

# MARKET BULLETIN

REF: Y4896

<b>Title</b>	International Complaints Handling: New Procedures and Pilot
<b>Purpose</b>	To advise of commencement of international complaints handling pilot in Ireland, Sweden and Norway
<b>Type</b>	Event
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<b>Date</b>	7 May 2015
<b>Deadline</b>	1 July 2015
<b>Related links</b>	<a href="http://www.lloyds.com/complaintshandling">www.lloyds.com/complaintshandling</a>

Lloyd's is introducing new procedures for complaints handling outside of the UK. The new arrangements are being piloted in Ireland, Sweden and Norway commencing on 1 July 2015. Subject to the evaluation of the pilot, Lloyd's will be implementing the new arrangements more widely, starting with EEA countries, during 2016.

This bulletin explains the new arrangements and sets out details of the pilot.

## What do managing agents need to do?

The new procedures Lloyd's is implementing will require managing agents to make changes to the way they handle international complaints. At this stage the new arrangements only apply to the pilot territories (Ireland, Sweden and Norway). All managing agents should therefore address the following points:

- 1 With effect from the pilot start date of 1 July 2015, managing agents must update their procedures for the pilot countries to ensure compliance with the new arrangements described in this bulletin.
- 2 This means that from 1 July 2015, managing agents' principle responsibilities are to:
  - Take full responsibility for meeting the relevant complaints handling rules for complaints arising in the pilot countries;

- Notify to Lloyd's all new complaints received from 1 July onwards; and
  - Promptly send to Lloyd's a copy of each complaint received and a copy of each complaint response after the response has been sent.
- 3 Managing agents should engage with their coverholders and third party administrators (TPAs) to discuss the new complaints arrangements in the pilot territories.
  - 4 Managing agents should consider now the implications for their syndicates of adopting the new complaints handling arrangements for all international complaints. At this stage, however, there is no requirement to implement the changes outside the pilot countries.

Lloyd's Complaints Team will be holding briefing sessions for managing agents on 20 May 2015 in relation to the pilot and invitations have been sent to all managing agents. For further information and to reserve a place contact: [complaints-event-enquiries@lloyds.com](mailto:complaints-event-enquiries@lloyds.com).

## Background

In March 2013 Lloyd's issued updated complaints handling and reporting requirements for UK complaints (see [Market Bulletin Y4683](#)).

Following consultation with the market, Lloyd's is beginning a process of updating its requirements for the handling of international complaints. As a first step, Lloyd's is piloting the new arrangements in Ireland, Sweden and Norway. Once the success of the pilot has been assessed at the end of 2015, Lloyd's will roll out the new arrangements more widely, starting with other EEA territories.

Where complaints arise policyholders should expect to have their complaint dealt with in a prompt and reasonable way. At the same time, Lloyd's recognises that in different countries there are different local rules for the handling of complaints. The new arrangements are intended to allow for better oversight by Lloyd's of the handling of complaints outside of the UK consistent with the regulatory expectations of the Financial Conduct Authority. They also allow flexibility to managing agents in the way they handle complaints, recognising that different countries have different local rules and practices.

In a number of territories, modified arrangements are likely to be required reflecting local rules and practices. Where different arrangements are required, the process to be followed will be advised to managing agents.

## Process for international complaints handling – pilot countries

This section explains the new complaints handling arrangements Lloyd's will be implementing for international complaints. At this stage the arrangements only apply to the three pilot countries but, following an assessment of the pilot, it is Lloyd's intention to adopt them more widely.

To assist managing agents, Lloyd's has also produced:

- a summary of the new process – see Appendix 1
- a step-by-step guide for managing agents – see Appendix 2

To make it easier for managing agents wishing to provide guidance to their coverholders/TPAs, the instructions set out in Appendix 2 have been translated into Swedish and Norwegian. Copies of these documents (and all other relevant material) can be downloaded from [www.lloyds.com/complaintshandling](http://www.lloyds.com/complaintshandling).

- Complaints handling by managing agents

For international complaints, initially in the pilot countries, it will be the sole responsibility of managing agents to handle the complaint and ensure that they are compliant with all relevant local rules.

Details of the complaints handling rules for each territory where Lloyd's has a licence are provided on Crystal. Managing agents should also consider in each case whether they require further local advice regarding the detailed application of the rules.

Lloyd's will not be providing a stage 2 review of international complaints. This means that in responding to complaints, managing agents do not need to give complainants the right to refer their complaints to Lloyd's.

In particular, managing agents should consider:

- **Information requirements:** Local rules may require that the managing agent provides certain information to policyholders, including its complaints handling policies/procedures, for example in the policy documentation.
- **Definition of complaint:** Managing agents should have regard to the local definition of complaint.
- **Time limits for responses:** The time limits in the pilot countries differ from those applied by the FCA in a number of respects. Managing agents must ensure that they meet all local time limits for complaints handling. Where there are no locally prescribed time limits, or if the local rules allow for a timescale which is in excess of eight weeks, Lloyd's will expect managing agents to provide the substantive response to the complaint within eight weeks.
- **External Dispute Resolution (EDR) facilities:** Managing agents should give the complainant details of any local EDR facility such as an ombudsman or a regulator where this is provided for in the relevant pilot jurisdiction and where the complainant is eligible in accordance with local rules. This may require informing policyholders of these rights in policy documents or at various stages in the complaint process.

Managing agents should refer to Crystal for the complaints handling rules for the three pilot countries.

- Notification of complaints to Lloyd's

While Lloyd's is not operating a two-stage process for international complaints, Lloyd's will monitor the handling of complaints by managing agents. Accordingly managing agents will be required to notify to Lloyd's Complaints Team all complaints received from policyholders outside the UK.

During the pilot this means managing agents must notify details of all new complaints arising in Ireland, Sweden and Norway to the Complaints Team within one week of receipt using the international complaints template spreadsheet available at [www.lloyds.com/complaintshandling](http://www.lloyds.com/complaintshandling). This information should be e-mailed to Lloyd's at [internationalcomplaints@lloyds.com](mailto:internationalcomplaints@lloyds.com). Managing agents must use the template provided by Lloyd's and should not create their own templates.

- Which complaints must be notified to the Complaints Team

Lloyd's is asking managing agents to notify all international complaints arising in the pilot territories to the Complaints Team including but not limited to complaints that are subject to the local regulatory complaints handling rules or where the complainant has a right of referral to the local EDR facility. This means that managing agents must notify both consumer and non-consumer complaints.

- Copies of complaints and responses

Managing agents must also send to the Complaints Team a copy of both the complaint and response in every case. These can be provided to Lloyd's as electronic copies and sent via email to [internationalcomplaints@lloyds.com](mailto:internationalcomplaints@lloyds.com) within the next two business days after the response is sent to the policyholder. For the pilot, Lloyd's is not asking managing agents for translations of the complaint or response (although these should be provided where available). Translations, where required, will be arranged by Lloyd's.

The Complaints team will accept the notification and complaints documentation from managing agents, their coverholders or third party administrators (TPAs).

- Maintaining complaints handling standards

It is Lloyd's expectation that the role of the Complaints Team will be limited to monitoring complaints, including compliance with local time limits for responding to complaints.

However, where the responses of managing agents, coverholders or TPAs persistently fall below the standards expected of them, then Lloyd's will require the managing agent, coverholder or TPA to send copies of all proposed complaints responses in draft form to Lloyd's for review before the response is sent to the policyholder.

Further, Lloyd's reserves the right to review and take over coordinating the response to individual complaints where, in the view of Lloyd's, this is appropriate in all the circumstances, including to meet local regulatory expectations of Lloyd's.

### **Delegated authorities and TPAs**

Coverholders and TPAs will be an important source of expertise for managing agents to ensure that local complaints rules are being complied with. Coverholders/TPAs will also need to have processes in place to ensure relevant information is reported promptly to managing agents or to Lloyd's, where the managing agent has delegated that responsibility. Managing agents should therefore engage with their coverholders at an early stage to inform them of the new procedures and to ensure that the coverholder/TPA can support compliance with the new arrangements, in the first instance in the pilot territories.

While managing agents may authorise their coverholders and TPAs to handle complaints, it remains the responsibility of managing agents to ensure that Lloyd's complaints requirements are complied with. It is also the responsibility of managing agents to ensure that any locally appointed coverholder or TPA has the necessary complaints handling expertise and is provided with appropriate instructions to ensure their compliance with Lloyd's requirements and any local rules.

On binding authorities where there is more than one syndicate participating, Lloyd's expects the lead syndicate to coordinate the discussions with the coverholder.

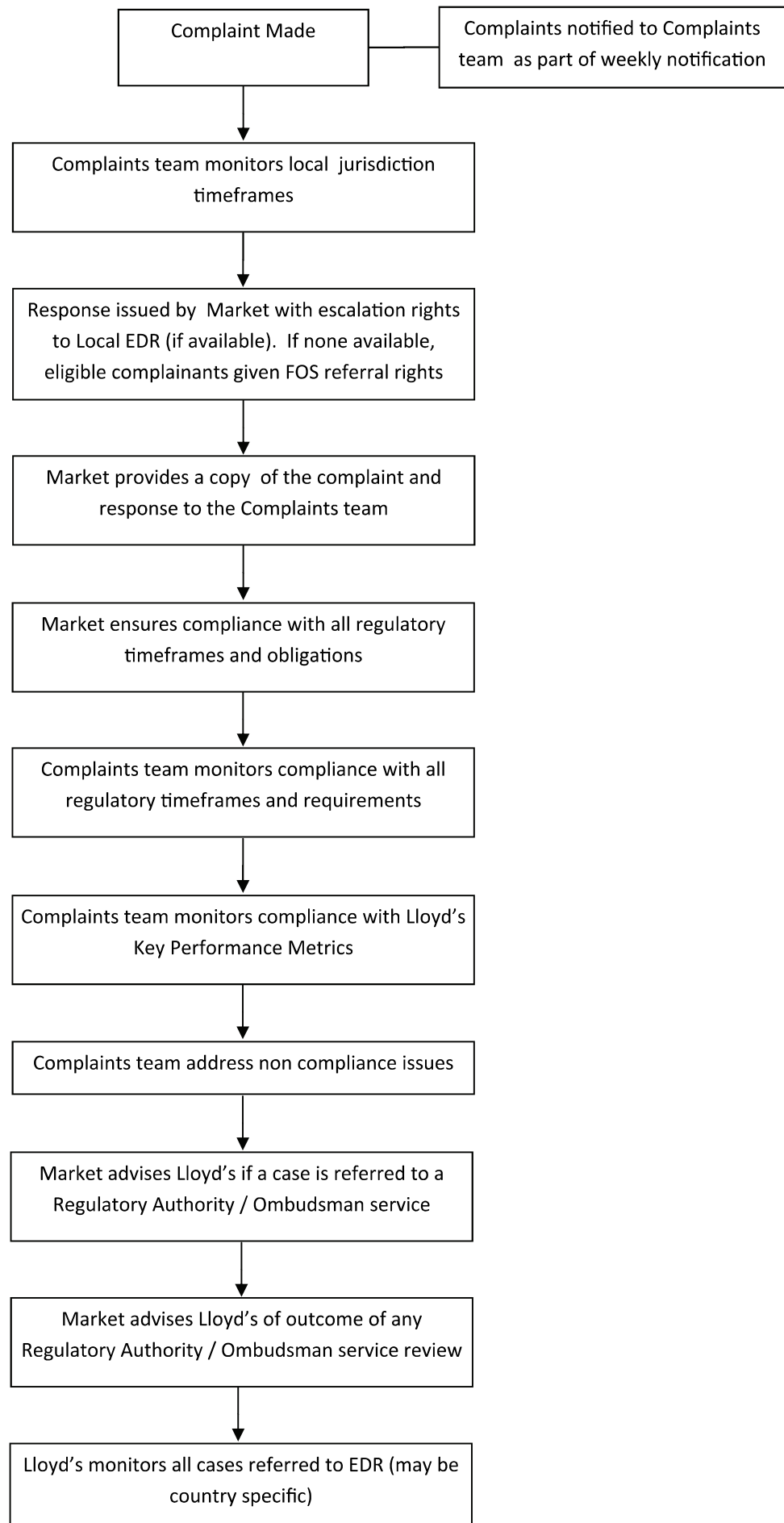
### **Lloyd's charges**

No charges will be levied for international complaints notified during the pilot period.

### **Consultation and further information**

During the pilot period Lloyd's is inviting feedback on the new procedures. Anyone who wishes to provide comments or discuss the new procedures as set out in this bulletin should contact the Complaints Team by email at: [complaints-enquiries@lloyds.com](mailto:complaints-enquiries@lloyds.com). Alternatively managing agents can contact the Complaint Handling Helpline on +44 (0)20 7327 5696.

Managing agents who wish to reserve a place at the briefing session on 20 May 2015 should email: [complaints-event-enquiries@lloyds.com](mailto:complaints-event-enquiries@lloyds.com).

**International Complaints— Lloyd's Key Performance Metrics Are Met**

Complaints May 2015

# LLOYD'S INTERNATIONAL COMPLAINTS

**NOTE:** Lloyd's is currently piloting new arrangements for the handling of international complaints. During the pilot period from 1 July 2015 to 31 December 2015 this guidance note applies to complaints arising in Ireland, Norway and Sweden only. See Market Bulletin Y4896.

## Handling International Complaints at Lloyd's: Guidance for managing agents and their representatives

This guidance note provides a practical process for handling international (non-UK) complaints received from Lloyd's policyholders.

Where complaints arise policyholders should expect to have their complaint dealt with in a prompt and reasonable way. At the same time, different countries have different local rules for the handling of complaints. Lloyd's revised arrangements for international complaints will allow for better oversight of the handling of complaints outside of the UK, consistent with the regulatory expectations of the Financial Conduct Authority (FCA), whilst allowing flexibility for managing agents in the way they handle complaints.

Managing agents should ensure they are able to comply with local rules in territories outside the UK as well as Lloyd's requirements for handling complaints in that territory. Any questions should be directed to the Complaints team.

**Note:** This note is only intended to provide summary guidance. It is important that managing agents continue to refer to Crystal for territory specific complaints regulations.

For more information about International Complaints Handling at Lloyd's please refer to [www.lloyds.com/complaintshandling](http://www.lloyds.com/complaintshandling).

### Expression of dissatisfaction by complainant to managing agent/representative

- Managing agents must have in place procedures that allow complaints to be made by any reasonable means, including orally. The definition of a complaint to be applied is that which is mandated by the relevant regulator in each territory. Where no definition exists, the following definition should be used:

*"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 alleges that the complainant has suffered (or may suffer) financial loss, material distress or material inconvenience."*

- It is the responsibility of managing agents to handle all international complaints appropriately and ensure they are compliant with all relevant local rules. This includes any requirement to acknowledge complaints, provide information to the complainant and meet applicable time limits.
- On a weekly basis, managing agents or their representative (which could be a coverholder or third party administrator) must complete the Lloyd's International Complaint Notification template, providing details of all complaints received from policyholders during the preceding week. This includes but is not limited to all complaints that are subject to the local regulatory complaints handling rules or where the complainant has a right of referral to the local EDR facility.
  - There is no need to include complaints which were brought to the attention of the managing agent by Lloyd's.
  - There is no requirement for a "nil return" where no complaints are received.
  - On policies or binding authorities where there is more than one syndicate participating, Lloyd's expects the lead syndicate to notify the complaint.
- The Complaint Notification Template should be downloaded from [www.loyds.com/complaintshandling](http://www.loyds.com/complaintshandling) and sent once completed via email to: [internationalcomplaints@loyds.com](mailto:internationalcomplaints@loyds.com). Managing agents must use the template provided by Lloyd's and should not create their own templates.
- The following table explains how to complete the International Complaint Notification template. Completion of all fields is mandatory, with the exception of the Address field. 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 who is completing and submitting the template.
Coverholder	If the policy was underwritten by a coverholder, select the coverholder name from the drop down list.
Third Party Administrator (TPA)	If a TPA is involved, select the TPA name from the drop down list.
Policyholder Surname / Company Name	This is the name of the insured individual/entity.
Address (Optional)	Insert a correspondence address for the complainant.
Post Code	The Post Code, Mailing Code, Zip Code etc for the policyholder.
Policy Number	Please ensure that the Policy Number detailed on the spreadsheet is referenced on the complaint response.
Risk Location	The territory in which the insured is located. Select from drop down list.
Date Received	Insert the date the complaint was first received by the managing agent or its representative. For example where the complaint was initially



	received by a coverholder who subsequently notifies the managing agent of the matter the date the complaint was first received by the coverholder will be the operative date.
Complaint Code	Select from drop down list.
Class of Business	Select from drop down list.
Placement 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 regulatory reporting.
- Managing agents must also keep their own record of each complaint received and the measures taken for their resolution.
- Lloyd's reserves the right to review and take over coordinating the response to individual complaints where, in the view of Lloyd's, this is appropriate in all the circumstances, including to meet local regulatory expectations of Lloyd's.

#### **Response to complainant**

- In all cases a written response must be sent to the complainant by the regulatory deadline. Where there is no local regulatory deadline, a response should be sent within eight weeks of the date of the complaint being received.
- Responses must outline the right of the complainant (where applicable) to refer their complaint to the relevant External Dispute Resolution (EDR) service e.g. an Ombudsman or Regulator, OR the UK Financial Ombudsman Service, if no local EDR is available.
- The letter should set out details of any redress or remedial action being offered. Redress 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 any excess.
- A copy of the response together with a copy of the original complaint must be emailed to [internationalcomplaints@loyds.com](mailto:internationalcomplaints@loyds.com) promptly following the response being sent. There is no requirement for these documents to be translated to English; this will be arranged by Lloyd's. The covering email should confirm the root cause of the complaint, selecting the main reason from :
  - Claim – coverage / terms and conditions

- Claim – delay
  - Claim – quantum
  - Claim – standard / duration / delay of repair
  - Cancellation / refund
  - Customer Service
  - Product suitability
  - Other (we would expect this option to be rarely used)
- Lloyd's Complaints team will monitor each complaint against Key Performance Metrics to ensure:
    - the response to the complaint addresses all issues raised;
    - regulatory deadlines are complied with;
    - appropriate EDR rights are provided to the complainant.

### **Referral to Regulator or Ombudsman Service**

- Subject to applicable eligibility criteria, complainants may refer their complaint to their local EDR service (ombudsman or regulator), OR the UK Financial Ombudsman Service if no local EDR is available.
- Managing agents or their representatives must inform the Lloyd's Complaints team as soon as they are aware that a complaint has been referred to any EDR facility.
- When the EDR process has been concluded a copy of the EDR outcome must be provided to Lloyd's Complaints team. Where the EDR facility operates on a "non-binding" basis Lloyd's will also require confirmation as to whether the EDR decision is being accepted or rejected.

### **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. A separate report will be submitted for UK and International complaints.
- Managing agents will be required to confirm on a quarterly basis 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 figures in respect of UK complaints on its website at [www.lloyds.com/complaints](http://www.lloyds.com/complaints).