

MARKET BULLETIN

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Title	Code for Underwriting Agents: UK Personal Lines Claims & Complaints Handling
Purpose	To issue a revised Lloyd's 'Code for Underwriting Agents: UK Personal Lines Claims & Complaints Handling'
Type	Event
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Related links	www.lloyds.com/complaintshandling

Lloyd's has issued an updated 'Code for Underwriting Agents: UK Personal Lines Claims & Complaints Handling' (the **Code**). This Code, at Appendix 1, sets out Lloyd's expectations for the handling of UK complaints from eligible complainants and supplements the existing requirements Lloyd's has for the handling of UK claims. This Code replaces the existing code and introduces new processes for the handling of UK complaints.

All managing agents are required to ensure that their processes are compliant with the Code. In particular, managing agents should note that all new UK complaints from eligible complainants must be notified to Lloyd's on a weekly basis. To allow managing agents an opportunity to amend their processes the Code is being brought into effect from 1 July 2013 for complaints received from that date.

In preparing the Code Lloyd's has consulted extensively with the LMA and managing agents. The Code therefore reflects a number of comments and suggestions made by the market. The Code has also been reviewed by the Financial Services Authority (FSA). As part of the consultation process a copy of the Code was provided to the Financial Ombudsman Service.

The Code applies to UK claims and complaints only, although it includes certain requirements that apply to overseas complaints, as set out in the introductory section of the Code. Other than as set out in the Code, for claims and complaints outside of the UK

managing agents should continue to follow the arrangements already in place, which will vary depending on the requirements of the territory in question.

(Note: As, from 1 April 2013, the Financial Conduct Authority (FCA) will replace the FSA as having responsibility for conduct matters, in the rest of this bulletin we refer to the FCA as the relevant UK regulator.)

Background

Lloyd's takes seriously the need for the market to have in place robust and appropriate complaints handling arrangements. While Lloyd's believes that the vast majority of Lloyd's policyholders will have a positive experience dealing with Lloyd's underwriters it is inevitable that some complaints will arise. Where that is the case, policyholders should expect to have their complaint dealt with promptly and fairly.

The FCA Handbook (DISP 1.11.1R) requires that Lloyd's establishes and maintains appropriate and effective procedures for handling complaints by policyholders against members of the Society. Those procedures are currently set out in a 'Code for Underwriting Agents: UK Personal Lines & Complaints Handling' issued in 2001. This Code and the two-tier complaints process operated by Lloyd's is recognised by the FCA at DISP 1.11.8G.

Lloyd's has reviewed and substantially revised the existing Code. The new Code provides more detail on Lloyd's expectations for complaints handling for complaints received from eligible complainants (as defined in the FCA Handbook), which we believe will be helpful to managing agents. Lloyd's believes the new arrangements introduced by the Code, and which are summarised below, will also provide a number of benefits to the market. These include:

- Better support for the handling of complaints in the Lloyd's market
- Greater clarity regarding how Lloyd's expects complaints to be handled
- An improved market-level process for the handling of complaints that is aligned to the regulator's expectations for complaints handling, including that all complainants will receive a final response within eight weeks or, where that is not possible, be notified of their FOS referral rights at this stage
- A process that supports accurate, regulatory reporting by Lloyd's
- An improved framework for the oversight by Lloyd's of managing agents

In revising the Code, Lloyd's has sought as far as possible to transpose the requirements of DISP for the Lloyd's market without 'gold-plating'. The wording of Part 2 of the Code, which sets out the complaints requirements, therefore closely reflects the language used in DISP. The provisions set out in the Code should therefore mostly be familiar to managing agents. Managing agents that wish to adopt standards that go beyond those required by the Code are able to do so.

The UK Complaints Process

Appendix 2 shows a simplified process chart of the revised Lloyd's complaints process for UK complaints. Consistent with DISP, this process (and Part 2 of the Code) applies to complaints from eligible complainants, as that term is defined in the FCA Handbook. At Appendix 3 Lloyd's has produced a more detailed guidance note which sets out the practical steps that need to be followed to ensure compliance with the Code. This summary may assist managing agents when updating their internal policies and procedures. Managing agents should, nevertheless continue to refer to the full Code for the detailed requirements. In addition, managing agents must have due regard to the rules set out in DISP and elsewhere in the FCA Handbook.

The process set out in the Code (with the agreement of the FCA) continues the two-tier complaints procedure that currently operates. The key change is that there is now a strict requirement that new complaints from eligible complainants are notified to Lloyd's on a weekly basis. This includes all complaints from eligible complainants received by managing agents, their TPAs or coverholders.

The following is a brief outline of the complaints process set out in the Code:

- Lloyd's will continue to produce information about its complaints procedures. Managing agents will have responsibility for ensuring policyholders are aware of Lloyd's complaints procedures, including at the point of sale and on request or when a complaint is received from an eligible complainant.
- Lloyd's will operate arrangements for the notification of complaints to Lloyd's Complaints Team in Policyholder and Market Assistance (PAMA). Where the complaint is first notified to a managing agent (or its coverholder or TPA) rather than Lloyd's, it is for the managing agent to ensure the complaint is acknowledged. Lloyd's will acknowledge all the complaints it receives.
- All complaints from eligible complainants first received by managing agents (including their coverholders or TPAs) must be notified weekly to Lloyd's by email using the template prescribed by Lloyd's. (It is not necessary to include details of complaints brought to the attention of the managing agent by PAMA.)
- The initial investigation of the complaint (Stage 1) is by the managing agent (who may involve third parties, such as the coverholder, where appropriate). A written response to the complaint must be provided within two weeks. (The Code provides for where a substantive response cannot be sent within two weeks, although this should be in exceptional cases.)
- If following Stage 1 the complainant remains dissatisfied Lloyd's will investigate the complaint (Stage 2) and will provide any final response by the end of eight weeks from the complaint being made. (The Code provides for circumstances where a final response cannot be provided within eight weeks.)

For the purposes of determining what is a complaint when notifying Lloyd's, managing agents will be expected to apply the definition of "complaint" as set out in the FCA Handbook Glossary which is, in summary, any "expression of dissatisfaction". It is therefore

important that managing agents have processes and training in place to ensure that complaints are recognised when they are made and responded to accordingly.

New complaints (other than those brought to the attention of the managing agents by Lloyd's) should be notified to PAMA by email to complaints-notification@lloyds.com. The template to be used in notifying complaints can be downloaded from www.lloyds.com/complaintshandling. (Note: managing agents must use the template provided by Lloyd's and should not create their own templates). PAMA will accept the notification of complaints from managing agents, their coverholders or TPAs. While managing agents can rely on coverholders and TPAs to notify complaints to Lloyd's, it is ultimately the responsibility of managing agents to ensure that complaints are promptly and accurately notified.

Delegated Authorities

For business underwritten under binding authorities, it is important that managing agents engage with their coverholders to update them on the new complaints process at an early stage and ensure that the coverholders have appropriate arrangements in place for compliance with the Code. In particular this will mean having processes in place for all new complaints to be notified to PAMA on a weekly basis. Lloyd's expects that discussions with coverholders will usually be coordinated through the managing agent of the lead syndicate where there is more than one syndicate on the binding authority.

To support coverholders in understanding the changes made by the Code, Lloyd's will be hosting a number of presentations for coverholders and brokers both in London and around the country. These presentations will address a number of areas relevant to coverholders and will include an update on the new arrangements for complaints handling.

In addition, Lloyd's has prepared a suggested letter that can be tailored by managing agents and sent to coverholders which explains the changes (Appendix 4). The letter is suitable for coverholders who do not have complaints handling authority. For coverholders that do have complaints handling authority it is expected that managing agents will wish to engage more closely with the coverholder to provide more detail about the changes, to ensure that the coverholder has appropriate procedures in place that comply with the Code.

Lloyd's has also produced two model clauses (Appendix 5) that can be endorsed to managing agents' binding authorities. The first clause is suitable for where the coverholder does not have complaints handling authority. This clause includes optional language depending on whether the coverholder is expected to notify new complaints to Lloyd's and/or acknowledge complaints on behalf of the managing agent. Careful thought will also need to be given as to how quickly the managing agent expects to be notified of new complaints and this may in part depend on whether it is the managing agent or the coverholder notifying complaints to PAMA or acknowledging complaints.

The second clause is suitable where the coverholder has full complaints handling authority.

The wordings are only provided as suggested wordings and managing agents may use different clauses or may wish to amend the model wordings to reflect their own specific processes. In all cases, it is likely that the managing agents will need to agree more detailed procedures with the coverholder than those set out in the clauses, which only address the main obligations of the parties. This is particularly the case for where the coverholder is providing an outsourced complaints handling function, in which case the managing agent needs also to have in mind the regulatory rules for outsourcing.

The model letter and clauses are also intended to be suitable for use with TPAs that deal with complaints, although some modifications may be required.

Claims Handling

As with the 2001 Code, a short section relevant to claims handling has been included that applies to Personal Lines claims. This section largely restates the FCA rules and guidance set out in ICOBS. Managing agents will also need to have regard to Lloyd's Minimum Standards for Claims and any other applicable Lloyd's requirements.

Lloyd's Charges and PAMA

Following consultation with the market, Lloyd's will not charge any fee in respect of complaints first notified by managing agents to PAMA through the weekly reporting requirement.

Complaints first notified to Lloyd's, where Lloyd's will be providing the acknowledgement, will incur Lloyd's usual initial Administration Fee of £115. Lloyd's current tiered fees for Stage 2 complaints remain as before. Full details of Lloyd's charges for complaints are set out in Schedule 6 of [Market Bulletin Y4648](#) (Notification of 2013 charges, contributions, subscriptions and payment dates). The fee for the initial notification of complaints of £15 referred to in the bulletin will, however, not be applied.

In anticipation of the changes to be introduced by the Code PAMA has introduced a new IT system to support the notification, tracking and handling of complaints. The PAMA team is also being expanded and staffing requirements will be kept under review to ensure that complaints can be dealt with promptly.

Lloyd's will continue to issue charging schedules to managing agents in May and November each year providing details of the charges that are due to be levied. Managing agents have four weeks to review and query these charges prior to the collection of the money from the syndicate via ARCS. Please note, once the funds have been collected refunds will only be given in exceptional circumstances, making it imperative that managing agents clarify any charges they are unsure of within the specified timeframe.

Model Wordings for use in Complaints Handling

In anticipation of the new Code, the LMA has developed a number of new model letters. While there is no requirement to use these wordings, managing agents may find them of

assistance in the handling of complaints. The model wordings are issued as LMA Bulletin: [LMA13-008-SM](#). They include the following:

- Model complaint acknowledgement letter
- Two Week complaint response letter – resolution agreed with complainant
- Two Week complaint response letter – investigation concluded
- Two Week complaints response letter – investigation ongoing

Implementation

To allow managing agents an opportunity to make the necessary changes to their processes and to discuss the changes with their coverholders, this Code will only apply with effect from 1 July 2013 for complaints received from that date. Managing agents who are able and wish to comply with the Code before that date are encouraged to do so.

From 1 July 2013 PAMA will engage with managing agents where there is evidence that they are not complying with the Code.

Market Forums and Further Training

To support managing agents with the implementation of the Code:

- Lloyd's will be hosting a market forum on 3 May 2013 which will include presentations on the new Code with an opportunity for questions to be asked. The market forum will be open to all managing agents.
- Lloyd's will be hosting a presentation by the Financial Ombudsman Service on complaints handling from the perspective of the Ombudsman. The date, once fixed, will be notified to managing agents.
- Lloyd's will be arranging a number of presentations both in London and outside of London for coverholders and brokers. These presentations will address a number of areas relevant to coverholders including an explanation of the new Code.
- Lloyd's has updated its standard leaflets, including 'Your Complaint – How We Can Help' (which replaces 'How We Can Help Resolve Your Complaint') and has created a new leaflet for use by managing agents 'How We Will Handle Your Complaint', both of which can be downloaded from www.lloyds.com/complaintshandling. Printed copies can be obtained, for a charge, by contacting PAMA.

Further details will be provided in due course of to how to attend the sessions organised.

Further Information

Copies of the documents referred to in this bulletin and full details of Lloyd's complaints handling arrangements can be found on Lloyds.com at www.lloyds.com/complaintshandling.

Managing agents can also contact the Complaint Handling Helpline which has been established to answer managing agent's questions. The telephone number of the helpline is: 020 7327 5696.

CODE FOR UNDERWRITING AGENTS: UK PERSONAL LINES CLAIMS & COMPLAINTS HANDLING

MARCH 2013

INTRODUCTION

Lloyd's seeks to ensure that policyholders are treated fairly and can have confidence that their valid claims will be met.

This Code sets out Lloyd's requirements for the handling of UK Personal Lines Claims and Complaints. It supplements all other relevant requirements, including Lloyd's Minimum Standards. The Code is intended to reflect and apply to the Lloyd's market the Financial Conduct Authority (FCA) rules and guidance for the handling of personal lines claims and complaints. In complying with the requirements set out in the Code managing agents should continue to have due regard to all other rules and guidance of the UK regulators. Where appropriate, references to the relevant corresponding paragraph in the FCA Handbook (primarily in ICOBS and DISP) have been included as footnotes for ease of reference.

All managing agents are required to ensure that their processes and procedures are compliant with this Code. Where managing agents have claims related questions arising from Part 1 of this Code they should direct them to their Lloyd's Claims account executive. Where managing agents have any questions regarding the handling of complaints (Part 2) these questions should be addressed to the Lloyd's Market Services, Policyholder & Market Assistance team (PAMA) in the first instance (Helpline: 020 7327 5696; email: complaints@lloyds.com).

Where PAMA become involved with a complaint managing agents should respond promptly to queries raised by the team. Managing agents should also ensure the prompt provision of all files, papers, reports and other documentation which the team may require to investigate the complaint.

Part 1: Claims Handling

The requirements set out in Part 1 deal with claims handling. They primarily reflect the rules and guidance set out in ICOBS 8.1. A number of these rules only apply to consumer policyholders. In many cases the FCA rules are of general application to all claims.

Note that the FCA Handbook ICOBS 8.2 & 8.4 include additional rules that are relevant to motor and employers liability claims. These are not addressed in this Code and managing agents writing in these classes should refer to the applicable sections of the FCA Handbook.

Part 2: Complaints Handling

The requirements in this section apply to complaints under UK policies made by eligible complainants, as that term is defined in the FCA Handbook. In outline, an eligible complainant is anyone who may be eligible to have a complaint considered by the Financial Ombudsman Service (FOS). The exact scope of Part 2 is set out in more detail at the start of the section.

DISP 1.11.1R states:

The Society must establish and maintain appropriate and effective procedures for handling complaints by policyholders against members of the Society which comply with this chapter.

DISP 1.11.2R states:

A member of the Society must, in complying with this chapter, ensure that the arrangements which the member maintains are compatible with the Lloyd's complaint procedures, so that, taken as a whole, the requirements of this sourcebook are met.

For these purposes, the obligations of members to comply with DISP devolve to managing agents.

DISP 1.11.3R states:

The Society must take reasonable steps to ensure that complaints by policyholders against members of the Society are dealt with under the Lloyd's complaint procedures and that members comply with the requirements of those procedures.

The FCA recognises that Lloyd's operates a two-tier complaints handling procedure as set out in this Code. In accordance with DISP 1.11.1R, it is this Code that establishes for the Lloyd's market the procedures for handling complaints by policyholders against members which comply with DISP 1. Members are only considered to have complied with DISP 1 by complying with Lloyd's complaints procedures (see DISP 1.11.9G). Managing agents should have written procedures in place for the handling of complaints which are compatible with those maintained by Lloyd's.

Not all disagreements between policyholders and insurers are complaints; misunderstandings can give rise to disagreements which are often resolved at an early stage. If, however, a policyholder expresses dissatisfaction with the outcome of any discussions (and the FCA's definition of a "complaint" is otherwise met) then this constitutes a complaint and the FCA's time limits as set out in DISP will apply from that point.

In view of this, policy wordings need to make a clear distinction between the initial stage where there may be discussion or negotiation with a policyholder over a proposed settlement or course of action and the stage at which a policyholder expresses dissatisfaction. Appendix 1 sets out suggested suitable wording. In this, it is important that managing agents apply the FCA Handbook definition of "complaint" (which is set out in Part 2) and they have regard to any guidance issued by the FCA or the Financial Ombudsman Service.

The requirements set out in Part 2 apply equally to policies written by coverholders under delegated authorities as they do to policies written by managing agents on an open market basis. Where a coverholder is involved the managing agent must ensure arrangements are in place to ensure compliance with the requirements of this Code. Managing agents should also note that UK coverholders are FCA authorised intermediaries and thus have their own obligations under DISP to handle complaints concerning their own actions.

Non-UK Complaints

The procedures set out in this Code apply to complaints that arise from UK policies of insurance. Lloyd's operates separate arrangements for non-UK policyholder complaints, which vary from territory to territory, depending on the local complaints handling requirements. Any questions relating to non-UK policyholder complaints should be addressed to PAMA.

While managing agents must comply with the local rules of any territory where a policy is written, the jurisdiction of the Financial Ombudsman Service is wide and covers firms for all activities carried on from an establishment maintained by it in the United Kingdom (see

DISP 1.1.3 & DISP 2.6.1R). The Financial Ombudsman Service may therefore have jurisdiction over complaints made by eligible complainants in all territories where Lloyd's underwriters write business. However, the Financial Ombudsman Service has the discretion to dismiss complaints without a consideration of the merits where the complaint is or would be more suitable to be dealt with by a comparable independent complaints scheme or dispute resolution process (DISP 3.3.4(7) & (10)). This would include any equivalent overseas scheme in the jurisdiction where the complainant is based.

Nevertheless, the wide jurisdiction of the Financial Ombudsman Service has implications for the way that policyholders are notified about the options they have for making a complaint as in some countries there may be a requirement for complaints to be referred to a local ombudsman or dispute resolution body. Whilst there is a need to make policyholders aware of their right to refer a complaint to the Financial Ombudsman Service, Lloyd's considers that it is likely to be sufficient to include a simple statement identifying the Financial Ombudsman Service Scheme as an option in addition to any local schemes where matters cannot be resolved. A suggested wording is set out at Appendix 1.

Data Protection Act

In the course of following the requirements set out in this Code it may be necessary for managing agents to share with Lloyd's information regarding the complaint that includes personal data for the purposes of the Data Protection Act 1998. This can include information such as the policyholder's name and address, the policy number, details of the claim and correspondence with or relating to the policyholder. It is the responsibility of managing agents to ensure that they provide information to Lloyd's in a way that is compliant with the Data Protection Act. This may require that managing agents obtain the consent of the policyholder. It will usually be the case that a data protection statement will be included as part of the policy application process or in the policy documentation. Where this is the case, this may give the managing agent sufficient consent from the policyholder to share the relevant complaint related personal data with Lloyd's. Where managing agents intend to rely on a general data protection statement they must ensure that it is adequately drafted for this purpose.

1. CLAIMS HANDLING¹

1.1 The Claims Decision

- 1.1.1 Managing agents must ensure that claims are handled promptly and fairly.²
- 1.1.2 The FCA Handbook defines a ‘policyholder’ as anyone who for the time being is the legal holder of the policy, including any person to whom, under the policy, a sum is due, a periodic payment is payable or any other benefit is to be provided or to whom such a sum, payment or benefit is contingently due, payable or to be provided.³ A policyholder includes anyone who, upon the occurrence of the contingency insured against, is entitled to make a claim directly to the insurance undertaking.⁴
- 1.1.3 Managing agents must not unreasonably reject a claim (including by terminating or avoiding a policy).⁵
- 1.1.4 In respect of consumer policyholders⁶ with effect from 6 April 2013 the applicable law and insurer remedies in relation to pre-contract and pre-variation misrepresentation are as set out in the Consumer Insurance (Disclosure and Representations) Act 2012.⁷ For the purposes of ICOBS, if it is not clear in a particular case whether a customer is a consumer or commercial customer, managing agents must treat the customer as a consumer.⁸
- 1.1.5 In respect of consumer policyholders, rejections on the basis of breach of warranty or condition are unreasonable⁹ except where there is evidence of fraud or the circumstances of the claim are connected to the breach and unless (for pure protection contracts¹⁰):
- in a ‘life of another’ contract, the warranty relates to a statement of fact concerning the life to be insured and, if the statement had been made by the life assured under an ‘own life’ contract, the insurer could have rejected the claim; or
 - the warranty is material to the risk and was drawn to the customer’s attention before the conclusion of the contract.¹¹

¹ Note that ICOBS 8.2 & 8.4 include additional rules that are relevant to motor and employers liability claims, which are not addressed in this section and to which managing agents should refer, where applicable.

² ICOBS 8.1.1R(1)

³ Glossary definition of “policyholder” & Article 3 Financial Services and Markets Act 2000 (Meaning of “Policy” and “Policyholder”) Order 2001 (SI 2001/2361)

⁴ ICOBS 2.1.1G(1)

⁵ ICOBS 8.1.1R(3)

⁶ “Consumer policyholder” is the term used in ICOBS. The Glossary definition of a “consumer” in the FCA Handbook is “any natural person acting for purposes outside his trade, business or profession”. See also ICOBS 2.1.1G(3). The definition of “consumer” in the Consumer Insurance (Disclosure and Representations) Act 2012 is similarly drafted (see also the definition of “consumer insurance contract”).

⁷ See also ICOBS 8.1.2R(1) & (2)

⁸ ICOBS 2.1.2R. Note also ICOBS 2.1.3G & 2.1.4G.

⁹ ICOBS 8.1.2R(3)

¹⁰ See the Glossary definition of “pure protection policy”, but in general terms it includes life insurance policies with no surrender value (or the premium consists of a single premium which the surrender value does not exceed).

¹¹ ICOBS 8.1.2R(3)(a) & (b)

- 1.1.6 The Financial Ombudsman Service may determine that an onerous or unusual term that is not clearly highlighted at the point of sale may not bind the policyholder.¹²

1.2 The Claims Process

- 1.2.1 In order to facilitate the prompt handling and payment of valid claims managing agents' procedures must comply with all relevant laws and regulations. In the UK, this includes:

- the UK regulators' rules (in most cases ICOBS and COBS¹³ as well as the Principles for Business (PRIN));
- Lloyd's Minimum Standards for Claims and other applicable Lloyd's requirements;
- other practice statements which may apply to the class of business concerned including the ABI's Codes of Practice,¹⁴ Statements of Best Practice and Guidance Notes.

In territories outside the UK, additional laws and regulations may apply.

- 1.2.2 Managing agents should ensure that insurance documentation clearly identifies the initial point of contact and the steps to be taken in the event of a claim.
- 1.2.3 Managing agents must provide reasonable guidance to help a policyholder make a claim and provide appropriate information about its progress.¹⁵
- 1.2.4 Managing agents must take reasonable care to make and retain adequate records. It is for managing agents to decide what records they keep to meet their regulatory obligations. Managing agents should bear in mind the need to deal with requests for information from both customers and the regulators which may require evidence of matters such as what documentation has been provided to customers and how claims have been settled and why.¹⁶
- 1.2.5 Managing agents must settle claims promptly once settlement terms are agreed.¹⁷

¹² Eg Ombudsman News, Issue 23, December 2002 at p. 13 & Issue 40, September/October 2004 at p.5

¹³ COBS 17 which only applies to long term care insurance

¹⁴ ABI Code of Long Term Insurance Practice & ABI Code of Practice Managing Claims For Individual and Group Life, Critical Illness and Income Protection Insurance Products, January 2009. The ABI Code of General Insurance Practice ceased to be in force with the implementation of ICOB in January 2005.

¹⁵ ICOBS 8.1.1R(2) & COBS 17.1.1R(2)

¹⁶ ICOBS 2.4.1G & SYSC 3.2.20R

¹⁷ ICOBS 8.1.1R(4)

2. COMPLAINTS HANDLING

The requirements in this section apply to complaints from eligible complainants concerning activities of managing agents (or their appointed representatives) in respect of the underwriting of members and which relate to UK contracts of insurance.¹⁸ It sets out Lloyd's expectations of how such complaints will be dealt with by managing agents and by Lloyd's to comply with the FCA's DISP rules.¹⁹

The FCA Handbook definition of a "complaint" is "any oral or written expression of dissatisfaction, whether justified or not, from, or on behalf of, a person about the provision of, or failure to provide, a financial service, which (1) alleges that the complainant has suffered (or may suffer) financial loss, material distress or material inconvenience and (2) relates to an activity of that respondent, or of any other respondent with whom that respondent has some connection in marketing or providing financial services or products, which comes under the jurisdiction of the Financial Ombudsman Service."²⁰

An eligible complainant is "a person eligible to have a complaint considered under the Financial Ombudsman Service, as defined in DISP 2.7 (Is the complainant eligible?)"²¹

The requirements of this section apply equally to policies written by coverholders under delegated authorities as they do to policies written by managing agents on an open market basis.

All complaints may be made free of charge.²²

2.1 Advance disclosure of the complaints process

- 2.1.1 Lloyd's seeks to publish appropriate information of Lloyd's procedures for the reasonable and prompt handling of complaints against members of Lloyd's.²³ This information includes details of (1) how Lloyd's members fulfil their obligation to handle and seek to resolve relevant complaints and (2) that, if the complaint is not resolved, the complainant may be entitled to refer it to the Financial Ombudsman Service.²⁴ The summary details are set out in a leaflet: "Your Complaint - How We Can Help"²⁵ and are available at www.lloyds.com/complaints. Lloyd's also produces a leaflet for use by managing agents: "How We Will Handle Your Complaint".
- 2.1.2 Managing agents must refer eligible complainants to the availability of these details in writing at or immediately after the point of sale of the policy.²⁶ The availability of these details may be referred to in contractual documentation, including policy

¹⁸ DISP 1.1.3R(1). See also DISP 1.11 which relates to Lloyd's obligations & Glossary definition of "member". Lloyd's has implemented separate requirements in relation to complaints arising from non-UK contracts of insurance.

¹⁹ These rules are made to meet Lloyd's obligations pursuant to DISP 1.11.1R and in accordance with DISP 1.3.1R and DISP 1.3.2G

²⁰ Glossary definition of "complaint".

²¹ Glossary definition of "eligible complainant". Managing agents should refer to DISP 2.7 for further details of complainants who fall within the jurisdiction of the Financial Ombudsman Service.

²² DISP 1.3.1AR

²³ DISP 1.2.1R(1)

²⁴ DISP 1.2.3G

²⁵ DISP 1.2.4G

²⁶ DISP 1.2.1R(2)(b)

documentation.²⁷ Appendix 1 sets out suggested suitable wording. The details must also be made available by managing agents in writing and free of charge to eligible complainants on request and when complaints are acknowledged.²⁸ Lloyd's will make the details available on request and when acknowledging a complaint.²⁹

2.2 Complaints procedures

- 2.2.1 Managing Agents must establish, implement and maintain effective and transparent procedures for the reasonable and prompt handling of complaints.³⁰ Procedures must allow complaints to be made by any reasonable means, including orally.³¹ The procedures should recognise complaints as requiring resolution.³²
- 2.2.2 Managing agents must ensure they have in place appropriate management controls and take reasonable steps to ensure that in handling complaints they identify and remedy any recurring or systemic problems.³³
- 2.2.3 Managing agents must keep a record of each complaint received and the measures taken for its resolution and retain that record for three years from the date the complaint was received.³⁴ A record of each complaint received will also be kept by Lloyd's. Lloyd's will keep a record of the measures taken for the resolution of each complaint in relation to those parts of the process in which Lloyd's is involved.

2.3 Complaint acknowledgement and forwarding

- 2.3.1 On receipt of a complaint, a managing agent must send the complainant a prompt written acknowledgement providing early reassurance that it has received a complaint and is dealing with it.³⁵ When acknowledging the complaint in respect of an eligible complainant, the managing agent must provide free of charge appropriate written information regarding Lloyd's internal processes for the reasonable and prompt handling of complaints.³⁶ This should be done by providing to the complainant one of the leaflets produced by Lloyd's referred to in paragraph 2.1.1. Thereafter, the managing agent must ensure that the complainant is kept informed of the progress of the measures being taken for the complaint's resolution.³⁷
- 2.3.2 Where a complaint relating to an insurance contract is made by a complainant directly to Lloyd's, Lloyd's will provide the written acknowledgement and reassurance that the complaint is being dealt with before referring the complaint to the relevant managing agent. Lloyd's will pass to the managing agent of the syndicate in respect of which the

²⁷ DISP 1.2.4G

²⁸ DISP 1.2.1R(3)

²⁹ DISP 1.2.1R(3)

³⁰ DISP 1.3.1R & 1.3.2G. See also DISP 1.3.2AG

³¹ DISP 1.3.2G(1) & Glossary definition of "complaint".

³² DISP 1.3.2G(2)

³³ DISP 1.3.3R. Managing agents should refer to the rule for examples of actions that may be required. See DISP 1.3.3BG for examples of the processes managing agents should have in place to comply with DISP 1.3.3R. See also DISP 1.3.6G as to the need to consider whether the managing agent ought to act on its own initiative with regard to the position of customers who may have suffered detriment but who have not complained.

³⁴ DISP 1.9.1R

³⁵ DISP 1.6.1R(1). Where appropriate, acknowledgements may be sent by a managing agent's coverholder or TPA.

³⁶ DISP 1.2.1R(3)(b)

³⁷ DISP 1.6.1R(2)

complaint is made all details relating to the complaint received by Lloyd's for the managing agent to investigate and assess. If there is more than one syndicate on the policy, Lloyd's will pass the complaint to the managing agent of the lead Lloyd's syndicate.

- 2.3.3 If the managing agent or Lloyd's receives a complaint that has been forwarded to it under the DISP complaints forwarding rules (DISP 1.7) the complaint will be treated for DISP purposes as if the complaint was made directly to the managing agent or Lloyd's.³⁸ The complaint will be treated as received when the forwarded complaint is received and the standard time limits will be applied from that date.³⁹
- 2.3.4 Details of all complaints received by a managing agent (including their coverholders or TPAs) must be notified to Lloyd's in such form and within such times as Lloyd's may prescribe.
- 2.3.5 A managing agent that has reasonable grounds to be satisfied that another respondent⁴⁰ may be solely or jointly responsible for the matter alleged in a complaint may inform Lloyd's. The assessment by the managing agent must be done fairly, consistently and promptly.⁴¹ In notifying Lloyd's, the managing agent should provide details of why the complaint should be forwarded as well as the other respondent's contact details (if known). Lloyd's will forward the complaint promptly, or the relevant part of it, in writing to that other respondent.⁴² Lloyd's will also inform the complainant promptly in a final response⁴³ why the complaint has been forwarded to the other respondent and Lloyd's will provide the other respondent's contact details.⁴⁴ Where the managing agent is jointly responsible for the fault alleged in the complaint, it must comply with its own obligations under DISP 1 in respect of that part of the complaint it has not forwarded.⁴⁵ Lloyd's may agree with the managing agent in appropriate circumstances that the managing agent will forward the complaint in accordance with this paragraph.
- 2.3.6 The requirements in respect of complaints acknowledgement and forwarding (and notifying Lloyd's) set out in paragraphs 2.3.1 to 2.3.5 above do not apply if the complaint is resolved by the managing agent or Lloyd's by close of business on the business day following its receipt.⁴⁶ For these purposes, a complaint is resolved where the complainant has indicated acceptance of a response from the managing agent or Lloyd's. There is no requirement for the response or acceptance to be in writing.⁴⁷

³⁸ DISP 1.7.2R

³⁹ DISP 1.7.2R & DISP 1.7.3G

⁴⁰ See the Glossary definition of "respondent".

⁴¹ DISP 1.4.1R(2)(d)

⁴² DISP 1.7.1R

⁴³ See definition in DISP 1.6.2R(1) & Glossary definition of "final response"

⁴⁴ DISP 1.7.1R(2)

⁴⁵ DISP 1.7.1R(3)

⁴⁶ DISP 1.5.1R(2). For complaints received on days other than a business day or after close of business on a business day, see DISP 1.5.3G(1).

⁴⁷ DISP 1.5.3G(2).

2.4 Complaints that are time barred

- 2.4.1 If a managing agent receives a complaint which is outside the time limits for referral to the Financial Ombudsman Service (see DISP 2.8) it may reject the complaint without considering the merits. The managing agent should inform Lloyd's and Lloyd's will explain this to the complainant in a final response and will indicate that the Ombudsman may waive the time limits in exceptional circumstances.⁴⁸

2.5 Resolving Complaints

Stage One

- 2.5.1 Once a complaint has been received by a managing agent, it must investigate the complaint competently, diligently and impartially obtaining additional information as necessary. The managing agent must assess fairly, consistently and promptly the subject matter of the complaint, whether the complaint should be upheld and what remedial action or redress (or both) may be appropriate.⁴⁹
- 2.5.2 Taking into account all relevant factors, the managing agent must offer redress or remedial action when it decides this is appropriate. In all cases, the managing agent must explain to the complainant promptly and, in a way that is fair, clear and not misleading, its assessment of the complaint, its decision on it, and any offer of remedial action or redress. The managing agent must comply promptly with any offer of remedial action or redress accepted by the complainant.⁵⁰
- 2.5.3 When assessing the complaint, factors that may be relevant include: (1) all the evidence available and the particular circumstances of the complaint, (2) similarities with other complaints received by the managing agent, (3) relevant guidance published by the FCA, other relevant regulators, the Financial Ombudsman Service (or its predecessors) and (4) appropriate analysis of decisions by the Financial Ombudsman Service concerning similar complaints received by the managing agent.⁵¹
- 2.5.4 Within two weeks of receipt of the complaint managing agents must provide to the complainant a written response which offers redress or remedial action (whether or not the managing agent (on behalf of members) accepts the complaint) or rejects the complaint and gives reasons for doing so. The response must further (1) inform the complainant that he can pursue his/her complaint by contacting PAMA at Lloyd's if he remains dissatisfied and (2) refer (prominently within the text)⁵² to the ultimate availability of the Financial Ombudsman Service if he remains dissatisfied with the managing agent's and Lloyd's response.⁵³ Note that this response must not be described as a "final response". A copy of the response must be provided to Lloyd's.

⁴⁸ DISP 1.8.1R

⁴⁹ DISP 1.4.1R(1) & (2). This and the following requirements do not apply to time-barred complaints. See DISP 1.8.1R and paragraph 2.4.1.

⁵⁰ DISP 1.4.1R(3), (4) & (5)

⁵¹ DISP 1.4.2G. See DISP 1.3.2AG in relation to paragraph 2.5.3(4).

⁵² DISP 1.6.6AG

⁵³ DISP 1.6.5R(1) and see DISP 1.6.6R (pre-1 July 2012) with regard to the application of time limits. With effect from 1 July 2012 DISP 1.6.5R and DISP 1.6.6R were deleted from DISP. The FCA has confirmed to Lloyd's that this change is not intended to require a change to Lloyd's complaints process as set out in this code. The references to the unamended rules have therefore been retained in this document and managing agents should follow the process set out here.

- 2.5.5 If, within the two weeks, the managing agent cannot provide a written response as set out in paragraph 2.5.4 it must send to the complainant within that time a written response which explains why the managing agent is not in a position to provide a written response as referred to in paragraph 2.5.4 and which indicates when the managing agent expects to be able to provide such a response, which should be no later than four weeks from receipt of the complaint. In such a case the managing agent must include in the written response the information referred to in paragraph 2.5.4 (1) & (2). A copy of the response and such other information about the complaint as Lloyd's may prescribe must be provided to Lloyd's.
- 2.5.6 In the event that the managing agent fails to provide any written response within two weeks, Lloyd's may initiate a Stage Two review in accordance with paragraph 2.5.7. Lloyd's may also initiate a Stage Two review if no response in accordance with paragraph 2.5.4 is provided within four weeks of receipt of the complaint.

Stage Two

- 2.5.7 If, at the end of two weeks or after the complainant has received a written response in accordance with paragraph 2.5.4 (whichever is earlier), the complainant indicates to Lloyd's that he remains dissatisfied, Lloyd's will investigate and assess the complaint having regard to DISP and in particular DISP 1.4 (Complaints resolution rules).
- 2.5.8 (Subject to paragraph 2.5.11) by the end of eight weeks after first receipt of the complaint, Lloyd's will in all cases where paragraph 2.5.7 applies send the complainant either a final response⁵⁴ or a written response which (1) explains why Lloyd's is not in a position to make a final response and indicates when it expects to be able to provide one; (2) informs the complainant (prominently within the text)⁵⁵ that he may now refer the complaint to the Financial Ombudsman Service; and (3) encloses a copy of the Financial Ombudsman Service standard explanatory leaflet.⁵⁶
- 2.5.9 Where Lloyd's sends a final response it will be a written response which either (1) states that Lloyd's (on behalf of members) accepts the complaint and, where appropriate, Lloyd's (on behalf of members) will offer redress or remedial action which in its view is appropriate⁵⁷, (2) states that the managing agent (on behalf of members) offers redress or remedial action without accepting the complaint; (3) states that Lloyd's rejects the complaint and will give the reasons for doing so.⁵⁸
- 2.5.10 All final responses sent by Lloyd's will (1) enclose a copy of the Financial Ombudsman Service's standard explanatory leaflet, and (2) inform the complainant (prominently in the text)⁵⁹ that if he remains dissatisfied with the response, he may now refer his complaint to the Financial Ombudsman Service and must do so within six months.
- 2.5.11 For the purposes of calculating the eight weeks referred to in paragraph 2.5.8, if the complainant takes more than a week to reply to a written response of the kind

⁵⁴ See definition in DISP 1.6.2R(1) & Glossary definition of "final response"

⁵⁵ DISP 1.6.6AG

⁵⁶ DISP 1.6.2R(2)

⁵⁷ Where a managing agent during Stage Two makes clear to Lloyd's that it will accept the complaint, on behalf of members, and, where appropriate, will offer redress or remedial action, this will be reflected in the final response.

⁵⁸ See definition in DISP 1.6.2R(1) & Glossary definition of "final response".

⁵⁹ DISP 1.6.6AG

described in paragraph 2.5.4, the additional time in excess of a week will not be counted by Lloyd's for the purposes of the time limits.⁶⁰

- 2.5.12 Lloyd's will not take the steps set out in paragraph 2.5.8 if the complainant has already indicated in writing acceptance of a response by the managing agent or Lloyd's, provided that the response sent by the managing agent (1) informed the complainant how to pursue his complaint with Lloyd's if he remains dissatisfied; and (2) referred to the ultimate availability of the Financial Ombudsman Service if he remains dissatisfied with Lloyd's and the managing agent's response.⁶¹
- 2.5.13 There is no requirement to comply with the steps referred to in paragraph 2.5.4 – 2.5.10 where the complaint is resolved by close of business on the business day following receipt by Lloyd's or the managing agent.⁶²

2.6 Complaints referred to the Financial Ombudsman Service

- 2.6.1 Managing agents and Lloyd's will aim to resolve complaints at the earliest possible opportunity, minimising the number of unresolved complaints which need to be referred to the Financial Ombudsman Service.⁶³
- 2.6.2 Where a complaint against a member is referred to the Financial Ombudsman Service, the managing agent and Lloyd's will cooperate fully with the Financial Ombudsman Service and managing agents will comply promptly with any settlements or awards made by it.⁶⁴
- 2.6.3 Managing agents should make sure their procedures ensure that lessons learned as a result of determinations by the Financial Ombudsman Service are effectively applied in future complaints handling.⁶⁵

⁶⁰ DISP 1.6.6R (pre-1 July 2012) (see notes to paragraph 2.5.4). Note that a letter sent in accordance with paragraph 2.5.5 does not have the effect of stopping time running in accordance with this paragraph.

⁶¹ DISP 1.6.4R

⁶² DISP 1.5.1R(1). For complaints received on days other than a business day or after close of business on a business day, see DISP 1.5.3G(1).

⁶³ DISP 1.4.3G

⁶⁴ DISP 1.4.4R

⁶⁵ DISP 1.3.2AG

APPENDIX 1

Suggested wordings

Lloyd's 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 Financial Ombudsman Service in such wordings; nevertheless, Lloyd's considers that it would usually be good practice to do so. The information to which the policyholder is referred must, however, make clear that if the complaint is not resolved, the complainant may be entitled to refer the complaint to the Financial Ombudsman Service and this is provided for in the leaflets produced by Lloyd's for this purpose, including 'Your Complaint – How We Can Help', referred to in the suggested wordings.

Managing agents should refer to the introductory section with regard to the approach to be followed for Non-UK Complaints. In all cases, for overseas business, managing agents must comply with the local legal and regulatory requirements for complaints handling.

Note that, managing agents must ensure they comply with Part 2, paragraph 2.1 of this Code. Managing agents should also refer to the applicable DISP rules.

Managing agents should also note that UK coverholders are FCA 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 ICOBS, 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 [insert name and contact details of managing agent/coverholder or as applicable]."

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 [either insert name and contact details of managing agent/coverholder/as applicable or the Policyholder and Market Assistance team at Lloyd's.

Their address is:

Policyholder & Market Assistance
Market Services
Lloyd's
One Lime Street
London EC3M 7HA

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

Details of Lloyd's complaints procedures are set out in a leaflet "Your Complaint - How We Can Help" available at www.lloyds.com/complaints and are also available from the above address. If you remain dissatisfied after Lloyd's has considered your complaint, you may have the right to refer your complaint to the Financial Ombudsman Service."

Or for overseas business, replace final paragraph with the following:

"Details of Lloyd's complaints procedures are set out in a leaflet "Your Complaint - How We Can Help" available at www.lloyds.com/complaints and are also available from the above address. If you remain dissatisfied after Lloyd's has considered your complaint, you may have the right to refer your complaint to [insert details of local ombudsman or dispute resolution body]. Alternatively you may be entitled to refer your complaint to the United Kingdom 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 Policyholder and Market Assistance team at Lloyd's.

Their address is:

*Policyholder & Market Assistance
Market Services
Lloyd's
One Lime Street
London EC3M 7HA*

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

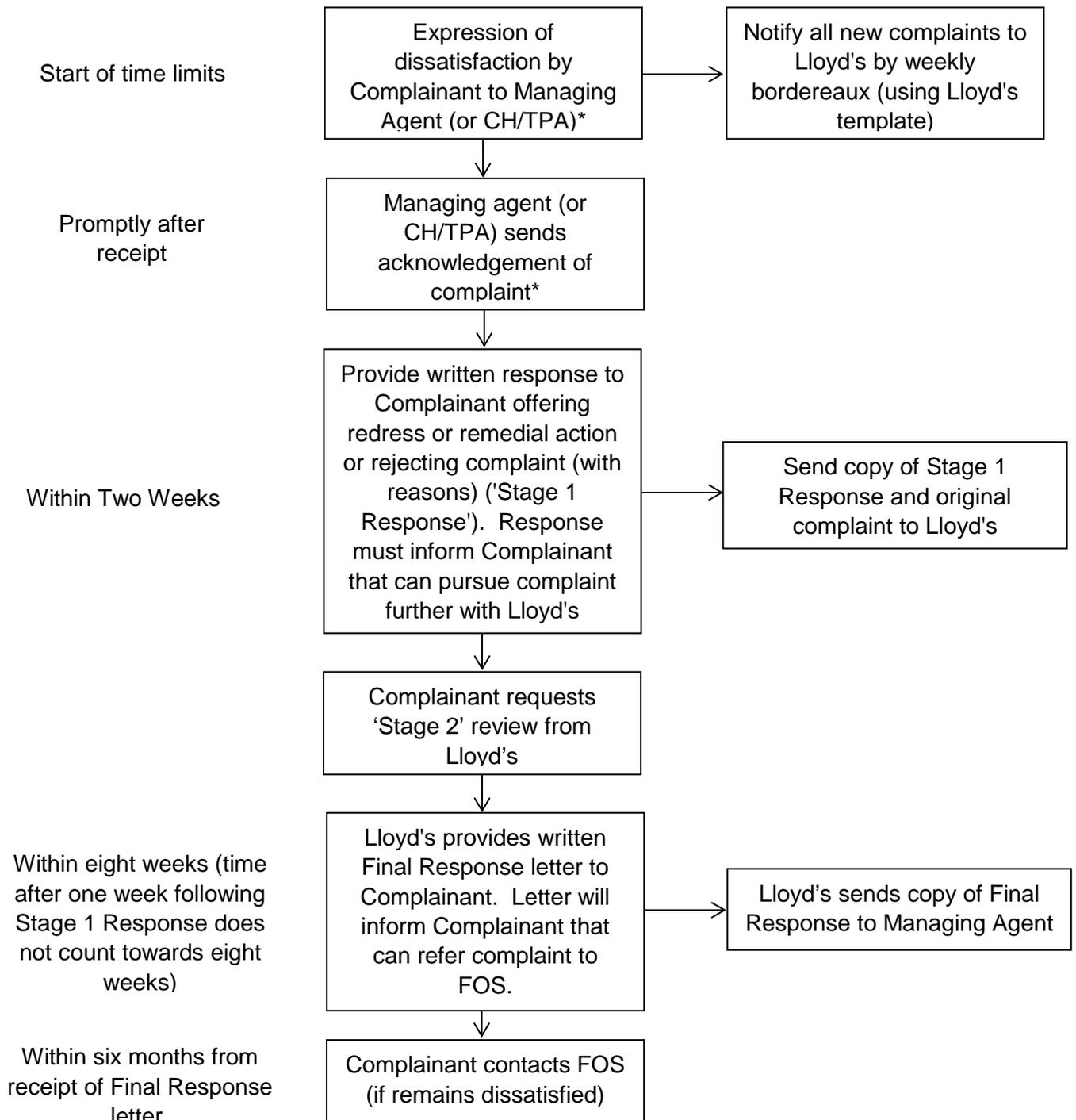
Details of Lloyd's complaints procedures are set out in a leaflet "Your Complaint - How We Can Help" available at www.lloyds.com/complaints and are also available from the above address. If you remain dissatisfied after Lloyd's has considered your complaint, you may have the right to refer your complaint to the Financial Ombudsman Service."

Or for overseas business, replace final paragraph with following:

"Details of Lloyd's complaints procedures are set out in a leaflet "Your Complaint - How We Can Help" available at www.lloyds.com/complaints and are also available from the above address. If you remain dissatisfied after Lloyd's has considered your complaint, you may have the right to refer your complaint to [insert details of local ombudsman or dispute resolution body]. Alternatively you may be entitled to refer your complaint to the United Kingdom Financial Ombudsman Service."

Appendix 2

**Lloyd's Complaints Process
Outline Process Chart**



*Where complaints are first notified by Complainants to Lloyd's, Lloyd's will provide the acknowledgement before sending the complaint to the relevant managing agent.

Appendix 3

HANDLING COMPLAINTS AT LLOYD'S GUIDANCE FOR MANAGING AGENTS AND THEIR REPRESENTATIVES

This guidance note provides a practical process for handling UK complaints received from eligible complainants at Lloyd's.

It is intended to assist managing agents and their representatives to comply with Part 2 of Lloyd's 'Code for Underwriting Agents: UK Personal Lines Claims & Complaints Handling' (March 2013) (the "Code").

The Code, and this guidance, applies to UK complaints only from eligible complainants (as that term is defined by the UK Financial Conduct Authority (FCA), although the Code does include certain requirements that apply to overseas complaints, as set out in the introductory section of the Code. Reference should be made to the Code for those requirements. Complaints arising in territories outside of the UK will also be subject to local rules for complaints handling. Managing agents should therefore ensure they are able to comply with any local rules as well as Lloyd's local arrangements for handling complaints in that territory. Any questions should be directed to PAMA or the local Lloyd's general representative.

Note: This note is only intended to provide summary guidance. It is important that managing agents continue to refer to the Code for Lloyd's detailed requirements for complaints handling as well as to any applicable rules of the UK (or relevant overseas) regulator, including those set out in DISP.

Expression of dissatisfaction by complainant to managing agent/representative

- Managing agents must have in place procedures that allows complaints to be made by any reasonable means, including orally. The definition of a complaint to be applied is the one set by the Financial Conduct Authority (FCA) in the FCA Handbook. In summary, this is any "expression of dissatisfaction".
- On a weekly basis, managing agents or their representative (which could be a coverholder) must complete the Lloyd's Complaint Notification Template, providing details of all complaints received from eligible complainants (as that term is defined in the FCA Handbook). Complaints resolved by the close of business on the business day following receipt do not need to be included in the template. There is no need to notify complaints which have been brought to the attention of the managing agent by Lloyd's.
- The Complaint Notification Template should be downloaded from www.lloyds.com/complaintshandling and sent once completed via email to: complaints-notification@lloyds.com.
- The following table explains how to complete the Complaint Notification Template. Completion of all fields is mandatory, except where stated. Managing agents should

ensure that they provide the information in a way that is compliant with the Data Protection Act 1998.

Field	Comments
Submitting Company	This is the name of the managing agent or its representative, whichever of the two is completing the template.
Coverholder	If the policy was underwritten by a coverholder, insert the coverholder name in this field.
Policyholder Surname/Company Name	This is the name of the insured individual/entity.
Address	Insert a correspondence address for the complainant. This field is optional.
Postcode	Insert the complainant's postcode. Completion of this field is required to facilitate identification of duplicate complaints.
Policy number	
Date Received	Insert the date the complaint was received by the managing agent or its representative. For example where the complaint was received by a coverholder from the policyholder and the coverholder subsequently notifies the managing agent, the date the complaint was received by the coverholder should be included.
Date Acknowledgement Sent	
Complaint Code	Select from drop down list
Product Type	Select from drop down list
Syndicate Number	Lead syndicate on the coverage

- Complaints will be entered onto the Complaints Monitoring database by Lloyd's to enable effective monitoring and reporting to the relevant regulators.
- Managing agents must also keep their own record of each complaint received and the measures taken for their resolution.

Acknowledgement of complaints

- All complaints are to be acknowledged promptly and in writing. Lloyd's expectation is that acknowledgements should be sent within two working days where possible. The LMA has drafted a model wording for this purpose which can be used when acknowledging complaints: see LMA Bulletin [LMA13-008-SM](#).

- The acknowledgement must enclose a copy of Lloyd's 'How We Will Handle Your Complaint' leaflet. Printed copies of this leaflet are available on request, for a charge, from PAMA or can be downloaded/printed from www.lloyds.com/complaintshandling.
- Complaints received in the first instance by Lloyd's will be recorded and acknowledged by Lloyd's (which will provide the complainant with a copy of the 'Your Complaint - How We Can Help' leaflet). Once the relevant managing agent is identified, the complaint will be notified to the individual nominated by the relevant managing agent for a Stage 1 review. Managing agents should ensure that PAMA is made aware of who their nominated recipient is for new complaints and of any changes, including changes to contact details.

Stage 1 Response to complainant

- In all cases a Stage 1 written response must be sent to the complainant within two weeks of receipt of the complaint.

(1) Offer of redress or remedial action/Rejection of complaint

- Model letters have been produced by the LMA for (see LMA Bulletin [LMA13-008-SM](#)):
 - (1) accepted complaints
 - (2) complaints that are not accepted but where redress or remedial action is offered
 - (3) complaints that are rejected
- Whatever the response to a complaint, all Stage 1 responses must outline the right of the complainant to request a Stage 2 review by Lloyd's (with details of how this can be done) and set out the ultimate availability of the Financial Ombudsman Service (FOS). The response to the complaint must not be described as a "final response".
- The letter should set out details of any redress or remedial action being offered. This includes:
 - payments to put the complainant back into the position the complainant should have been in had the act or omission complained about not occurred, including any claim payments
 - amounts paid for distress and inconvenience
 - goodwill payments and goodwill gestures
 - interest on delayed settlements
 - waiver of an excess
- A copy of the Stage 1 response with a copy of the original complaint must be emailed promptly to complaints-notification@lloyds.com. Failure to: (1) issue a Stage 1 response within the required timeframe; (2) provide a copy of the response to PAMA; (3) provide correct and complete Stage 2 escalation rights will incur an 'Additional Fee for UK Complaints Charge' to cover the costs associated with the additional administration that will be required.

(2) Incomplete investigation

- In exceptional cases, if investigations into the complaint cannot be concluded within two weeks a letter should be sent to the complainant within that time explaining the position and indicating when it is expected a letter will be sent informing the complainant of the outcome of the investigation, which must be no more than four weeks from when the complaint was received (a “Two Week Letter”). The letter must inform the complainant that they may now request a Stage 2 review by Lloyd’s (with details of how to make that request) and the ultimate availability of FOS. The LMA have drafted a model Two Week Letter that is suitable for these purposes (see LMA Bulletin [LMA13-008-SM](#)).
- Where a Two Week Letter is sent, a copy of the letter and full details of the original complaint (including a copy of any correspondence received) together with a copy of the managing agent’s file containing all policy documentation (policy wording, schedule, key facts document) and confirmation of the reserve amount must be emailed promptly to PAMA at complaints-notification@lloyds.com. No action will be taken to review the papers at this stage.
- Investigations into the complaint should be concluded at the earliest opportunity following a Two Week Letter being sent, and in any event within four weeks from the complaint being received, at which point a Stage 1 response letter must be sent to the complainant (see above). The complainant must again be informed of their right to request a Stage 2 review by Lloyd’s and the ultimate availability of FOS.
- PAMA will monitor each complaint to ensure an appropriate response is issued. Where a Two Week Letter is issued, resulting in additional administration to record, re-diarise and monitor for the full Stage 1 response, an ‘Additional fee for UK Complaints Charge’ will be levied.
- Copies of all correspondence must be emailed to complaints-notification@lloyds.com.

IT IS LLOYD’S EXPECTATION THAT TWO WEEK LETTERS WILL ONLY BE REQUIRED FOR A VERY LIMITED NUMBER OF COMPLAINTS.

Request by complainant for a Stage 2 Review by Lloyd’s

- If the policyholder remains dissatisfied with the Stage 1 response, or no Stage 1 response has been sent by the managing agent within two weeks of receipt of the complaint, the policyholder can request Lloyd’s to undertake a Stage 2 review.
- At the inception of a Stage 2 review, Lloyd’s will issue a further acknowledgement letter to the complainant and will request, via email, a full copy of the managing agent’s file, copies of all policy documentation and confirmation of the claim reserve. This documentation must be provided within three working days. Failure to provide the documentation within this timeframe will attract an ‘Additional fee for UK Complaints Charge’.
- These papers, together with documentation provided by the complainant, will be reviewed by Lloyd’s with further information being requested as necessary as part of

Lloyd's investigation and assessment of the complaint. This review will take into account guidelines from FOS as well as rulings on previous, similar cases.

- On completion of its review, Lloyd's will issue a written Final Response to the complainant, together with the reasons. The letter will inform the complainant that they may refer the matter to FOS within six months if they remain dissatisfied and will provide a copy of the FOS standard explanatory leaflet.
- In most cases Lloyd's will complete its investigation and send the Final Response by the end of eight weeks after the complaint is received. Where Lloyd's cannot provide a Final Response at that time, Lloyd's will send a letter to the complainant explaining why it is not in a position to provide a Final Response and when it expects to be able to provide one (an "Eight Week Letter"). The Eight Week Letter will also inform the complainant that they may refer the matter to FOS if they remain dissatisfied and will provide a copy of the FOS standard explanatory leaflet. If the complainant takes more than a week to request a Stage 2 review after receiving a substantive Stage 1 response (other than a Two Week Letter), Lloyd's will not include this time when calculating the eight weeks.
- A copy of the Final Response letter will be provided to the managing agent by Lloyd's.

Referral to FOS

- Complainants may request that FOS review their complaint within six months of the date of the Final Response or after eight weeks from receipt of the complaint if no Final Response has been issued. Lloyd's will act as the communication channel between FOS and the managing agent.
- Details of FOS decisions will be sent to Lloyd's who will share this with the managing agent. If, following an initial decision by an adjudicator a managing agent wishes to request a full Ombudsman review the PAMA case officer assigned to the case will work with the managing agent to facilitate this.
- FOS publishes statistics about the complaints referred to them, showing the number they receive and the proportion they uphold. These can be viewed at <http://www.ombudsman-complaints-data.org.uk>

FCA Complaints Return

- Every six months, Lloyd's is required to submit a return to the FCA, detailing the number of complaints received, how quickly they were resolved, how many were upheld in the period and the amount of redress paid. This contains details of both UK and non-UK complaints.
- Managing agents will be required to confirm that they (and anybody acting on their behalf) have notified Lloyd's of all complaints received by them.
- As required by the FCA, Lloyd's publishes these figures on its website at <http://www.lloyds.com/complaints>.

Appendix 4**MODEL LETTER TO SEND TO COVERHOLDERS/TPAS INFORMING THEM OF
LLOYD'S CODE FOR UK COMPLAINTS HANDLING
(Suitable for coverholders/TPAs without complaints handling authority)**

For the Attention of: The Compliance Officer
[Coverholder/TPA Name]
[Coverholder/TPA Address]
[Postcode]

RE: CHANGES TO LLOYD'S COMPLAINT HANDLING RULES FOR UK COMPLAINTS**Our Ref:****Agreement Ref:****Unique Market Ref:**

Dear

I am writing to inform you of changes to the complaints handling rules for the Lloyd's market, where the complaint is the responsibility of Lloyd's underwriters. These changes affect complaints on UK policies from "eligible complainants" as defined by the UK regulator, the Financial Conduct Authority (FCA) (see below for who is an eligible complainant).

Lloyd's customers with a complaint have always had the benefit of escalating their complaint to Lloyd's complaints unit in the Policyholder and Market Assistance (PAMA) team but this will generally only happen after the managing agent has dealt with the complaint under its own complaints process.

Lloyd's requirements for UK complaints handling are set out in its 'Code for Underwriting Agents: UK Personal Lines Claims & Complaints Handling'. Lloyd's has recently updated the Code with new requirements which are designed to ensure that all complaints in the Lloyd's market from eligible complainants are dealt with within the eight week time frame expected by the FCA. The Code comes into effect from 1 July 2013 for complaints received from that date.

The impact of the change is that, although complainants will still be able to escalate a complaint to Lloyd's following initial review by the managing agent (or its coverholder or TPA on its behalf), Lloyd's will monitor complaints to ensure that the process does not take more than eight weeks in all from the date that the complaint is first received with a fixed time allotted to each stage. Under the new Code managing agents such as [name of managing agent] are allowed the first two weeks out of this eight week period to investigate and respond to the complaint. Lloyd's has the remaining six weeks to review the complaint should the complainant remain dissatisfied and request that PAMA undertakes a review.

To allow Lloyd's to track complaints managing agents are required to notify all new complaints to Lloyd's on a weekly basis. Managing agents must then investigate the complaint and provide the complainant with a response to their complaint within two weeks of receipt (referred to as a "Stage 1" response). A copy of that response must be sent to Lloyd's. In that Stage 1 response, the complainant must be informed that if it remains dissatisfied it can request PAMA to carry out a further review of the complaint (known as a "Stage 2" review). The complainant also needs to be informed that he may have the right to refer the matter to the Financial Ombudsman Service.

Please note that these rules apply only to customers that are entitled to refer their complaint to the Financial Ombudsman Service (known as "eligible complainants"). This includes:

- Individuals acting for purposes outside their trade, business or profession;
- "Micro-enterprises" (which are smaller business that have a turnover or annual balance sheet of not more than two million euros and fewer than ten employees);
- A charity with less than £1m annual income; or
- A trustee of a trust with a net asset value of less than £1m

Further details of Lloyd's new rules can be found at www.lloyds.com/complaintshandling.

What action is required?

[Select either Option 1 or Option 2 (two paragraphs) and delete the other option as applicable. All letters continue from "Finally, while we ask ..."]

Option 1:

In preparation for 1 July 2013, I am writing to ask that you notify details of all new complaints received to *[insert details of managing agent's complaints department, or as appropriate]* *[either on the day each complaint is received or by the close of business, the business day following the day of receipt of the complaint if the complaint is still unresolved – delete one option or amend as appropriate]*. This will allow *[name of managing agent]* to collate details of all complaints received for onward notification to Lloyd's.

While Lloyd's only requires details of complaints from eligible complainants, to allow us to monitor complaints generally, I ask that you notify to *[name of managing agent]* all complaints whether or not from eligible complainants.

Option 2:

In preparation for 1 July 2013, I am writing to ask that *[with effect from [insert date]]* on a weekly basis you notify all complaints received from eligible complainants to complaints-notification@lloyds.com. To do this, you should use the Complaints Notification Template provided by Lloyd's, which you can download from www.lloyds.com/complaintshandling (you should use the Lloyd's template and not create your own). Please note that you do not need to notify complaints which are resolved by close of business on the business day

following its receipt. Please also send a copy of the completed template to *[insert email address at managing agent]*.

In addition, to allow us to monitor complaints generally, I ask that at the same time as you send us the completed Lloyd's template you also notify to *[name of managing agent]* details of complaints received other than from eligible complainants.

Finally, while we ask that you notify us of all complaints, whether or not from eligible complainants, please note that there is no change to the procedures on complaints handling from commercial customers who do not fall within the above definition of an eligible complainant. These complaints are handled *[set out details of how these complaints are handled]*. However, if you are in any doubt about eligibility, please contact *[insert relevant managing agent contact]* for guidance.

The contact details for *[name of managing agent]* complaints team are as follows

Email: *[insert email address]*

Telephone: *[insert telephone number]*

Address: *[insert address]*

Please can you confirm receipt of this communication by emailing *[insert relevant managing agent contact]* within the next seven days [and by signing the enclosed endorsement to our binding authority agreement and sending a copy back to *[name of managing agent]* via your broker. Please note that this endorsement includes a number of additional obligations relating to the handling of complaints in addition to those mentioned in this letter – *delete if not relevant. This text will need to be amended as appropriate for letters sent to TPAs to reflect the contractual arrangements with the TPA.*]

If you have any queries on this subject please contact *[insert contact name at managing agent and job title]*.

Yours sincerely

Appendix 5

MODEL ENDORSEMENTS TO THE MODEL BINDING AUTHORITY AGREEMENT FOR UK COMPLAINTS PROCEDURES

UK Policyholders Complaints Handling Procedures Clause (no authority to handle complaints)

1. Other than as set out in the sections below, the Coverholder does not have authority to handle complaints against Underwriters.
2. The Coverholder shall operate written procedures agreed with the Underwriters that allow complaints to be made by any reasonable means including by letter, by email, in person and over the phone. If a complaint is received which is not in writing it shall be promptly recorded in writing and the record of the complaint shall be included in the details and relevant documents to be provided to the Underwriters in accordance with section 3.
3. The Coverholder shall, in accordance with section 4, send to the Underwriters details of all complaints (whether or not from eligible complainants, as that term is defined in the FCA Handbook) received by the Coverholder and which are the responsibility of the Underwriters together with all other documents relevant to the complaint. Thereafter, the Coverholder shall continue to provide promptly to the Underwriters any further details or documents received relevant to the complaint.
4. The details and relevant documents referred to in section 3 shall be sent to the Underwriters at the address details below [on the date that the complaint is received/no later than two business days after the day that the complaint is received - *delete one option or insert alternative as appropriate. This may depend on whether the Coverholder or the Underwriters will be acknowledging complaints.*]:

[*Insert relevant address/email/contact details for the Coverholder to send complaint details*]
5. The Coverholder shall maintain a register of all complaints received (whether or not from eligible complainants) and shall provide a copy of the same to the Underwriters upon request.
- [6. The Coverholder shall send an acknowledgement to all eligible complainants (as that term is defined in the FCA Handbook) within two business days of receipt of the complaint. The acknowledgement shall be in a form agreed with the Underwriters and shall include a copy of "How We Will Handle Your Complaint" – *delete if the Coverholder is not to be responsible for acknowledging complaints.*]
- [7. Each week, the Coverholder shall in accordance with any Lloyd's guidance complete the Lloyd's Complaint Notification Template with details of any complaints received from eligible complainants but not previously notified to Lloyd's and send the same to complaints-notification@lloyds.com. The Coverholder shall at the same time send a copy of the email to [*insert appropriate email address of managing agent or TPA*] – *Include only if the coverholder is to be responsible for notifying new complaints to Lloyd's*].

UK Policyholders Complaints Handling Procedures Clause (authority to handle complaints)

1. The Coverholder shall operate written procedures as agreed with the Underwriters that allow complaints to be made by any reasonable means including by letter, by email, in person and over the phone. If a complaint is received which is not in writing it shall be promptly recorded in writing.
2. The Coverholder shall establish, implement and maintain effective and transparent written procedures as agreed with the Underwriters for the reasonable and prompt acknowledgement and handling of complaints on behalf of Underwriters which ensure compliance with Lloyd's 'Code for Underwriting Agents: UK Personal Lines Claims & Complaints Handling' and with all other applicable legal and regulatory rules.
3. The Coverholder must investigate complaints competently, diligently and impartially obtaining additional information as necessary and must assess fairly, consistently and promptly the subject matter of the complaint, whether the complaint should be upheld and what remedial action or redress (or both) may be appropriate.
4. The Coverholder shall each week send to the Underwriters details of all complaints (whether or not from eligible complainants, as that term is defined in the FCA Handbook) received by the Coverholder and which are the responsibility of the Underwriters. Thereafter, the Coverholder shall continue to keep the Underwriters informed of the progress of each complaint, including:
 - (a) details of all complaints accepted by the Coverholder or where redress or remedial action is offered by the Coverholder, including a summary of the reasons
 - (b) details of all complaints rejected by the Coverholder, including a summary of the reasons
 - (c) details of all complaints where the complainant has requested that Lloyd's review the complaint
 - (d) details of all complaints where the complainant has requested that the Financial Ombudsman Service reviews the complaint
 - (e) details of the outcome of any review by Lloyd's or the Financial Ombudsman Service
 - (f) details of all complaints resolved with details of the redress or remedial action provided
 - [(g) *include any further information to be provided by the Coverholder*]
5. The details referred to in section 4 shall be sent to the Underwriters at the address details below:

[Insert relevant address/email/contact details for the Coverholder to send complaint details]
6. Each week, the Coverholder shall in accordance with any Lloyd's guidance complete the Lloyd's Complaint Notification Template with details of any complaints received but not previously notified to Lloyd's and send the same to complaints-notification@lloyds.com. The Coverholder shall at the same time send a copy of the email to *[insert appropriate email address of managing agent or TPA]*.

[Select one option for section 7 below and delete the other option, as applicable]

[7. All offers of redress or remedial action must be agreed with the Underwriters in advance.]

Or

[7. The Coverholder has the following authority to offer redress or remedial action on behalf of the Underwriters: *[insert details of the Coverholder's authority]*.

8. The Coverholder shall refer to the Underwriters any complaint where the Coverholder is in any doubt as to whether the complaint should be accepted or rejected or whether redress or remedial action should be offered.

9. The Underwriters may at any time withdraw or vary the Coverholder's authority in respect of one or more complaints and in such circumstances the Underwriters shall be entitled to make any decisions or take any action with regard to the complaint which the Underwriters consider appropriate.

10. The Coverholder shall maintain a register of all complaints received (whether or not from eligible complainants) and shall provide a copy of the same to the Underwriters upon request.