

MARKET BULLETIN

From Una Wilcox,
Lloyd's Complaints Department (ext. 5577)

Date 7 April 2006

Reference Y3785

Subject Complaints procedures

Subject areas FSA Rules: Disputes Handbook

Attachments Appendix 1 : Suggested Wordings
Appendix 2: Lloyd's Complaints Department Leaflet & Complaints Form

Action points **To Note**

1 Purpose of Bulletin

This bulletin replaces Bulletin Y3333.

Bulletin Y3333 gave guidance on compliance with the FSA's requirements to publicise complaints procedures.

In response to enquiries received from the market, this Bulletin provides further guidance on these rules. In particular, this bulletin confirms that the FSA's rules on complaints handling are applicable to all Lloyd's business written worldwide.

2 Background

The FSA's Disputes Handbook (DISP) requires all authorised firms (which includes managing agents as well as the Society of Lloyd's) to have in place and operate appropriate and effective internal complaint handling procedures for policyholders' complaints.

Although each managing agent is individually subject to the FSA Rules, each agent complies by ensuring that all complaints from *eligible complainants* (definition set out below) are dealt with under the internal procedures established by Lloyd's.

Lloyd's operates a two tier internal complaints handling procedure, details of which are set out in the market letter of 16 October 2001, entitled "Complaints Handling Arrangements". A copy of this is available from the Complaints Department. This Bulletin is not intended to cover general issues with regard to complaints handling procedures.

3 Publicising the procedures

DISP 1.2.9 requires every authorised firm to:

- Refer *eligible complainants* in writing to the availability of its internal complaint handling procedures “at, or immediately after, the point of sale”.

Managing agents may include reference to complaint handling procedures within an insurance policy; however, in order to meet this requirement, the policy must be issued to the policyholder “at, or immediately after, the point of sale”.

If managing agents cannot always ensure the issue of such policy wordings “at, or immediately after, the point of sale” they should provide written details of their complaints handling procedures by other means “at, or immediately after, the point of sale”.

Managing agents who comply with the requirement under ICOB 5.3.1 to provide retail customers with a Policy Summary, will be in compliance with this part of DISP.

Attached at Appendix 1 are suggested wordings which could be incorporated into policy documentation or a leaflet given to policyholders.

- Publish details of its internal complaint handling procedures, supply a copy on request to an *eligible complainant* and supply a copy automatically to the complainant when it receives a complaint from an *eligible complainant* (unless the complaint is resolved by close of business on the next business day).

It is essential that agents’ internal systems are compatible with the complaints handling procedures operated by the Lloyd’s Complaints Department.

The definition of what constitutes a complaint is not clear cut, and it is likely that, in the course of negotiating a claim, a disagreement might arise which falls short of being a “complaint”.

We recommend that managing agents’ procedures include a mechanism for dealing with these kind of disagreements; however, if such disputes cannot be quickly and easily resolved, the matter should be regarded as a complaint and the policyholder should be referred to Lloyd’s Complaints Department.

In such circumstances (or upon request) the policyholder should be provided with a copy of the Lloyd’s Complaints Department leaflet and a complaints form. Copies of both documents are attached to this Bulletin.

- Display in each of its branches or sales offices, to which *eligible complainants* have access, a notice indicating that it is covered by the FOS.

Most managing agents will not have “branches” to which *eligible complainants* have access.

Points to note:

- **Territorial Scope of the Rules** – the DISP rules apply world-wide. Managing agents are obliged to comply with the above requirements in respect of all business with *eligible complainants* in all territories.
- **Jurisdiction of the FOS** – the FOS has jurisdiction to consider any complaint from an *eligible complainant* based in any territory worldwide. However, it should be noted that the FOS has the discretion to dismiss a complaint without considering its merits if it is considered that it would be more suitable for the matter to be dealt with by another complaints scheme, such as that operating in the territory in question. Indeed, we feel that in most circumstances it will be appropriate for managing agents to suggest that the policyholder contact their local complaints handling authority before approaching the FOS.
- **Eligible Complainants** - an *eligible complainant* is one whose complaint falls within the jurisdiction of the FOS. DISP 2.4.3 defines an *eligible complainant* as:
 - a) a private individual; or
 - b) a business which has a group annual turnover of less than £1million at the time that the complaint is made to the firm; or
 - c) a charity which has an annual income of less than £1million at the time that the complaint is made to the firm;
 - d) a trustee of a trust which has a net asset value of less than £1million at the time that the complaint is made to the firm.

DISP 2 contains further clarification of the definition of eligible complainant which it should be noted includes potential customers and the beneficiaries of certain contracts.

4 Further information

If you have any questions about Lloyd's complaints procedures for policyholders please contact Lloyd's Complaints Department.

Appendix 1

Suggested wordings

We recommend using the standard wordings set out below, either as part of the policy documentation or in the form of a leaflet given to policyholders at or immediately after the point of sale.

Managing agents should note that it is not mandatory to include a reference to the FOS in such wordings; however, we feel that it would be usually be good practice to do so. For overseas business, managing agents might also wish to include details of the local complaints handling body and suggest that policyholders approach this body before contacting the FOS.

Agents should also note that UK coverholders are FSA authorised intermediaries and thus have their own obligations under DISP to handle complaints concerning their own actions. Furthermore, coverholders are obliged, under both DISP and ICOB, to advise policyholders of these arrangements. It is therefore advisable for agents to liaise with coverholders and other intermediaries in order to ensure that wordings are consistent.

Suggested wording for the managing agents' procedures for the resolution of disagreements

- If you have any questions or concerns about your policy or the handling of a claim you should, in the first instance, contact [...].

Suggested wording for the complaints procedures:

- *Personal lines policies*

In the event that you remain dissatisfied and wish to make a complaint, you can do so at any time by referring the matter to the Complaints Department at Lloyd's.

Their address is:

Complaints Department
Lloyd's
One Lime Street
London
EC3M 7HA

Tel No: 020 7327 5693
Fax No: 020 7327 5225
E-mail: complaints@lloyds.com

Copies of our complaints procedures are also available from this address.

If you remain dissatisfied after Lloyd's Complaints Department has considered your complaint, you have the right to refer your complaint to the Financial Ombudsman Service.

➤ *Commercial policies*

In the event that you remain dissatisfied and wish to make a complaint, it may be possible in certain circumstances for you to refer the matter to the Complaints Department at Lloyd's.

Their address is:

Complaints Department
Lloyd's
One Lime Street
London
EC3M 7HA

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LLOYD'S COMPLAINTS DEPARTMENT

How we deal with your complaint

The Lloyd's Complaints Department aims to ensure that Lloyd's underwriters and their representatives deal with claims and complaints in an acceptable manner and in accordance with rules prescribed by the Financial Services Authority. There is no charge to policyholders for this service and as a Lloyd's policyholder you will lose none of your legal rights by asking us to review matters. Anyone can claim on your behalf but it should be noted that if you employ a professional to present your case, such as a solicitor or financial advisor, it is almost certain that you will have to pay their costs yourself.

Complaint Form

To ensure that we are clear about the issues involved we would ask that you submit details of your complaint in writing using our Complaint Form where appropriate.

Acknowledging your complaint

Receipt of your complaint will be acknowledged within 5 working days. A Feedback Form will also be sent with the acknowledgement letter (see 'Investigating your complaint').

Investigating your complaint

To try to resolve matters at an early stage, details of your complaint will initially be passed to a senior representative for the insurer. You should expect to receive a response from them, or their representative, within 14 days of our acknowledgement. If you remain dissatisfied with the response you have received, or do not receive a response within the specified time scale, you should return the Feedback Form.

If our further involvement becomes necessary we will consider what steps can be taken to assist you and, if appropriate, conduct a detailed investigation into the complaint. In the event that we follow this course of action you will be contacted by the complaint handler appointed to the case.

Informing you of our decision

If a full investigation is carried out we will aim to issue a Final Response within 8 weeks of the date you first notified us of your complaint. It should be noted, however, that delays in returning the Feedback Form will affect this time scale. If we are unable to issue a Final Response within the prescribed time we will write to you to explain the situation and the options that you have available.

The Financial Services Authority and the Financial Ombudsman Service

Our procedures comply with the rules of the Financial Services Authority. In accordance with those rules we will inform you if you have the right to refer your complaint to the Financial Ombudsman Service, either in our Final Response or during the course of our investigations.

Complaints that we cannot deal with

We cannot investigate complaints from businesses with a group annual turnover in excess of £1 million and are also unable to assist if you are a third party attempting to claim under a Lloyd's policy. We will advise you as soon as we can if this situation arises.

**Lloyd's Complaints Department
One Lime Street
London EC3M 7HA**

**Telephone: 0207 327 5693
Fax: 0207 327 5225
Email: complaints@lloyds.com**

Complaint Form

Complaints Department, Lloyd's

One Lime Street, London EC3M 7HA

Tel. 0207 327 5693

Fax. 0207 327 5225

General Enquiry No:

Please complete as many details as possible and return completed form together with copies of your Insurance Certificate/Schedule and any recent correspondence to the above address:

Name

Address

Occupation

Daytime telephone number

Business address (if applicable)

Insurance details

Does the complaint arise out of a claim? YES / NO

Are you the policy Holder? YES / NO

Type of Insurance (eg Motor/Household)

Policy Number

Claims reference

Lloyd's syndicate (if known)

Name and address of policyholder (if other than above)

Broker/agent

Name

Address

Telephone number

Reference

SUMMARY OF YOUR COMPLAINT

What is the reason for your complaint ?

What do you consider to be a fair resolution ?

What actions have you taken to resolve matters ?

What response have you received ?

Signed

Dated.

The complainant consents to the processing of all data disclosed or otherwise collected by Lloyd's in respect of the complaint for the purpose of the proper discharge of its functions under the Lloyd's complaints procedures. For these purposes, this data may include sensitive data. Lloyd's may also disclose data to third parties as part of the handling of any