend and vote on your behalf (known as appointing a proxy). This proxy may be:
 - (i) the chairperson of the Scheme Meeting; or
 - (ii) a named individual known to you.
- 7.5** If you choose to nominate a proxy to vote (whether that proxy is the chairperson or another named individual), then you may instruct that person how to vote (i.e. either in favour or against the Scheme or at their discretion).
- 7.6** If you nominate the chairperson of the Scheme Meeting as your proxy and select that he should use his discretion, the chairperson will vote in favour of the Scheme.
- 7.7** If you nominate a proxy to attend the meeting on your behalf, you will need to ensure that such proxy has proof of identity when attending the Scheme Meeting.
- 7.8** If it is a company or corporation who is a Scheme Creditor and it wishes to attend the Scheme Meeting in person, it must appoint an individual as its representative. To vote at the meeting, this representative must produce an appropriately certified copy of the resolution of directors or other governing body of the company or corporation evidencing that he or she is authorised to act as the company or corporation's representative at the Scheme Meeting.

- 7.9** Submitting a voting form in advance of the Scheme Meeting does not prevent a Scheme Creditor from revoking any proxy appointed or from revoking such proxy and attending and voting at the Scheme Meeting in person.
- 7.10** **If you wish to vote at the Scheme Meeting, but do not want to attend in person (or appoint an individual known to you to attend in person), you should appoint the chairperson as your proxy to vote at the Scheme Meeting.**
- 7.11** **If you wish to appoint the chairperson as your proxy, you must return the voting form by 17:00 on 3 January 2014 to Scheme Processing Services Limited by post at PO Box 250, Wymondham, NR18 8DG.**
- 7.12** **If you wish to attend the Scheme Meeting in person you are not required to return the voting form in advance, however it would be preferable if you did so, so the Scheme Administrators can estimate the number of likely attendees. Every Scheme Creditor who attends the Scheme Meeting will be given a voting card which they can use to register their vote at the Scheme Meeting.**
- 8** **Assuming I am a Scheme Creditor, How will the Value of my Vote be Calculated?**
- 8.1** Unless you decide to calculate the value of your vote yourself, the value of your vote will be calculated by the Scheme Administrators using the records of CPP as follows:
- 8.1.1** the amount of payments you have paid in respect of the Products since 14 January 2005; less
- 8.1.2** the amount of any payments you have received in respect of any Product since 14 January 2005.
- 8.2** If you wish to calculate your vote value yourself you may do so (see the Voting / Proxy Form) however CPP recommends that in these circumstances you use the same methodology as the Scheme Administrators set out in paragraph 8.1 above. You will also be able to insert your own vote value (if you wish to) on the voting card supplied at the Scheme Meeting.
- 8.3** Please note that the process for voting in respect of the Scheme is separate from the claims process and therefore even if you have voted you will still need to complete a claim form (please see paragraph 12 below).

8.4 For your information, the average premium paid for (i) the Card Protection Product was £30 (thirty) per year and (ii) the Identity Protection Product was £80 (eighty) per year.

9 What Happens to my Vote Once it is Submitted?

9.1 If the chairperson of the Scheme Meeting is satisfied that you are a Scheme Creditor and you have opted for the Scheme Administrators to calculate your vote, your vote will be taken into account in determining whether the Scheme has been approved.

9.2 If the chairperson of the Scheme Meeting is satisfied that you are a Scheme Creditor and you have opted to calculate your own vote value, your vote will be taken into account in determining whether the Scheme has been approved if the value you put on it is within 10% of the amount calculated by the Scheme Administrators as being your vote. If your own vote value differs by more than 10% then the chairperson will admit your vote at the amount calculated by the Scheme Administrators.

9.3 The chairperson's decision as to voting (including value) is final and binding and the chairperson may reject a vote if he considers that it does not comply with the voting procedures required by the Scheme (as summarised in paragraphs 7, 8 and 9 of this Explanatory Statement).

10 What Happens if the Scheme is Approved at the Scheme Meeting (i.e. the Requisite Majority of Scheme Creditors Vote in Favour)

10.1 If the Scheme Meeting votes in favour, a date is then set for a Court Hearing to sanction the Scheme.

10.2 If the Court sanctions the Scheme at the Court Hearing, the Scheme will then become effective once certain pre-conditions have been satisfied and the final administrative task of filing the Court Order at Companies House is completed.

11 What Does the Court Consider When Sanctioning the Scheme?

11.1 At the Court Hearing, the Court will consider a number of factors, but the key considerations are whether the Scheme has complied with the process requirements for schemes generally and whether the Scheme is fair.

11.2 If you wish to oppose the Scheme you may appear at the Court Hearing to do so (or may appoint a lawyer to do so in your place). You should notify CPP if it is your

intention to appear at the Court Hearing by writing to Scheme Processing Services Limited by post at PO Box 250, Wymondham, NR18 8DG.

11.3 The Court Hearing is intended to take place on 14 January 2014 at the Royal Courts of Justice, Rolls Building, Strand, London, WC2A 2LL. The timing of the Court Hearing will be announced on the website www.cppredressscheme.co.uk a few days prior to the Court Hearing.

12 How do I Make a Claim Under the Scheme?

12.1 Once the Scheme has become effective, we will write to you if you are a Scheme Creditor to inform you that the Scheme has become effective and also to send you a claim form.

12.2 This letter and claim form will include instructions as to how to submit a claim in the Scheme.

12.3 If you wish to have your claim reviewed you must submit your claim form by the Bar Date (please see paragraph 18 below, but in summary this is the date falling 7 (seven) months after the Scheme becomes effective unless exceptional circumstances apply in which case it is extended to 13 (thirteen) months).

12.4 **You must submit your claim on the original copy of the claim form sent to you to be considered for compensation. If you lose the original copy of the claim form please contact Scheme Processing Services Limited by post at PO Box 250, Wymondham, NR18 8DG or by email to request a new copy. You must also complete your claim form yourself and sign it where indicated.**

12.5 **You do not need to have voted to submit a claim form.**

12.6 **Please note that the process for claiming under the Scheme is separate from the voting process and therefore even if you have voted you will still need to complete a claim form (and you can do so even if you have not voted or voted against the Scheme).**

12.7 **Please note that if you submit a claim form your Product(s) will be cancelled. It will not be possible for you to withdraw your claim form once it has been processed.**

12.8 If it is a company or corporation who is a Scheme Creditor and it wishes to submit a claim form, it must authorise a representative to do so and a copy of such authorisation (for example a resolution of the directors or other governing body of the company or corporation) must be sent along with the claim form.

- 13 How will the Scheme Administrators Determine whether I am Entitled to Compensation?**
- 13.1** If you think any of the issues described in paragraph 2.2 above affected your decision to buy a Product, or you have other concerns about the sale of a Product to you, you can apply to be considered for compensation through completing a claim form when this is sent to you (as explained in paragraph 12 above).
- 13.2** If you send in a claim form, the Scheme Administrators will review your claim form for evidence that you were mis-sold a Product and an assessment will be made in respect of your right to compensation based on what you write on your claim form. Therefore you must complete and submit a claim form to be considered for compensation.
- 13.3** You cannot submit a claim form now as the Scheme has not yet been approved. If the Scheme is approved we will be in touch again and will send you a claim form for completion.
- 14 If I am entitled to Compensation, How will the Amount of Compensation be Calculated?**
- 14.1** If the Scheme Administrators decide that you are entitled to be paid compensation under the Scheme, your compensation will be calculated as follows in respect of each Product that was mis-sold to you (in accordance with the Scheme terms):
- 14.1.1** an amount equal to the payment you have paid for the relevant Product(s) for each year since 14 January 2005; plus
- 14.1.2** an amount calculated as if it were simple interest at 8% per annum in respect of each of those amounts described in paragraph **14.1.1** above, calculated from the date of payment of the premium to the date falling six weeks after the date on which the Scheme became effective; less
- 14.1.3** the amount of any payments received by you in respect of the relevant Products; less
- 14.1.4** an amount calculated as if it were simple interest at 8% per annum in respect of any those amounts described in paragraph 14.1.3 above, calculated from the date of payment to the date falling six weeks after the date on which the Scheme became effective.
- 14.2** The amount of compensation you may be due will be calculated for you by the Scheme Administrators using the records of CPP.

- 14.3** If you are due a compensation payment in respect of both Products, you are likely to receive two separate cheques, one for each Product.
- 14.4** If the Scheme Administrator decides that you are entitled to compensation, but the payments received by you in respect of the relevant Product(s) (plus interest) are greater than the payments you paid for the relevant Product(s) (plus interest) you will not be paid any compensation.
- 14.5** If you send in a claim form the relevant Product(s) will be cancelled regardless of whether you are entitled to compensation.
- 15** **When will I Receive Any Compensation I am Entitled to?**
- 15.1** All compensation payments will be made by cheque and such cheques will be sent to those with a valid claim by the Scheme Administrators. It will not be possible to receive any compensation you may be due by any means other than by cheque.
- 15.2** It is intended that any compensation payments due to be made will be paid on a rolling basis as soon as reasonably practicable after the receipt of a claim form and the determination that compensation is due.
- 15.3** Therefore, it will be in your interests to submit a claim form as soon as possible once the Scheme becomes effective.
- 16** **How will I Know Whether I Am Entitled to Compensation?**
- 16.1** If you are entitled to compensation under the Scheme you will receive a cheque as described at paragraph 15 above.
- 16.2** If you are not entitled to compensation under the Scheme you will receive a letter informing you of this as soon as practicable after your claim form has been reviewed and processed.
- 17** **What other Correspondence Will I be Receiving in Respect of the Scheme?**
- 17.1** If you are a Scheme Creditor (please see paragraph 1 above) and the Scheme becomes effective, you will receive a claim form and accompanying covering letter.
- 17.2** If you return your claim form in accordance with the Scheme and it is determined that you are due compensation, you will then be sent a cheque in relation to such compensation.

- 17.3** If it is decided that, in accordance with the Scheme, you are not entitled to compensation, you will receive a letter to that effect, which will explain the reason for rejecting your claim. If you then start the Dispute Resolution Procedure, further letters will be sent to you, guiding you through that process (please see paragraph 22 below).
- 17.4** You may also receive further communications if certain events occur (such as a failure to pay as explained in paragraph 27 below).
- 17.5** **However, you will not receive any reminder letters in respect of submitting your voting / proxy form or your claim form or in respect of any other aspects of the Scheme unless you submitted a voting form but failed to fill in a claim form.**
- 18** **What is the Bar Date?**
- 18.1** If you wish to have the sale of the Products to you reviewed as part of the Scheme you must submit your claim form prior to the Bar Date.
- 18.2** If you do not submit your claim form prior to the Bar Date, your purchase of the Products will not be reviewed and you will have no right to receive any payment in respect of your purchase of the Products and you will release any claims that you would have had to receive compensation for all payments since 14 January 2005.
- 18.3** The Bar Date will be the date falling 7 (seven) months after the date on which the Scheme becomes effective (and the exact date will be notified to you in the same letter in which you are sent a claim form).
- 18.4** The Bar Date will be extended to 13 (thirteen) months if any of the following Exceptional Circumstances apply:
- 18.4.1** if you have been out of the country for six of the seven months of the Bar Date period;
- 18.4.2** if you have been suffering from a certified medical condition such that it was unreasonable to expect you to respond before the Bar Date; or
- 18.4.3** if you are requested to re-submit your claim form for any reason and the period for return of the claim form falls outside the Bar Date.
- 18.5** If you do not submit your claim form prior to the Bar Date, the terms of the Scheme mean that you will nonetheless grant the release described in paragraphs 4.4 to 4.6 above on the Bar Date (thus giving up any rights you may have to make a claim

against CPP and / or the Business Partners in respect of any mis-selling of the Products since 14 January 2005).

19 Who Will be Paying my Compensation?

19.1 Assuming it is decided that you are due compensation, who pays that compensation will be decided by how you purchased the relevant Product:

19.1.1 if you purchased the Product(s) direct from CPP, then CPP will pay you your compensation; or

19.1.2 if you purchased the Product(s) via an introduction from a Business Partner or direct from a Business Partner, then that Business Partner will pay you your compensation.

19.2 Under the terms of the Scheme, provided the relevant Business Partner does not become insolvent, CPP will have no liability for payment of any compensation in respect of Products purchased via an introduction from a Business Partner or direct from a Business Partner. If the relevant Business Partner does become insolvent, CPP will be liable for its payments as explained in paragraphs 27-29 below.

19.3 If you are due compensation for both Products you are likely to receive two cheques.

19.4 Under the terms of the Scheme, each Business Partner is only severally liable for its obligations, which means that:

19.4.1 if CPP fails to make any payment it is required to make under the Scheme, no Business Partner will be required to make the payment in place of CPP; and

19.4.2 if a Business Partner fails to make any payment it is required to make under the Scheme, no other Business Partner will be required to make the payment, but CPP will be required to make the payment in place of the Business Partner if such Business Partner is insolvent, and further detail on what is likely to happen if any payment that is due is not made is set out in paragraph 24 below.

19.5 If you would like to know who is responsible for paying any compensation that is due to you, please write to Scheme Processing Services Limited by post to PO Box 250, Wymondham, NR18 8DG. If you receive a cheque in respect of any compensation due to you, you may only request information about who is responsible for paying such compensation for a period of 60 (sixty) days after

receipt of your cheque.

20 What is the Role of the Business Partners?

20.1 Under the Scheme each of the Business Partners will (for itself and on behalf of certain affiliates) pay the compensation due in respect of any sale where they introduced the Scheme Creditor to CPP or where they sold the Product directly to the Scheme Creditor (on behalf of CPP). The Business Partners will be committing to make these payments by a Deed of Undertaking, in which they will confirm that they will meet these payment obligations in accordance with the Scheme.

20.2 The Business Partners are making the payments without admitting any liability of any description on the part of the Business Partners.

20.3 A list of the Business Partners is attached as Appendix 3 to this Explanatory Statement.

21 Will my Product be Cancelled if I make a Claim?

21.1 Yes. Your Product will be cancelled if you send in a claim form (whether or not you are actually sent compensation). If you hold both a Card Protection Product and the Identity Protection Product and send in a claim form in respect of one of them only, only the Product in respect of which a claim form was sent will be cancelled. You will not be able to make an insurance claim under a Product once it has been cancelled, but cancellation will not affect any insurance claims you may have already made prior to cancellation.

21.2 Provided you do not start the Dispute Resolution Procedure (please see paragraph 22 below), your Product will be cancelled on the date falling 5 (five) working days after either (i) the compensation cheque is posted to you (and this cancellation will apply even if the cheque is never cashed) or (ii) the date on which a letter is posted to you rejecting your claim or informing you that you are not entitled to compensation as you have already received value for the Product(s).

21.3 If you do return the compensation cheque, or you receive a letter rejecting your claim or informing you that you are entitled to compensation, and commence the Dispute Resolution Procedure (please see paragraph 22 below), your Product will be cancelled on the date falling 5 (five) working days after (i) a compensation cheque is sent to you following the completion of the Dispute Resolution Procedure (and this cancellation will apply even if the cheque is never cashed) or (ii) you are sent a letter

informing you that the Scheme Adjudicator has rejected your complaint.

22 What Happens if I don't Agree with a Decision of the Scheme Administrators in respect of my Claim?

22.1 The Scheme includes a Dispute Resolution Procedure to deal with any complaints.

22.2 Examples of when this procedure may be used include if you are unhappy with the decision of the Scheme Administrators about whether you are due to receive compensation (i.e. if your claim is rejected) or if you disagree with the amount of compensation that it has been decided is due to you.

22.3 If your claim is rejected you will receive notice of this from the Scheme Administrators.

22.4 If you are sent a cheque and you cash that cheque, you cannot subsequently complain via the complaints procedure and cashing the cheque will be effective confirmation that you are happy with the Scheme and the compensation you have been paid.

22.5 If you do wish to complain you must do so within 30 (thirty) days of receiving a notice of rejection of claim or within 30 (thirty) days of receiving a cheque for compensation if you disagree with the amount (and you must return the cheque along with your complaint).

22.6 If you and the Scheme Administrators cannot agree on an acceptable solution in relation to your complaint within 30 (thirty) days, then the matter will be referred to the Scheme Adjudicator.

22.7 The Scheme Adjudicator will be an independent solicitor who will review your complaint and make a decision as to whether it is valid. He will reach this decision within 30 (thirty) days and then inform you and the Scheme Administrators of the result.

22.8 The Scheme Adjudicator's decision is final and there is no further right of appeal within the Scheme.

23 Does the Financial Ombudsman Service Have a Role in the Scheme?

23.1 The Financial Ombudsman Service is an independent statutory body which resolves consumer complaints about financial services businesses which the consumer and the relevant business are unable to resolve themselves.

- 23.2** Once the Scheme becomes effective, any complaints in respect of the Products from a Scheme Creditor will fall to be dealt with by the Scheme and the Scheme will decide whether or not compensation is due (and the Ombudsman will not process your complaint). This means that, initially, if a Scheme Creditor complains to the Ombudsman in respect of the sale of a Product, then that complaint will be dealt with under the Scheme. However, please note that a complaint to the Ombudsman is not the same as submitting a claim form under the Scheme and therefore if you wish to complain about the Products you should also submit a claim form.
- 23.3** If you are not satisfied with the final decision you have received under the Scheme, or if you do not receive a decision from the Scheme Adjudicator within 30 (thirty) days of the Scheme Adjudicator receiving your complaint, you are entitled to complain to the Ombudsman. If the Ombudsman receives such a complaint, then the Ombudsman will determine the complaint by reference to what, in the opinion of the Ombudsman, the determination under the Scheme should be or should have been, rather than on the basis of what is fair and reasonable in all the circumstances (which is the Ombudsman's normal guiding principle for dealing with complaints). Therefore, if CPP and the Scheme Administrators have correctly applied the Scheme, then the Ombudsman will not determine that complaint differently or award a different amount of compensation.
- 23.4** If you do not submit a claim by the time we tell you when we send you the claim form, you will lose your right to compensation for payments since 14 January 2005, and the Ombudsman will not be able to award compensation to you.
- 24** **Does it Make any Difference if I no Longer Have either Product?**
- No, the Scheme applies in the same way to those who no longer have a Product as to those who still do.
- 25** **What If I Have Already Complained About a Product?**
- 25.1** If you have already complained about a Product and you made that complaint prior to 22 August 2013, then that complaint will be processed by the relevant recipient outside the Scheme in accordance with applicable laws and regulations (and you remain entitled to complain to the Ombudsman in the normal way in respect of any such complaint and the Ombudsman will process such complaint in accordance with its ordinary rules and regulations and not by reference to the Scheme).
- 25.2** If you have already complained to the Ombudsman about a Product, or complain

about a Product to the Ombudsman having complained to CPP or a Business Partner prior to 22 August 2013, then the Ombudsman will process such complaint in accordance with its ordinary rules and regulations (and not by reference to the Scheme).

26 Can I Complain Now?

26.1 You can complain now, however CPP and the Business Partners are not required to process any complaints that would otherwise be dealt with under the Scheme prior to the Scheme becoming effective (or failing to become effective) as the Scheme is the proper mechanism for dealing with such complaints.

26.2 The Ombudsman is also bound by this decision and therefore if you do complain now your complaint will be held on file by the relevant party to whom you have complained, but it will not be dealt with until it becomes clear whether the Scheme will become effective or not.

26.3 If the Scheme does become effective, then your complaint will be dealt with under the terms of the Scheme. If the Scheme does not become effective, then your complaint will be processed by its recipient under the normal rules.

27 What Happens if CPP or a Business Partner does not make the payments it is required to make under the Scheme?

27.1 If CPP does not make any payment that it is required to make under the Scheme it will be in breach of its obligations under the Scheme and the obligations it owes to Scheme Creditors. Such a breach would be a serious matter for CPP and is unlikely to happen unless CPP becomes insolvent.

27.2 If a Business Partner does not make any payment that it is required to make under the Scheme it will be in breach of its obligations under the Deed of Undertaking that it has provided to CPP and each Scheme Creditor to whom it has agreed to pay redress under the Scheme. Such a breach would be a serious matter for the relevant Business Partner and is unlikely to happen unless the relevant Business Partner becomes insolvent.

28 Is it Likely that CPP or a Business Partner will become Insolvent?

28.1 A brief description of each Business Partner is set out in Appendix 4. Each Business Partner is confident (as at the date of this document) that it has the financial resources to comply with its obligations under the Scheme.

28.2 CPP has agreed a financing arrangement with the Business Partners and its corporate

lenders which the directors of CPP believe will provide it with the financial resources it requires so it can comply with its obligations under the Scheme. However, there is a possibility that CPP will become insolvent and may therefore be unable to pay all compensation due under the Scheme in the following circumstances:

- 28.2.1** the number of customers making a valid claim under the Scheme exceeds a particular level and CPP's corporate lenders then exercise their entitlement to refuse further funding and / or require repayment of amounts already borrowed; and / or
- 28.2.2** the number of customers making a valid claim under the Scheme is greater than expected by CPP (based on expert advice).

- 28.3** However, please note that the Scheme will provide greater certainty to CPP as to its financial position, thus increasing the likelihood that it will not become insolvent and the Scheme in itself does not increase the likelihood of a CPP insolvency.
- 28.4** Copies of CPP's latest publicly available financial accounts are available at www.cppredressscheme.co.uk and you can obtain hard copies (free of charge) by contacting Scheme Processing Services Limited by post at PO Box 250, Wymondham, NR18 8DG.

29 What Happens if CPP or a Business Partner Becomes Insolvent?

- 29.1** If a Business Partner becomes insolvent prior to the Scheme becoming effective, that Business Partner will no longer have a role in the Scheme. If this happens and you are affected we will write to you and provide further information.
- 29.2** If a Business Partner becomes insolvent after the Scheme has become effective and is unable to make the compensation payments that it is required to make, then CPP is required to make such compensation payments instead. Therefore, the risk of CPP becoming insolvent will increase in the event of a Business Partner insolvency as CPP will be required to make more compensation payments.
- 29.3** In the event that CPP itself becomes insolvent after the Scheme becomes effective and is unable to make the compensation payments that it is required to make, then any claim against CPP will be removed from the Scheme and be addressed instead in the manner explained in paragraph 29.4 below.
- 29.4** In the event of an insolvency of CPP, it is expected that any claims that would have been paid by CPP under the Scheme but for its insolvency will instead be paid

by the Financial Services Compensation Scheme (the FSCS), which is likely to be responsible for meeting any compensation due. The FSCS normally pays 90% of any valid non-compulsory insurance mis-selling claim. You should note that the FSCS may come to a different view on what the correct amount of compensation is and whether there is a valid non-compulsory insurance claim and will not necessarily return all payments you have made since 14 January 2005. This will be a matter to be determined by the FSCS and you will need to deal directly with them.

29.5 Further under the terms of the Scheme, no Business Partner is responsible for paying any amount due from another party. Therefore in the case of a Business Partner insolvency, any compensation due to you will fall to be paid by CPP and in the case of a CPP insolvency it is likely that you will only be entitled to receive compensation if it is paid by the FSCS.

29.6 The Scheme Administrators will write to you if CPP becomes insolvent and you will be affected.

30 What Happens if the Scheme is not Approved at either the Scheme Meeting or the Sanction Hearing or does not Become Effective for any Other Reason?

30.1 If the Scheme does not become effective, then you will retain all rights you would have had in respect of the Products as if the Scheme had never been launched (and as if you had never received this documentation).

30.2 This means that you will be entitled to make a complaint in respect of the Products if you feel that you have been mis-sold such Products.

30.3 If the Scheme does not become effective:

30.3.1 CPP will be obliged by the FCA to undertake a past business review of the direct sales of the Products it has made; and

30.3.2 each Business Partner will enter into discussions with the FCA on an individual basis in relation to next steps.

31 Do I have to Pay Tax on Any Compensation I Receive?

31.1 If you receive compensation under the Scheme, you may be liable to pay income tax on that part of the compensation that is made up of interest (the remainder being a refund of payments that should not be taxable).

31.2 CPP and each Business Partner is obliged to deduct the basic rate of income tax

(20%) from the interest element of the payment made to you and to account for this money to HMRC. Therefore such a deduction will be made and you will also receive a certificate of tax deducted to be kept for your records.

31.3 Further advice on taxation matters is provided in Appendix 4 to this Explanatory Statement, but please note that any advice is a summary only and your tax position will be unique to you and you should take appropriate independent advice in relation to your tax position if you are unsure of what you need to do.

32 Who are the Scheme Administrators?

32.1 There are two Scheme Administrators, Kevin Gill and Ben Cairns of Ernst & Young LLP, a global professional services firm. Both Mr Gill and Mr Cairns are chartered accountants and details of their professional experience are included as Appendix 5 to this Explanatory Statement.

32.2 The Scheme Administrators are appointed to supervise, administer, implement and carry-out certain administrative and other functions under the Scheme, such as determining who the Scheme Creditors are and who will be due compensation and the amount of such compensation, all in accordance with the terms of the Scheme.

32.3 The Scheme Administrators will be paid a fee for their role in the Scheme, which shall be met by CPP and the Business Partners and they will also have the benefit of appropriate indemnities.

33 What do I do if I am, or have been, Bankrupt or the Subject of an Individual Voluntary Arrangement (IVA)?

33.1 If you were sold any Product before the date of your bankruptcy, it is likely that any claim relating to the alleged mis-selling of a Product is owned by the official receiver or trustee of your bankruptcy estate and not you. In this case you should consult the official receiver or trustee in bankruptcy of your estate before voting or claiming in respect of the Scheme. In addition, if this is the case it is likely that any claim you may have will be, as a matter of law, set off against any amounts that you may owe to either CPP (if it is to pay you any compensation due) or the relevant Business Partner (if it is to pay you any compensation due).

33.2 If you are, or have been, the subject of an IVA, then this may be relevant to your rights under the Scheme, however this will be dependent on the particular terms of your IVA and therefore you should consult the supervisor of your IVA to discuss this issue.

34 What Does the Board of CPP Recommend that Scheme Creditors Should Do?

For the reasons set out in paragraph 5 above, the Board of Directors of CPP believes that the Scheme is in your best interests as a Scheme Creditor and accordingly recommends that you vote in favour.

35 What Assistance will I be given if I Have a Disability that Prevents me Completing the Voting Form?

Reasonable adjustments will be made in respect of disability. If you are partially sighted, you will, upon request, be entitled to receive copies of the Scheme Documentation in braille, large print or in audio format. If you have a disability that prevents you from completing the form and / or signing your name, other reasonable adjustments will be made. Please contact us on the details provided at paragraph 37 if you would like to discuss this with someone.

36 What Happens Next?

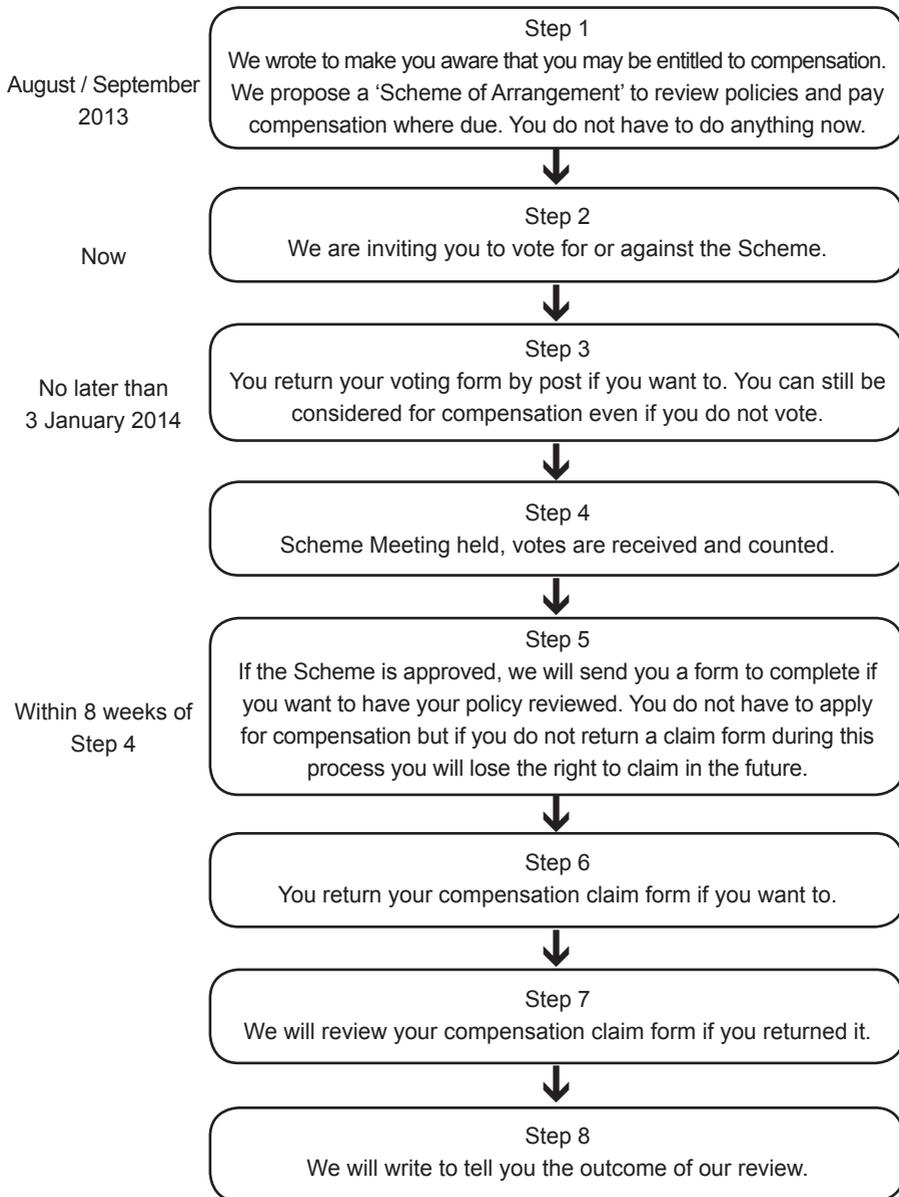
36.1 If you are a Scheme Creditor, (as explained in paragraph 1 above) you are urged to complete and return the voting form in the stamped addressed envelope provided to Scheme Processing Services Limited by post to PO Box 250, Wymondham, NR18 8DG as soon as possible and in any event so that it is received no later than 17:00 on 3 January 2014.

36.2 To help you complete the voting form, detailed instructions are included on the form itself and a further explanation is provided in paragraph 7 above.

37 Is there Somebody I Can Contact Now as I do not Understand What is Proposed?

Further information is available at www.cppdressscheme.co.uk including answers to certain frequently asked questions, however alternatively please write to Scheme Processing Services Limited by post at PO Box 250, Wymondham, NR18 8DG or call 08000 834 393 (outside the UK call +1144 520 800).

PART B
SCHEME PROCESS



PART C
DETAILS OF MATERIAL INTERESTS OF THE DIRECTORS
CARD PROTECTION PLAN LIMITED

1. The directors of CPP (both recent and current) and their respective positions are set out below:

Name	Position
Charles Gregson	Director
Brent Escott	Director (appointed 1 September 2013)
Craig Parsons	Director (appointed 1 September 2013)
Shaun Parker	Director (resigned 31 August 2013)
Paul Stobart	Director (resigned 31 August 2013)

2. No director has any interest (beneficial or non-beneficial) in the share capital or loan capital of CPP or any subsidiary of CPP.
3. Each of the directors has an interest (beneficial or non-beneficial) in the share capital of CPP Group plc (the ultimate holding company of CPP).
4. Shaun Parker holds a current Card Protection Product but has agreed not to vote on the Scheme or make a claim under the Scheme.

PART D
DETAILS OF SCHEME DOCUMENTATION

This Explanatory Statement is intended to explain the main provisions of the Scheme and is intended to provide you with sufficient information to make an informed decision on whether or not to approve the Scheme. However it does not provide an exhaustive description of all aspects of the Scheme.

Therefore we suggest that you should also consider the more detailed information and copies of the full Scheme Documentation made available at www.cppredressscheme.co.uk

The full Scheme Documentation made available at www.cppredressscheme.co.uk is as follows:

- 1** a copy of the Scheme Document
- 2** a copy of each Deed of Undertaking
- 3** a copy of the Scheme Liabilities Release Agreement.

Summaries of the material provisions of these documents (other than the Scheme Document), plus summaries of certain other key documents as well as details of certain pre-conditions to the Scheme, are also made available at www.cppredressscheme.co.uk

You can also request hard copies of this documentation by contacting Scheme Processing Services Limited by post at PO Box 250, Wymondham, NR18 8DG.

APPENDIX 1

FORM OF SCHEME MEETING NOTICE

NOTICE CONVENING THE MEETING OF SCHEME CREDITORS TO VOTE ON THE SCHEME

No. 5899 of 2013

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

IN THE MATTER OF CARD PROTECTION PLAN LIMITED
AND
IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that by an Order dated 7 October 2013 made in the above matter, the Court has directed that a meeting (hereinafter called the "Creditors' Meeting") be convened of the Scheme Creditors (as defined in the Scheme of Arrangement hereinafter mentioned) of the above named company (hereinafter called "the Company") for the purposes of considering and, if thought fit, approving (with or without modifications) a Scheme of Arrangement proposed, to deal with the Card Protection policies and Identity Protection policies bought or renewed by Scheme Creditors after 14 January 2005, made between the Company and the Scheme Creditors and that the Creditors' Meeting will be held at Wembley Arena, Arena Square, Engineers Way, London, HA9 0AA commencing at 12:00 on 7 January 2014 at which place and time all such Scheme Creditors are requested to attend.

Scheme Creditors may vote in person at the Creditors' Meeting or they may appoint another person, whether a Scheme Creditor or not, as their proxy to attend and vote in their place.

It is requested that voting forms be lodged with Scheme Processing Services Limited, PO Box 250, Wymondham, NR18 8DG by 17:00 on 3 January 2014.

By the Order, the Court has appointed Kevin Gill, and in his absence Ben Cairns, both of Ernst & Young LLP, 1 More London Place, London, SE1 2AF to act as Chairman at the Creditors' Meeting and has directed the Chairman to report the result of the Creditors' Meeting to the Court. A copy of the statement required to be furnished pursuant to Section 897 of the Companies Act 2006 together with certain documents related to the proposed Scheme of Arrangement (including a copy of the proposed Scheme of Arrangement) are available for viewing on the following website www.cppredressscheme.co.uk

If you have not received a pack explaining the scheme to refund policyholders, please contact our freephone number 08000 834 393 (outside of the UK dial + 1144 520 800), quoting your policy number or unique customer reference number. We are available between 8am and 9pm Monday to Friday, and 8am to 6pm on Saturdays. Alternatively, you can write to Scheme Processing Services Limited, PO Box 250, Wymondham, NR18 8DG, to request a copy.

**APPENDIX 2
PRO FORMA CLAIM FORMS**

A. CARD PROTECTION: COMPENSATION CLAIM FORM

NOTE THAT THIS PRO FORMA CLAIM FORM IS PROVIDED FOR INFORMATION ONLY, AND YOU SHOULD ONLY SUBMIT YOUR CLAIM ON THE PERSONALISED FORM PROVIDED TO YOU BY THE SCHEME ADMINISTRATORS

Our Ref: [pre-populated]

Dear Mr Sample

You may be entitled to compensation if you were given misleading or unclear information when you were sold your card protection policy, and you purchased your policy based on this information.

If you want to be considered for compensation you must complete, sign and return this original form to us by [insert deadline date].

If you do not return this original form to us by this date you will lose your right to claim compensation.

If you are entitled to and paid compensation you will also have cancelled your policy, so you (and anyone else covered by the policy) will lose the benefits it provides.

You do not have to complete this form if you think you have not been affected by the issues described below and want your policy to continue.

YOUR NAME AND CONTACT DETAILS

Please check your details are accurate. If you need us to update your details, please call our freephone number 08000 83 43 93 (outside the UK dial +44 1144 520 800). We are available between 8am and 9pm Monday to Friday, and 8am to 6pm on Saturdays. Alternatively, you can write to us at Scheme Processing Services Limited, PO Box 250, Wymondham, NR18 8DG.

[PRE-POPULATED]

If you are currently resident overseas (and not a member of the armed forces), we require confirmation of the following additional details in order to process your claim:

Place of birth _____ Date of birth _____

WHY YOU MAY BE ENTITLED TO COMPENSATION

The Financial Conduct Authority found the following failings with card protection policies sold and provided by CPP:

- the policy said it covered you for up to £100,000 (figure varied over time) worth of unauthorised transactions that occur **after** you inform your bank or card issuer that a card was lost or stolen.

But you did not need this cover as your bank or card issuer is responsible for any transactions after you tell it your card has been lost or stolen.

- the policy said it covered you for up to £5,000 (figure varied over time) worth of unauthorised transactions that occur **before** you inform your bank or card issuer that a card was lost or stolen.

But we did not explain that you are only liable for unauthorised transactions in limited circumstances, as your bank or card issuer would usually cover you for anything over the first £50 of those transactions.

If you think either of these features affected your decision to buy a card protection policy, you can apply for compensation. The policy also had other features which are shown in Appendix A.

You can also be considered for compensation if you have any other complaints about the way a card protection policy was sold to you. This may include where you decided to purchase the policy because CPP sales staff sold it to you even after you made it clear you did not want it or because they emphasised that you could cancel the policy after you bought it.

You must fill in this box to explain why you want to be considered for compensation (please do not write outside this box).

WHAT WE WILL DO NEXT

When we receive this original, completed and signed form, we will review the information and write to you with the outcome. Please note that we will only consider comments regarding why you want to be considered for compensation. If you raise any other matters we will not be able to process them and you will need to contact us separately.

If you are entitled to compensation we will return the amount you have paid for your policy since 14 January 2005 (the date the FCA started to regulate insurance products like these), less any sums paid out in respect of the policy, plus interest on the amount owed. You will also have cancelled your policy, so you (and anyone else covered by the policy) will lose the benefits it provides.

Further details of how your compensation will be calculated are explained in the letter sent to you explaining the scheme.

DECLARATION

I confirm the information I have given in this form is true to the best of my knowledge and belief.

I agree to release CPP and Business Partners (and Business Partner Affiliates as defined in the scheme) from any further liability for any claims I may have against them for the types of mis-selling covered by this redress scheme as long as they comply with the payment terms under this redress scheme, as set out more fully in the scheme documents.

Please note that even if you do not return a form you would still lose these rights as set out in more detail in the scheme.

Name: _____

Signed: _____

Date: _____

Please now return this form to us at Scheme Processing Services Limited, PO Box 250, Wymondham, NR18 8DG in the prepaid, addressed envelope provided.

We will let you know the outcome of your claim for compensation as soon as possible. If you are entitled to compensation you will also have cancelled your policy.

B. PRO FORMA IDENTITY PROTECTION: COMPENSATION CLAIM FORM

NOTE THAT THIS PRO FORMA CLAIM FORM IS PROVIDED FOR INFORMATION ONLY, AND YOU SHOULD ONLY SUBMIT YOUR CLAIM ON THE PERSONALISED FORM PROVIDED TO YOU BY THE SCHEME ADMINISTRATORS

Our Ref: [pre-populated]

Dear Mr Sample

You may be entitled to compensation if you were given misleading or unclear information when you were sold your identity protection policy, and you purchased your policy based on this information.

If you want to be considered for compensation you must complete, sign and return this original form to us by [insert deadline date].

If you do not return this original form to us by this date you will lose your right to claim compensation.

If you are entitled to and paid compensation you will then have cancelled your policy, so you will lose the benefits it provides.

You do not have to complete this form if you think you have not been affected by the issues described below and want your policy to continue.

YOUR NAME AND CONTACT DETAILS

Please check your details are accurate. If you need us to update your details, please call our freephone number 08000 83 43 93 (outside the UK dial +44 1144 520 800). We are available between 8am and 9pm Monday to Friday, and 8am to 6pm on Saturdays. Alternatively, you can write to us at Scheme Processing Services Limited, PO Box 250, Wymondham, NR18 8DG.

[PRE-POPULATED]

If you are currently resident overseas (and not a member of the armed forces), we require confirmation of the following additional details in order to process your claim:

Place of birth _____ Date of birth _____

WHY YOU MAY BE ENTITLED TO COMPENSATION

The Financial Conduct Authority found failings with CPP's sale of identity protection policies. You may be entitled to compensation if you were given misleading or unclear information about your policy, including:

- if the risk of identity theft was exaggerated to you; or
- if you were incorrectly told you are liable for debts that someone else takes out using your details.

You may also have other concerns with the way your identity protection policy was sold to you, such as if sales staff sold you a policy even after you made it clear you did not want it or emphasised that you could cancel the policy after you bought it.

If you think any of these issues affected your decision to buy an identity protection policy, you can apply for compensation. The policy also had other features which are shown in Appendix B.

You can also be considered for compensation if you have other complaints about the way an identity protection policy was sold to you.

You must fill in this box to explain why you want to be considered for compensation (please do not write outside this box).

WHAT WE WILL DO NEXT

When we receive this original, completed and signed form, we will review the information and write to you with the outcome. Please note that we will only consider comments regarding why you want to be considered for compensation. If you raise any other matters we will not be able to process them and you will need to contact us separately.

If you are entitled to compensation we will return the amount you have paid for your policy since 14 January 2005 (the date the FCA started to regulate insurance products like these), less any sums paid out in respect of the policy, plus interest on the amount owed. You will also have cancelled your policy, so you will lose the benefits it provides. Further details of how your compensation will be calculated are explained in the letter sent to you explaining the scheme.

DECLARATION

I confirm the information I have given in this form is true to the best of my knowledge and belief.

I agree to release CPP and Business Partners (and Business Partner Affiliates as defined in the scheme) from any further liability for any claims I may have against them for the types of mis-selling covered by this redress scheme as long as they comply with the payment terms under this redress scheme, as set out more fully in the scheme documents.

Please note that even if you do not return a form you would still lose these rights as set out in more detail in the scheme.

Name: _____

Signed: _____

Date: _____

Please now return this form to us at Scheme Processing Services Limited, PO Box 250, Wymondham, NR18 8DG in the prepaid, addressed envelope provided. We will let you know the outcome of your claim for compensation as soon as possible. If you are entitled to compensation you will also have cancelled your policy.

APPENDIX 3

THE BUSINESS PARTNERS

Barclays Bank PLC

A major global financial services provider engaged in personal banking, credit cards, corporate and investment banking and wealth and investment management. Barclays generated adjusted net operating income of £13,440m and adjusted profit before tax of £3,591m for the half year ending 30 June 2013.

HSBC Bank PLC

One of the world's largest banking and financial services organisations operating in over 80 countries. HSBC generated total operating income of £8,377m and profit before tax of £2,273m for the half year ending 30 June 2013.

Santander UK plc

Operates primarily in the UK and is a major financial services provider, offering a wide range of personal finance products and services, and is a growing participant in the corporate banking market. Santander generated net interest income of €13,374m and profit for the group of €2,255m for the half year ending 30 June 2013.

Royal Bank of Scotland PLC

A UK based banking and financial services company serving over 30 million customers worldwide. RBS generated income of £10,608m and profit before tax of £1,374m for the half year ending 30 June 2013.

MBNA Limited

In 2006, MBNA became the European credit card arm of Bank of America. Bank of America generated revenue (net of interest expense, FTE basis) of \$22,949m and net income of \$4,012m for the quarter ending 30 June 2013.

Nationwide Building Society

The largest building society in the UK in terms of total assets with their core business to provide personal financial services. Nationwide Building Society generated total underlying income of £2,522m and underlying profit before tax of £475m for the year ending 4 April 2013.

Clydesdale Bank PLC

Operates a UK-focused retail and commercial banking business, primarily in Scotland and in the north of England. Clydesdale generated operating income of £468m and profit before tax of £28m for the six months ending 31 March 2013.

Tesco Personal Finance PLC

Primarily focused on providing financial services and products to personal customers in the UK, the Republic of Ireland, Poland and Hungary. Tesco Bank generated revenue of £1,021m and trading profit of £191m for the 52 weeks ending 23 February 2013.

Canada Square Operations Limited (formerly Egg Banking plc)

Formerly known as Egg Banking PLC is a wholly owned subsidiary of Citigroup Inc. Citigroup generated total revenues net of interest expense of \$40,706m and net income of \$7,990m for the six months to 30 June 2013.

Capital One (Europe) PLC

Provides visa and mastercard credit cards for customers in the UK. Capital One Financial Corporation generated total net revenue of \$5,638m and net income of \$1,117m for the quarter ending 30 June 2013.

Morgan Stanley Bank International Limited

Principal activity is the provision of financial services to corporations, governments, financial institutions and individual investors. The company's ultimate parent undertaking and controlling entity is Morgan Stanley. Morgan Stanley generated net revenues of \$16,661m and earnings of \$1,738m for the six months ending 30 June 2013.

Home Retail Group Insurance Services

Home Retail Group is the UK's leading home and general merchandiser retailer, operating two key businesses; Argos and Homebase. Home Retail Group generated net revenue of £5,475m and profit before tax of £91.1m for the 52 weeks ending 2 March 2013.

Bank of Scotland PLC

Provides a wide range of banking and financial services and is a direct subsidiary of HBOS plc and wholly owned indirect subsidiary of Lloyds Banking Group plc. It is one of the main operating companies of the Group. Lloyds Banking Group generated underlying income of £9,464m and profit before tax of £2,134m for the half year ending 30 June 2013.

APPENDIX 4

TAX

1. The following summary is intended as a general guide only and is based on current UK tax law and HM Revenue and Customs practice as at the date of this notice. It relates only to certain limited aspects of the UK taxation treatment of the Scheme Creditors who are individuals resident in the UK for tax purposes. Scheme Creditors who are in any doubt about their tax position, or who are subject to tax in any jurisdictions other than the UK, should take appropriate independent advice in relation to their tax position in respect of payments made under the Scheme.
2. To the extent the payment represents a refund of the premiums paid by Scheme Creditors such amounts should not be taxable in the hands of the Scheme Creditors.
3. However, depending on their personal circumstances, Scheme Creditors who are resident in the United Kingdom for tax purposes will, in general, be liable to income tax to the extent that the payment represents interest (the "Interest Element").
4. CPP and each Business Partner making a payment to a Scheme Creditor will be required to deduct income tax at the basic rate (currently 20%) from the Interest Element and will be required to account for such tax to HMRC. Details of tax deducted will be provided to the Scheme Creditor stating the amount of tax which has been deducted from the payment.
5. Scheme Creditors who are resident in the United Kingdom and subject to income tax will be chargeable to income tax on the Interest Element of any Redress Payment received at the basic rate (currently 20%) or, to the extent that the Interest Element, when treated as the top slice of his or her income, exceeds the threshold for higher rate tax (currently 40%) or additional rate tax (currently 45%).
6. If the Scheme Creditor is a basic rate taxpayer, then the amount deducted by CPP or the relevant Business Partner will satisfy the Scheme Creditor's tax liabilities in respect of the Redress Payment and the Scheme Creditor will not be under an obligation to account to HMRC for any further amounts. However, if the Scheme Creditor is chargeable to income tax at the higher rate or additional tax rate, further tax will be due and the Scheme Creditor will be required to account for such tax to HMRC.
7. If you are not normally subject to tax, you may be entitled to claim back any tax deducted and will be provided with a certificate of tax deducted for this purpose.

APPENDIX 5

SCHEME ADMINISTRATORS DETAILS

Kevin Gill

Kevin Gill has been a Partner at Ernst & Young since 2008 and leads its Insurance Restructuring and Run-off team. Kevin has over 20 years' experience in the restructuring of insurance underwriters and intermediaries.

Kevin has been involved in developing or implementing Schemes of Arrangement for over 40 companies to enable them to come to a compromise agreement with their creditors by bringing finality to their legacy business. Clients have included Allianz Insurance plc, Mitsui Sumitomo and Tokio Marine.

Kevin has advised on a number of transactions and restructurings to dispose of or acquire legacy insurance business, including the disposal of a portfolio of business for Interhannover, the acquisition of ZSL's business by Swiss Re and the disposal of a discontinued motor insurer for HSBC.

He has been involved in a number of restructuring projects assisting European insurers create capital efficient structures.

In the 1990s Kevin managed the run-off of many insolvent reinsurers in the UK, Belgium and Singapore. He also has significant experience of restructuring insurance intermediaries including both general insurance brokers and IFAs and resolving broker legacy issues.

Kevin is a Chartered Accountant and a Chartered Insurance Practitioner.

Ben Cairns

Ben is a Partner at Ernst & Young in its Restructuring team specialising in the use of formal procedures to restructure businesses and groups. Ben has more than 19 years with the firm, the last 11 years have been spent in corporate restructuring.

His experience includes advising clients on restructuring options, including contingency/enforcement planning, taking appointments in formal insolvency processes, solvent business wind-down / closures and group simplification programmes.

Ben has significant experience with Schemes of Arrangement and is deputy Scheme Administrator of Municipal Mutual Insurance Company and Joint Scheme Administrator of The Home Insurance Co (UK branch).

He has been involved in a number of restructuring projects including the legal entity rationalisation of a major UK general insurance group, being appointed as Administrator of British & Commonwealth Merchant Bank group companies and supervising a Scottish Company Voluntary Arrangement. He also has significant experience in coordinating complex national and international transactions and restructuring projects and advising financial stakeholders to distressed corporates.

Ben is a Chartered Accountant and Licensed UK Insolvency Practitioner (IP number 9697).

APPENDIX 6
PRODUCT AMENDMENT DATES

The following dates are the dates on which each Card Protection Product was re-designed to remove the misleading post notification insurance cover, being the dates listed in Appendix 8 (Product Amendment Dates) in respect of CPP and each of the Business Partners (and affiliates of such Business Partners):

CPP	21 March 2011
Barclays Bank PLC	9 August 2011 or 22 July 2011 in respect of telephone sales
Bank of Scotland plc	18 September 2011
Capital One (Europe) Plc	1 March 2011
Canada Square Operations Limited (formerly Egg Banking plc)	N/A
CitiFinancial Europe plc (a Business Partner Affiliate of Canada Square Operations Limited)	N/A
Citibank International plc (a Business Partner Affiliate of Canada Square Operations Limited)	N/A
Clydesdale Bank PLC	28 July 2011
Home Retail Group Insurance Services	16 May 2011
HSBC Bank PLC	1 March 2011
Marks & Spencer Financial Services plc (a Business Partner Affiliate of HSBC Bank plc)	1 March 2011
John Lewis Financial Services plc (a Business Partner Affiliate of HSBC Bank plc)	1 March 2011
Morgan Stanley Bank International Limited	N/A
MBNA Limited	1 March 2011
Nationwide Building Society	4 August 2011

Royal Bank of Scotland PLC	18 September 2011 or 22 July 2011 in respect of telephone sales
National Westminster Bank Plc (a Business Partner Affiliate of The Royal Bank of Scotland PLC)	18 September 2011 or 22 July 2011 in respect of telephone sales
Ulster Bank Limited (a Business Partner Affiliate of The Royal Bank of Scotland PLC)	18 September 2011 or 22 July 2011 in respect of telephone sales
Santander UK plc	21 March 2011
Santander Insurance Services UK Limited (a Business Partner Affiliate of Santander UK plc)	21 March 2011
Santander Cards UK Limited (a Business Partner Affiliate of Santander UK plc)	21 March 2011
Tesco Personal Finance Plc	1 March 2011

APPENDIX 7
IMPORTANT NOTICE

**THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN
COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006**

This document has been prepared and issued solely in connection with proposals in relation to a scheme of arrangement pursuant to Part 26 of the Companies Act between CPP and its Scheme Creditors.

Nothing in this document or any other document issued with or appended to this document should be relied on for any purpose other than to make a decision on the Scheme. In particular, nothing in this document or any other document issued with or appended to it should be relied on in connection with the purchase of any shares, debt participations or other assets.

The information contained in this document has been prepared based upon information available to CPP. To the best of CPP's knowledge, information and belief, the information contained in this document is in accordance with the facts and does not leave out anything likely to affect the meaning of such information. CPP has taken reasonable steps to ensure that this document contains the information reasonably necessary to enable the Scheme Creditors to make an informed decision about the effect of the Scheme on them.

The Business Partners do not accept any responsibility for the accuracy, completeness or reasonableness of the content of this document, or any of the statements contained in it.

Statements made in this document relating to tax are based on the law and practice currently in force in the United Kingdom at the date of this document, which may be subject to change.

None of CPP's financial or legal advisers have verified that the information contained in this document is in accordance with the facts and does not leave out anything likely to affect the meaning of such information and each of these persons expressly disclaims responsibility for such information.

You should not interpret the contents of this document as giving any legal, tax, financial or other advice. If you are in any doubt as to the contents of this document or what action you should take, you should consult your own professional advisers as to the legal, tax, financial and other matters relevant to the action he should take in connection with the Scheme.

Nothing contained in this document shall constitute a warranty or guarantee of any kind, express or implied, and nothing contained in this document shall constitute any admission of any fact or liability on the part of CPP (or any Business Partner) or any affiliate of CPP (or any Business Partner) with respect to any asset which CPP or they may be entitled to, or in relation to any claim against it or them. Nothing in the Scheme or the Explanatory Statement or the distribution of those documents evidences to any person, or constitutes any admission by CPP (or any Business Partner) that a liability is owed to any person in respect of any claim or that any person is or may be a Scheme Creditor. The failure to distribute this document to any Scheme Creditor shall not constitute an admission by CPP that such person is not a Scheme Creditor.

No person has been authorised by CPP (or any Business Partner) to make any representations concerning the Scheme which are inconsistent with the statements contained in this document and, if made, such representations may not be relied upon as having been so authorised. This document is issued solely in connection with the Scheme.

Further, this Explanatory Statement is intended to act as a summary of the Scheme only, and therefore by its nature is not intended to be comprehensive. If there is any inconsistency between this Explanatory Statement and the full Scheme Documentation, then the full Scheme Documentation will prevail.

The summary of the principal provisions of the Scheme contained in this Explanatory Statement is qualified in its entirety by reference to the Scheme itself.

THIS DOCUMENT DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO SELL OR ISSUE, OR THE SOLICITATION TO PURCHASE OR SUBSCRIBE FOR, ANY SECURITY OR DEBT INTEREST IN ANY JURISDICTION. NONE OF THE DEBT INTERESTS REFERRED TO IN THIS DOCUMENT SHALL BE SOLD, ISSUED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

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