

BUSINESS & COMMERCIAL NEWS – Caution using comparison websites

Electricity Price Comparison Websites

If you type into an Internet search “lowest electricity prices”, or “best energy deal” you will find a large number of electricity prices comparison websites.

Most of these websites are not as impartial as they would have you believe. In fact, most of them gain commissions for referring you to a new electricity retailer.

Some problems with the comparisons are:

- If you are on an electricity contract with your current provider you may already receive a discount. Often this is not taken into account in the comparison;
- If one electricity retailer is paying more for referrals than another the search results or recommendations may be affected;
- They often fail to disclose details of the new electricity contract which makes it difficult to make a like-for-like comparison.

Insurance Comparison Websites

The Australian Securities and Investments Commission has issued a warning to insurance comparison sites and researchers, in a bid to tighten up the practices of service providers on the periphery of the financial services industry.

In light of the recent growth in the number of comparator websites, such as Choosi and iSelect, ASIC said it expected the operators of these sites to ensure they were complying with their obligations under consumer protection laws.

According to the regulator, while comparison sites can play a valuable role and assist consumers in shopping around, sites that contain misleading or inaccurate information can also cause detriment by steering consumers towards unsuitable or more expensive products.

Specifically, ASIC said it had already identified a number of issues with insurance comparator sites, including:

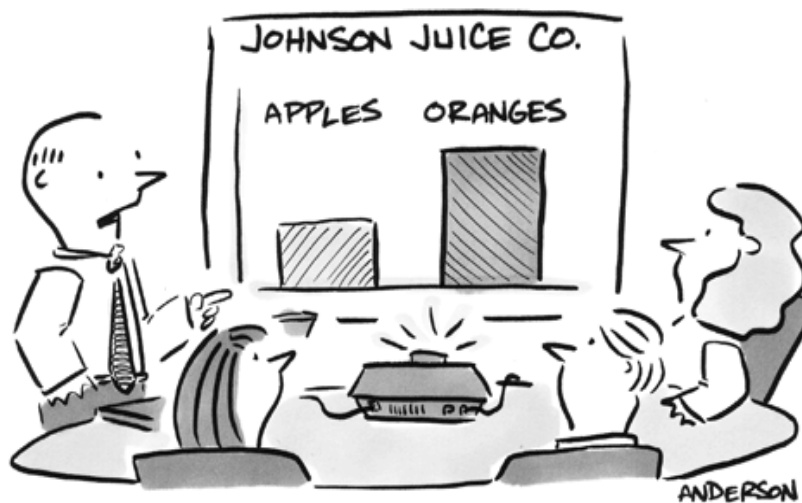
- Insufficient disclosure relating to website operators who were related to the issuer of the insurance brands being compared;
- Comparisons provided on the basis of price without any warning that different products may have different features and levels of coverage;
- Operators of websites not being appropriately licensed or authorised to provide financial services, particularly in relation to sites which allow consumers to obtain or compare insurance quotes.

More generally, these websites target the unsuspecting consumer looking for a quick life cover over the internet. The problems with this approach include:

- Incomplete needs assessment;
- Insufficient life cover;
- No Total and Permanent Disability and Trauma cover;
- No income Protection Insurance cover;
- No consideration of whether insurance should be taken inside super to gain tax benefits and cost savings;
- No consideration of who should own the policy – wife, kids, estate;
- Lack of disclosure about costs and fees;
- Lack of real comparison between companies and policy wordings to ensure the most appropriate cover is obtained.

Only a qualified Financial Planner can discuss the subjective and emotional aspects of this decision and so ensure you match the right cover for your actual circumstances.

Call Suzanne today to prepare a comprehensive analysis of your needs and policy suitability.



"I think you'll agree that this comparison, though unpopular, has some real merit."

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